



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2011

Institution: THE BANK OF NEW YORK MELLON
One Wall Street, New York, NY 10286

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 Qualified Community Development Investments, Loans or Services	
Responsiveness to Community Development Needs	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of The Bank of New York Mellon (“BNY Mellon”) prepared by the New York State Department of Financial Services (“Department”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of June 30, 2011.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the 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 be made available to the public (“Evaluation”). Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 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 State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall CRA Rating: "Satisfactory"

BNY Mellon's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. The assessment period covered January 1, 2009 through June 30, 2011. BNY Mellon is rated "2", indicating a "Satisfactory" record of helping to meet community credit needs. This rating is the same from the prior rating of "2" (Satisfactory) based on the New York State Banking Department's Performance Evaluation dated December 31, 2008.

This rating is based on the following factors:

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

BNY Mellon's community development performance demonstrated an adequate level of responsiveness to the community development needs of its assessment area.

The primary focus of BNY Mellon's community development lending and investment activities was in affordable housing, which has remained unchanged from the prior evaluation period.

Community Development Loans: "Satisfactory"

BNY Mellon's community development loans totaled \$533.7 million, of which \$445.3 million represented new money. The level of lending decreased by 4.1% compared to previous evaluation's total of \$556.6 million originated in a two-year period.

Community Development Qualified Investments: "Satisfactory"

BNY Mellon's made a total of \$587.4 million qualified investments, consisting of \$264.7 million in new community development investments, \$316.5 million outstanding from prior evaluation periods and \$6.2 million in grants.

Of the total investments made by the bank and its affiliates, \$477.1 million or 82.1% accounted for investments in affordable multi-family rental housing projects that qualified for low income housing credits (LIHTCs).

Community Development Services: "Outstanding"

BNY Mellon demonstrated a high level of community development services over the course of the evaluation period. The number of qualified instances of community development services, increased to 173 from 90 since the prior evaluation, or an annualized rate of increase of 53.3%.

Innovative or Complex Practices

BNY Mellon made use of complex practices in its community development investing activities using Low Income Housing Tax Credits (LIHTCs).

Responsiveness to Credit and Community Development Needs

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

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

PERFORMANCE CONTEXT

Institution Profile:

Chartered by the State of New York, BNY Mellon, formerly The Bank of New York is the oldest banking corporation in the United States. Established in 1784, BNY Mellon maintains its headquarter at One Wall Street, New York, New York. The bank is a subsidiary of The Bank of New York Mellon Corporation (“BNYM Holding Company”), a bank holding company that was formed in July 2007 as a result of the merger of the Bank of New York, Inc. and Mellon Financial Corporation of Pittsburgh, Pennsylvania.

The BNYM Holding Company is a global financial services company operating in several primary financial sectors including asset management, asset servicing, wealth management, broker-dealers and advisory services, issuance services and treasury services. BNYM Holding Company maintains two major banks: BNY Mellon, the “Institutional Bank”; and BNY Mellon National Association, the “Wealth Management Bank”. The institutional businesses housed in BNY Mellon include asset servicing, issuer services, broker-dealer and advisor services and bank-advised business of asset management. The wealth management businesses housed in BNY Mellon National Association include trust and custody activities, investment management services, banking services and various securities-related activities. In addition, mortgage originations are provided through BNY Mellon, N.A.

On October 26, 2006, the Federal Reserve Bank of New York approved BNY Mellon as a wholesale bank for CRA purposes.

In March 2009, BNYM Holding Company transferred nine full service private banking branches from the “institutional bank” to the “wealth management bank”. For the CRA assessment area of BNY Mellon, BNY Mellon continues to support the areas of its former nine full service private bank branches. Six of these locations included Kings, Queens, Bronx, New York, Westchester and Nassau counties in New York State. The remaining three branches are located in Connecticut and New Jersey.

During this evaluation period, investments in affordable housing projects of its affiliates, BNY Aurora Holding Corporation and BNY Holdings (Delaware) Corporation, were included in the bank’s total investment amounts. The projects were for the acquisition and rehabilitation of multi-family affordable housing developments that also generated low-income housing tax credits (LIHTCs) for BNY Mellon.

