

# **PUBLIC DISCLOSURE**

**January 9, 2006**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**MIZUHO CORPORATE BANK (USA)  
RSSD No. 229913**

**1251 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020**

**Federal Reserve Bank of New York**

**33 Liberty Street  
New York, New York 10045**

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

Institution	
Institution's CRA Rating .....	BB1
Description of Institution .....	BB1
Description of Assessment Area .....	BB2
Performance Context .....	BB2
Conclusions With Respect to Performance Criteria .....	BB5
Community Development Lending.....	BB5
Qualified Investments .....	BB6
Community Development Services .....	BB7
Fair Lending or Other Illegal Credit Practices Review.....	BB8
Exhibits	
Exhibit 1 – Assessment Area Demographics.....	BB4
Exhibit 2 – Summary of Community Development Lending.....	BB5
Exhibit 3 – Summary of Qualified Investment Activity .....	BB7
Exhibit 4 – Summary of Community Development Service Activity.....	BB8
CRA Appendices	
CRA Appendix A: Glossary.....	BB9
CRA Appendix B: Map of Assessment Area .....	BB11

**INSTITUTION'S CRA RATING:** Mizuho Corporate Bank (USA) ("Mizuho") is rated "OUTSTANDING."

The major factors supporting Mizuho's rating include:

- High levels of community development loans, qualified investments and community development services;
- Extensive use of innovative or complex community development loans, qualified investments and community development services; and
- Excellent responsiveness to credit and community development needs in the bank's assessment area.

### **SCOPE OF EXAMINATION**

Mizuho's performance was evaluated using the *Interagency Procedures and Guidelines for Wholesale and Limited Purpose Institutions*. The evaluation covers Mizuho's activity from January 1, 2004, through December 31, 2005. Examiners also reviewed information received from contacts with two community development organizations in order to gain an understanding of local credit needs.

### **DESCRIPTION OF INSTITUTION**

Mizuho is a wholesale bank headquartered in New York, New York. The bank was created on December 1, 2002, through the merger of The Industrial Bank of Japan Trust Company with Fuji Bank and Trust Company. Mizuho is a subsidiary of Mizuho Corporate Financial Group, Ltd., which was formed from the merger of three Japanese banks in April 2002: Fuji Bank, Ltd., Dai-ichi Kangyo Bank, Ltd., and The Industrial Bank of Japan, Ltd.

Mizuho reported total assets of \$2.9 billion as of September 30, 2005. As a wholesale bank, Mizuho serves a predominantly international, institutional and government client base providing commercial lending and leasing services. The bank does not have a branch network and offers no retail deposit-taking or lending services to the general public.

At the last CRA examination, dated December 31, 2003, Mizuho was assigned an overall CRA rating of "Outstanding". There are no financial or legal factors that would prevent the bank from fulfilling its obligations under CRA.

## DESCRIPTION OF ASSESSMENT AREA

Mizuho's assessment area consists of New York City's five boroughs of the Bronx, Brooklyn, Manhattan, Staten Island and Queens. These areas are a part of MD 35644 (New York-White Plains-Wayne, NY-NJ). The assessment area does not arbitrarily exclude low- and moderate-income ("LMI") geographies and is in compliance with the requirements of Regulation BB Section 228.41. A map of the assessment area appears on page BB11.

## PERFORMANCE CONTEXT

The data used to describe the assessment area and evaluate the context in which the bank operates was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census, the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York City Department of Housing Preservation and Development ("HPD").

### Demographic Characteristics

According to the 2000 Census, the population in the assessment area is over 8 million, representing a 9% increase since 1990. Much of that increase is the result of immigration. Almost 2.9 million of the city's population, or 36%, was born outside the United States. Flexible underwriting is needed for recent immigrants who may have limited credit histories and nontraditional incomes. In addition, immigrants may be unfamiliar with the credit application process and could benefit from financial literacy education.

More than 42% of the census tracts in the assessment area are LMI, with those areas concentrated in upper Manhattan, northern Brooklyn and Bronx County.

### Income Characteristics

The 2005 HUD-adjusted median family income ("MFI") for MD 35644 (New York-White Plains-Wayne, NY-NJ) is \$57,650 and the 2004 MFI is \$57,000. A significant proportion of families, almost 19%, subsist below the poverty level in the assessment area. In Bronx County, 28% of families are living below the poverty level. New York City also has a large proportion of non-family households which tend to have lower incomes. Only 62% of households in the bank's assessment area are families.