As per the Consolidated Report of Condition (the Call Report) as of June 30, 2011, BNY Mellon reported total assets of \$236.3 billion and total liabilities of \$219.2 billion. Major asset composition were in cash and balances due from depository institutions of \$117 billion, held- to-maturity and available-for- sale securities of \$64.5 billion, and net loans and leases of \$25.1 billion, each representing 49.5%, 27.3%

and 10.6% of total assets, respectively. According to the latest available comparative deposit data as of June 30, 2011, BNY Mellon obtained a market share of 11.3% or \$92.4 billion in a market of \$816.4 billion, ranking it 2nd (after JPMorgan Chase) among 139 deposit-taking institutions in its assessment area. It has only 1 location (One Wall Street, New York) inside its market area consisting of Bronx, Kings, Queens, New York, Westchester and Nassau counties.

The following is a summary of BNY Mellon's loan portfolio in its U.S. offices, based on Schedule RC-C of BNY Mellon's December 31, 2009, December 31, 2010 and June 30, 2011 Call Reports:

Loan type	12/31/2009		12/31/2010		6/30/2011	
	\$000's	%	\$000's	%	\$000's	%
Real estate loans						
1-4 family residential mortgage	4,151,000	25.0	4,090,000	27.5	3,925,000	24.9
Commercial Mortgage	361,000	2.2	331,000	2.2	284,000	1.8
Multifamily residential (5 or more)	380,000	2.3	327,000	2.2	327,000	2.1
Construction Loans	173,000	1.0	148,000	1.0	170,000	1.1
Commercial & Industrial	555,000	3.3	497,000	3.3	438,000	2.8
Consumer Loans	63,000	0.4	69,000	0.5	66,000	0.4
Lease financing receivables	3,508,000	21.1	3,147,000	21.2	2,780,000	17.7
Other loans						
Loans to purchase securities	1,844,000	11.1	1,148,000	7.7	2,754,000	17.5
Loans to nondepository Fin.Inst.	4,958,000	29.9	4,512,000	30.3	4,207,000	26.7
All other Loans	611,000	3.7	602,000	4.0	799,000	5.1
Total Gross Loans	16,604,000	100.0	14,871,000	100.0	15,750,000	100.0

As a wholesale bank, BNY Mellon does not directly originate retail consumer loans or small business loans, other than to accommodate high net worth clients and/or employees. As illustrated in the above chart, the largest loan concentrations were in loans secured by real estate (approximately 30%), lease financing receivables (17.7%), and other non-consumer loans including commercial & industrial and loans to non-depository financial institutions, etc. (52%).

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

Assessment Area:

BNY Mellon's assessment area is comprised of the Bronx, Kings, New York and Queens Counties in the New York City Region; Westchester and Nassau Counties in the Mid-Hudson and Long Island regions, respectively.

There are 2,605 census tracts in the area, of which 329 are low-income, 643 are moderate-income, 851 are middle-income, 714 are upper-income and 68 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Bronx	14	132	98	65	46	355	65%
Kings	15	119	297	235	117	783	53%
New York	9	60	59	24	144	296	40%
Queens	18	12	148	310	185	673	24%
Westchester	4	4	21	39	153	221	11%
Nassau	8	2	20	178	69	277	8%
Total	68	329	643	851	714	2,605	37%

The assessment area appears reasonable based upon the location of BNY Mellon'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 9.8 million during the examination period. About 12.4% of the population were over the age of 65 and 21.7% were under the age of 16.

Of the 2.3 million families in the assessment area, 27.6% were low-income, 16.3% were moderate-income, 17.6% were middle-income and 38.5% were upper-income families. There were 3.7 million households in the assessment area, of which 17.3% had income below the poverty level and 6.5% were on public assistance.

The MSA median family income within the assessment area was \$52 thousand. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$70 thousand in 2010.

There were 3.8 million housing units within the assessment area, of which 45.7% were one- to four-family units, and 54.2% were multifamily units. A majority, 59.2% of the area's housing units were renter-occupied, while 35.8% were owner-occupied.

Of the 2.3 million renter-occupied units, 51.20% were in low- and moderate-income census tracts while 48.8% were in middle- and upper-income census tracts. Median gross rent was \$763.

Of the 1.4 million owner-occupied housing units, 15.1% were in low- and moderate-income census tracts while 84.9% were in middle- and upper-income census tracts. The median age of the housing stock was 60 years and the median home value in the assessment area was \$251 thousand.

There were 664 thousand non-farm businesses in the assessment area. Of these,

76.0% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 18.7% did not report their revenues. Of all the businesses in the assessment area, 85.0% were businesses with less than fifty employees while 92.6% operated from a single location. The largest industries in the area were services (47.4%), followed by retail trade (16.0%), and finance, insurance & real estate (9.6%); while 7.9% of businesses in the assessment area were not classified.

NYS DOL unemployment rates

Statistics published by the New York State Department of Labor showed that the average unemployment rate for New York State rose at least 58% from 5.3% in 2008 to 8.4% in 2009 and 8.6% in 2010. The same upward trend was also manifested in BNY Mellon’s assessment area, with Bronx and Kings Counties, both above statewide and national averages.

The chart below describes how unemployment rates in the six counties compared with statewide averages for the last three years.

Assessment Area Unemployment Rate							
Year	NYS	Bronx	Kings	New York	Queens	Westchester	Nassau
2008	5.3%	7.3%	5.8%	4.7%	4.8%	4.8%	4.7%
2009	8.4%	11.9%	9.9%	8.4%	8.3%	7.3%	7.1%
2010	8.6%	12.8%	10.2%	8.0%	8.5%	7.2%	7.1%

National unemployment rates¹ are as follows: 5.8% (2008); 9.3% (2009); and 9.6% (2010).

Community Information

Multi-family housing units represented 54.21% of total housing units in BNY Mellon’s assessment area. Renter-occupied units represented 59.18%, of which 51.2% were located in low- to moderate- income census tracts in the Bronx, Kings and New York counties.

In assessing the credit needs of BNY Mellon’s assessment area, examiners interviewed officers of three community development corporations (CDCs). 1) a private non-profit organization, which is also a Department of Treasury certified community development financial institution (CDFI), created in 1983 to assist in community based housing preservation activities for the residents of Northwest Bronx; 2) a CDFI founded in 1982, with a mission to create opportunity for low- and moderate- income people through affordable housing in diverse and thriving communities; and 3) a membership organization of NYC neighborhood based non-

¹ Source: Bureau of Labor Statistics

profit organization (NPO) engaged in housing, economic development in low and moderate income communities throughout the five boroughs. The NPO provides training and technical assistance to their members to expand and preserve affordable housing opportunities and flourishing neighborhoods for low- and moderate-income New Yorkers.

The officers of the CDCs that were contacted, at this examination considered any affordable housing projects, such as acquisition, renovation and rehabilitation of privately owned buildings as a financing opportunity for local banks to help alleviate the need for affordable multi-family housing for low income apartment dwellers and renters. Officers of these CDCs expressed concern about the condition of the multi-family affordable rental housing facilities. This type of housing is mainly home to tenants that do not have other housing options. These housing facilities, in most cases, were in a state of physical and financial distress, i.e. in serious state of disrepair, over-leveraged or even at risk of foreclosure.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Department of Financial Services evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided for in Section 76.11 of the General Regulations of the Banking Board. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services; and (3) the banking institution’s responsiveness to credit and community development needs. In addition, the following factors are also considered in assessing BNY Mellon’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included calendar years 2009 and 2010; and six months ended June 30, 2011.

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

BNY Mellon received a rating of “2”, reflecting a “Satisfactory” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2008.

Current CRA Rating: “Satisfactory”

Community Development Activities: “Satisfactory”

BNY Mellon’s community development performance demonstrated an adequate level of responsiveness to the community development needs of its assessment area.

The primary focus of BNY Mellon’s community development lending and investment activities was in affordable housing, which has remained unchanged from the prior evaluation period.

Most significantly, BNY Mellon's community development activities were in support of projects to build, acquire and rehabilitate multi-family rental housing serving low- and moderate-income people. BNY Mellon made a total of \$533.8 million community development loans, consisting of new money totaling \$445.3 million, and still had \$88.4 million outstanding from prior evaluation period. Approximately 87.1% of the loans were in support of projects for affordable multi-family rental housing projects in New York State. In addition, lending activities were mostly in the form of off-balance sheet items like credit commitments and "construction phase" letters of credit (L/Cs), which represented 60% of total community development loans. The L/Cs were issued to provide supplemental security and enhance the tax exempt bonds issued by New York State and City housing agencies. The bond proceeds were used to acquire, construct and/or rehabilitate multi-family affordable housing units. BNY Mellon committed \$322.9 million in the form of standby letters of credit to enhance tax exempt bonds issued by government housing agencies.

Community development investments consisted of 1) investments in limited partnerships and limited liability companies that qualifies for low income housing tax credits (LIHTC); and 2) residential mortgage backed securities issued or guaranteed by FNMA, GNMA and FHLMC secured by CRA qualified residential mortgages on properties located in New York State. BNY Mellon made \$264.7 million in new community development investments and had \$316.5 million outstanding from the prior evaluation periods.