### Housing Characteristics

Housing is expensive relative to income in New York City, causing significant affordability issues for the LMI population. According to the National Association of Realtors, the median price of a single-family home in MD 35644 was \$497 thousand in 2005, increasing from \$386 thousand in the 2004. These prices are unaffordable to LMI families, and even many middle-income borrowers.

The assessment area also has a shortage of affordable rental housing, with an increasing gap between renter incomes and the cost of housing. According to HPD's 2005 New York City

Housing and Vacancy Survey, the median income of renter households was \$32 thousand in 2004 while the median gross rent was \$920 in 2005. In addition, the survey noted that almost 29% of all renter households in New York City paid more than 50% of their income for gross rent.

The assessment area also has a significant homeless population. According to a Coalition for the Homeless report, in the second half of 2005 municipal homeless shelters were filled with nearly 32,000 people each night, with homeless families making up 75% of the shelter population. In addition, over 98 thousand different individuals resided in shelters at some point in 2005 and close to 119 thousand street homeless people were contacted by New York City-funded homeless outreach teams.

The sharp disparity between incomes and costs of either owned or rented housing indicates that the LMI population needs affordable mortgage programs and rental property development. In addition, programs to develop housing for the lowest income New Yorkers are especially needed.

#### Labor, Employment and Economic Characteristics

Employment stabilized and unemployment rates decreased somewhat during the examination period. The New York State Department of Labor reported that the annual average unemployment rate for New York City was 7.1% in 2004, down from 8.3% in 2003. While the annual average for 2005 is not yet available, 2005 rates ranged from 5.1% to 6.7%, indicating a continued downward trend.

Exhibit 1 on the following page provides additional assessment area demographics.

**Exhibit 1**

**Assessment Area Demographics**

Assessment Area: New York City

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	326	14.7	310,882	16.6	128,229	41.2	574,246	30.7
Moderate-income	613	27.6	586,320	31.4	136,861	23.3	311,873	16.7
Middle-income	663	29.9	522,015	27.9	59,653	11.4	318,556	17.0
Upper-income	557	25.1	450,592	24.1	21,091	4.7	665,134	35.6
Unknown-income	58	2.6	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>2,217</b>	<b>100.0</b>	<b>1,869,809</b>	<b>100.0</b>	<b>345,834</b>	<b>18.5</b>	<b>1,869,809</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%
Low-income	471,421	30,113	3.3	6.4	411,139	87.2	30,169	6.4
Moderate-income	923,923	158,133	17.3	17.1	714,817	77.4	50,973	5.5
Middle-income	850,907	313,795	34.4	36.9	497,604	58.5	39,508	4.6
Upper-income	954,512	410,088	45.0	43.0	485,867	50.9	58,557	6.1
Unknown-income	149	4	0.0	2.7	28	18.8	117	78.5
<b>Total Assessment Area</b>	<b>3,200,912</b>	<b>912,133</b>	<b>100.0</b>	<b>28.5</b>	<b>2,109,455</b>	<b>65.9</b>	<b>179,324</b>	<b>5.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	22,346	8.4	18,869	8.6	1,971	5.9	1,506	11.4
Moderate-income	54,575	20.5	46,390	21.1	4,855	14.5	3,330	25.3
Middle-income	56,503	21.2	47,861	21.8	5,701	17.0	2,941	22.3
Upper-income	128,959	48.4	103,752	47.2	19,977	59.5	5,230	39.7
Unknown-income	4,312	1.6	3,073	1.4	1,084	3.2	155	1.2
<b>Total Assessment Area</b>	<b>266,695</b>	<b>100.0</b>	<b>219,945</b>	<b>100.0</b>	<b>33,588</b>	<b>100.0</b>	<b>13,162</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>82.5</b>		<b>12.6</b>		<b>4.9</b>

Based on 2000 Census Information.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Mizuho provided an excellent level of community development loans, qualified investments and community development services that were targeted to maximize benefit to credit and community development needs in the assessment area. In many cases, qualifying activities were innovative and/or complex.

### Community Development Lending

As shown in Exhibit 1, Mizuho's community development lending within the assessment area totaled \$29 million. Of this total, \$20 million was originated since the prior CRA examination. The level of Mizuho's community development lending activities compared favorably with other similarly situated banks operating in the assessment area. In addition, a \$70 million loan was extended to support repairs to a power company damaged by Hurricane Katrina. Mizuho is able to get credit for qualifying community development activities outside of its assessment area because it has adequately addressed community development credit needs within its assessment area.