BNY Mellon offered a significant level of community development services in support of community based organizations and small businesses. BNY Mellon officers and staff served on the Board of Directors, Advisory Boards and committees to provide leadership and technical assistance. BNY Mellon also sponsored events to promote financial literacy and raise funds for community development projects. BNY Mellon also designed financial and technical assistance programs to assist small businesses in its assessment area.

Community Development Lending: "Satisfactory"

BNY Mellon's community development loans totaled \$533.7 million, of which \$445.3 million represented new money. The level of lending decreased by 4.1% compared to previous evaluation's total of \$556.6 million originated in a two-year period.

Total community development loans represented an annualized rate of 0.09% of total assets as of 06/30/2011, compared to 0.14% from the previous evaluation period. BNY Mellon attributed the decrease in its community development lending level to the economic challenges in lending opportunities, particularly in financing affordable housing projects, and a reduced employee base. Nevertheless, it still represented an adequate level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	28	417,746	4	47,025
Economic Development	0		1	30,864
Community Services	5	27,600	2	10,525
Total	33	445,346	7	88,414

Community development lending for affordable housing represented 87.1% of total lending activities. Letters of credit (“L/C”) amounted to \$322.9 million while lines of credit were \$60.5 million the remaining community development lending was in the form of loans, totaling \$150.4 million (28%), including \$69 million for community services and economic development.

BNY Mellon provided 24 construction phase L/Cs as supplemental security to enhance tax exempt bonds issued by New York State and City housing agencies, NYS Housing Finance Agency (“HFA”) and NYC Housing Development Corporation (“HDC”). The bond proceeds were used to acquire, construct and/or rehabilitate affordable multi-family rental housing buildings in New York State.

The following are examples of BNY Mellon’s community development lending activities through the issuance of L/Cs:

- BNY Mellon committed \$22.6 million construction phase L/C to enhance tax exempt bonds issued by the HFA. Bond proceeds were used for acquisition and construction of a 245-unit residential affordable housing complex known as Bedell Terrace Apartments, which were to be rented to low- to moderate-income families.
- BNY Mellon committed \$22.4 million construction phase L/C to enhance tax exempt bonds issued by FHA to acquire and rehabilitate a 249-unit residential affordable housing complex in Bronx, New York. The property provides affordable rental and cooperative housing to moderate and middle-income families, under the Mitchell-Lama housing program.
- BNY Mellon committed \$24.3 million construction phase letter of credit to enhance tax exempt bonds issued by the HDC to finance the rehabilitation of 10 adjoining six-storey buildings with 197 affordable rental units. All units are under a project based Section 8 contract that expires in 2024.
- BNY Mellon committed \$10 million to enhance a HFA-issued tax exempt bonds. Bond proceeds were used to finance the construction and lease-up of

a two 24 story, 569 unit rental buildings with ground floor commercial space and parking. The project qualifies for the 80/20 low interest rate financing from HFA where 20% of the units must be rented to low and moderate income families.

BNY Mellon provided \$60 million in loans and lines of credit to a limited partnership to finance the company's purchase of other limited partnerships in low income housing tax credit (LIHTC) projects.

BNY Mellon made loans for \$27.6 million to a non-profit organization that provides community services to low and moderate income individuals or families. The non-profit focused on challenges faced by individuals and families in dealing with poverty, disabilities, and lack of access to educational and basic services.

Community Development Investments: "Satisfactory"

BNY Mellon made a total of \$587.4 million in qualified investments, consisting of \$264.7 million in new community development investments, \$316.5 million outstanding from prior evaluation periods and \$6.2 million in grants.

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
CD Investments	# of Inv.	\$000	# of Inv.	\$000
Affordable Housing	61	264,742	28	316,509
Economic Development				
Community Services				
Total	61	264,742	28	316,509
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	39	836		
Economic Development	20	571		
Community Services	100	4,071		
Community Development	20	706		
Total	179	6,184		

The investments represented an annualized rate of 0.10% to total assets, a slight increase over previous evaluation's 0.09%. Almost all (99%) of BNY Mellon's community development investments were made for affordable housing purposes.

Of the total investments made by BNY Mellon and its affiliates, \$477.1 million or 82.1% accounted for investments in affordable multi-family rental housing projects that qualified for low income housing credits (LIHTCs).