<b>EXHIBIT 2</b>		
<b>Summary of Community Development Lending</b>		
<b>Within Assessment Area</b>		
<b>January 1, 2004 – December 31, 2005*</b>		
<b>Primary Community Development Purpose</b>	<b>(\$ millions)</b>	<b>%</b>
Affordable Housing	\$9	31%
Economic Development	\$8	28%
Revitalize and Stabilize	\$10	34%
Community Services	\$2	7%
<b>TOTAL ACTIVITY</b>	<b>\$29</b>	<b>100%</b>

*\*Lending activity includes new loans extended during the examination period as well as existing balances from the prior examination that were outstanding as of 9/30/05. Four loans totaling \$8.7 million were outstanding from the prior CRA exam.*

Lending activity was directed to financial intermediaries that provide loans and other services to community development organizations. Most of these intermediaries take a multifaceted approach to community development and their activities meet multiple community development definitions.

Many of the loans were extended to organizations that develop housing, services and businesses for the lowest income New Yorkers, such as the homeless, and were particularly responsive to

the local community. Services provided by most of the intermediaries are not typically provided by for-profit financial institutions.

In an effort to leverage its lending, Mizuho maintains ongoing relationships with its intermediary borrowers that include investment and service activity as well. In addition, most of the loans had flexible terms that resulted in reduced financing costs for the borrower.

The following are some examples of Mizuho's community development loans:

- Two loans were extended to a developer of supportive housing which includes social services for the formerly homeless, people with mental and/or medical disabilities, the elderly, and other low-income individuals. By also dealing with the root cause of the homelessness (e.g. lack of employment or disability), the loans are especially responsive to the needs of this very low-income population.
- A revolving line of credit convertible to a term loan was extended to a nonprofit intermediary that addresses the need for primary and preventive healthcare in economically distressed communities. The funds will be used for a program that provides loans to health centers in LMI areas for targeted expansions, facility renovations and equipment purchases.
- A working capital loan to a financial intermediary that meets multiple community development purposes was originated to a borrower serving Community Development Corporations (CDCs). The CDCs are engaged in developing affordable housing, creating community service facilities and retaining small businesses in LMI areas. This loan provides these CDCs with technical assistance, pre-development loans, construction loans, donations and seed financing.

### **Qualified Investments**

As shown in Exhibit 2, Mizuho made \$20 million in qualified investments, which includes \$6 million in new investments made since the prior CRA evaluation. In addition, the bank made a \$100 thousand donation to Hurricane Katrina relief targeted for housing reconstruction. The level of Mizuho's qualified investment activities compared favorably with other similarly situated banks operating in the assessment area.



<b>EXHIBIT 3</b>		
<b>Summary of Qualified Investments</b>		
<b>Within Assessment Area</b>		
<b>January 1, 2004 – December 31, 2005*</b>		
<b>Primary Community Development Purpose</b>	<b>(\$millions)</b>	<b>%</b>
Affordable Housing	\$18	90%
Economic Development	<\$1	1%
Revitalize and Stabilize	\$1	6%
Community Services	<\$1	3%
<b>TOTAL ACTIVITY</b>	<b>\$20</b>	<b>100%</b>

\* Investments include investments and grants made during the examination period as well as existing balances from the prior examination that were outstanding as of 9/30/05.

Low-income housing tax credit investments are the largest proportion of the investment dollars. These investments, which help meet the meet the assessment area’s critical need for affordable housing, are considered complex because of their highly technical accounting requirements.

Investments also included nonmember deposits in community development credit unions and other CDFIs that serve LMI areas and residents in New York City, many of which have limited access to traditional financial services providers. Financial services that serve LMI areas and residents are an important assessment area need.

Because Mizuho has developed multi-faceted relationships with its community development partners, many of the qualifying grants are to organizations that also have been provided with community development loans as well as services. For example, Mizuho provided multiple loans and annual grants to an affordable housing organization. The grants helped sponsor a first time homebuyer seminar series offered in mostly LMI areas. These seminars were created to help potential homebuyers acquire the skills to purchase, maintain and secure their homes.

### **Community Development Services**

Mizuho provided an excellent level of community development services in relation to the size of its staff as summarized in Exhibit 3.

**EXHIBIT 4**  
**Summary of Community Development Services**  
**Within Assessment Area**  
**January 1, 2004 – December 31, 2005**

Activity Type	Number of Activities
<b>On-Going Board &amp; Committee Memberships</b>	18
<b>Training Sessions and Technical Assistance Events</b>	7
<b>On-going Marketing for 1<sup>st</sup> Time Homebuyer Seminar Series</b>	1
<b>TOTAL</b>	<b>26</b>

As previously described, the bank takes a multi-faceted approach to its CRA program and, as a result, services are part of overall lending and investment relationships with community development organizations.

Most of the services provided are ongoing activities requiring regular participation on Boards, loan committees and advisory committees of local community development organizations. Participation is at the highest levels, including the bank's president who serves on two board advisory committees of local community development organizations and was a keynote speaker at a financial literacy conference.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

## CRA APPENDIX A GLOSSARY

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Development Financial Institution ("CDFI"):** A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

**Family:** A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

**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 statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary

reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

**Low-income:** Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

**Metropolitan Area (“MA”):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

**Moderate-income:** Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

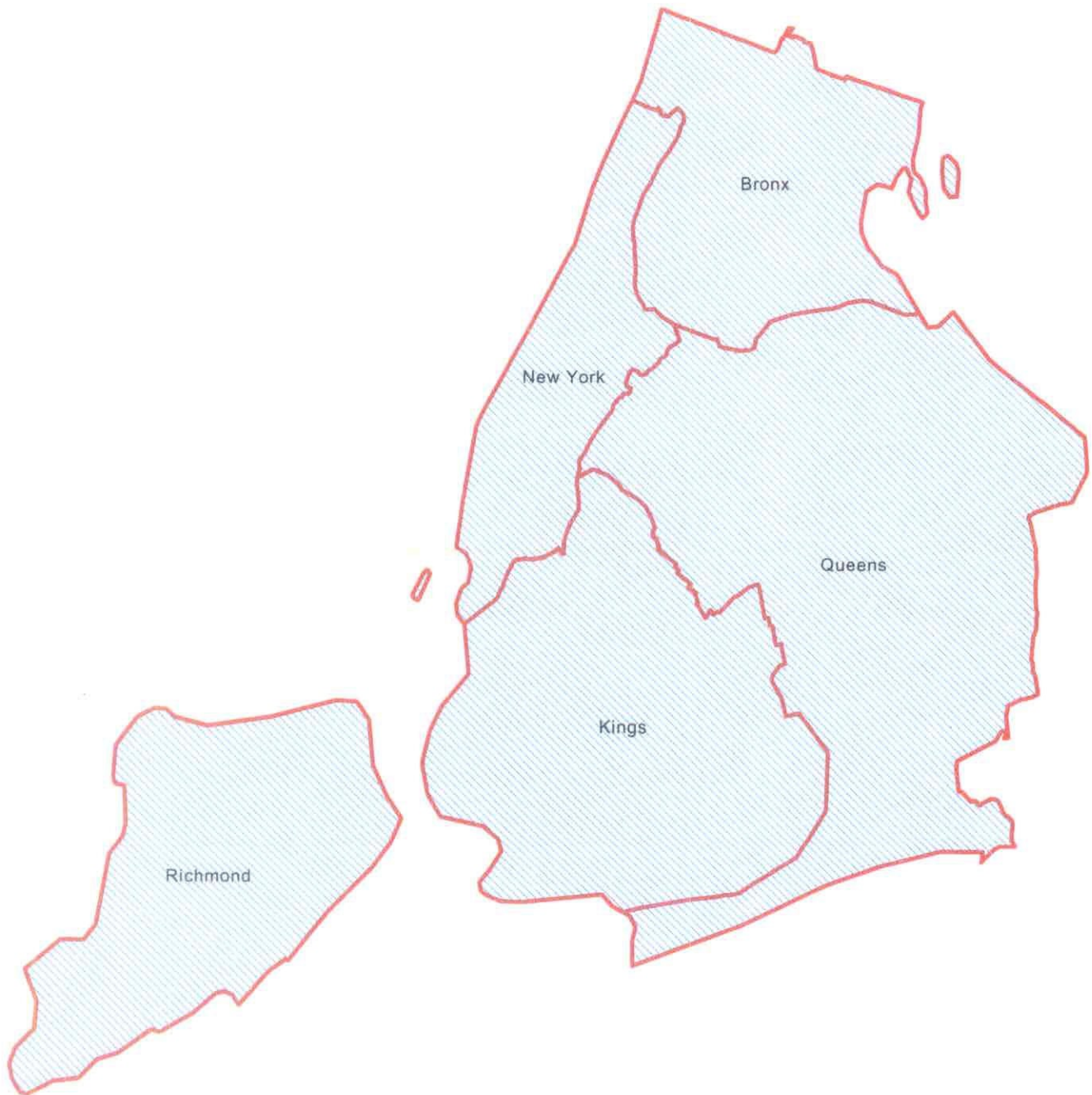
**Small loan(s) to business (es):** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Upper-income:** Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

# Mizuho Corporate Bank (USA)

2004 - 2005

Assessment Area



**Legend**

-  County
-  Assessment Area