The remaining \$104.1 million or 17.7% were in CRA qualified mortgaged backed

securities issued by the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and the Federal Government Loan Mortgage Corporation (FGLMC).

This demonstrated an adequate level of community development investments over the course of the evaluation period.

The following are a few examples of BNY Mellon's community development investments:

BNY Mellon invested in LIHTC-qualified equity investments in the same affordable housing projects which it had extended credits to:

- \$12.7 million in a limited partnership to provide funds to acquire and rehabilitate a 245-unit residential rental housing project available for low and moderate income families in Hempstead, New York;
- \$13.6 million to rehabilitate an existing 249-unit in Bronx, NY providing affordable rental and cooperative housing to moderate and middle income families under the Mitchell-Lama housing program.

BNY Mellon invested \$4.5 million in a LIHTC project to acquire and rehabilitate a 48 unit apartment building available to rent to low and moderate income families.

BNY invested in 45 pools of mortgage backed securities issued or guaranteed by FNMA, GNMA and FHLMC, consisting of 422 loans secured by residential properties in New York State. For example, BNY Mellon bought an investment secured by 17 CRA-qualified residential mortgage loans for \$3.08 million located in Kings, Queens, Richmond, Nassau and Suffolk counties.

Grants:

During the evaluation period, BNY Mellon made grants, totaling \$6.2 million to community development and non-profit organizations providing a variety of services to low income neighborhoods. This amount increased significantly from the \$3.8 million at the prior evaluation period. Grants for community services represented 65.8% while the remaining 34.2% were disbursed for affordable housing, economic and community development.

The following are a few examples of grants made by BNY Mellon:

BNYMellon contributed \$328 thousand towards sponsoring events which facilitated networking opportunities, business growth and professional development training for the participants. The events were widely attended by small business entrepreneurs, business groups and government agencies.

BNY Mellon Foundation contributed a total of \$350 thousand for “workforce development initiatives” to various community based organizations aimed at helping youths from low income households, homeless and all others, that are in need. The program focuses on developing skills towards self-reliance and competitive edge to enter, sustain and succeed in the workplace. Included in this endeavor was the \$50,000 contribution to HELP USA, a non-profit founded in 1986 to provide housing and supportive services necessary for the homeless and people in need to become and remain self reliant. BNY Mellon specifically supported the organization’s Culinary Arts Program designed to teach the basic theory, practice and art of cooking professionally in a kitchen. This program’s objective is to prepare the participants with necessary cooking skills to find employment in the food preparation industry.

Community Development Services: “Outstanding”

BNY Mellon demonstrated a high level of community development services over the course of the evaluation period. The number of qualified instances of community development services, increased to 173 from 90 since the prior evaluation, or an annualized rate of increase of 53.3%. Below are highlights of BNY Mellon’s community development services.

- Twenty three officers of BNY Mellon served on the Board of Directors and Advisory Boards of 37 non-profits and other community based organizations that devoted its time, primarily for community development activities.

These officers and staff were also members of working committees such as the Audit, Finance, Fund Raising and Loan Committees in thirty one community servicing organizations. Altogether, there were 84 instances where BNY Mellon staff provided leadership and technical assistance through board and committee membership in the New York assessment area.

The Managing Director/CRA Compliance Officer was on the Board of Directors of a non-profit organization (NPO), a collaboration of financial institutions and community housing agencies dedicated to helping low to moderate income residents to become first-time homebuyers in the Greater New York area. The Managing Director also served on the board of thirteen other organizations that were involved in affordable housing, economic development and other community services.

Two Managing Directors were on the Board of Directors of a privately owned loan fund committed to support the growth of jobs and economic opportunity in New York’s Empire Zones.

- On forty-nine occasions, as many as 200 BNY Mellon employees volunteered to provide financial literacy education to students of NYC public schools in programs such as “Banking on Our Future” program of Operation HOPE and the Junior Achievement of NYC.

-
- BNY Mellon sponsored events promoted by its community based partners were mostly held in New York City. The events and workshops focused on the following:
 - Fund raising events to support projects benefitting low income communities and small businesses;
 - Conferences that brought together representatives from the private, government, and non-profit sectors to discuss issues and challenges facing the communities such as insufficient affordable housing, slow down in small business growth, foreclosure crisis and rising unemployment rates;
 - Workshops included topics such as basic banking, developing good savings habits, debt reduction and credit. The workshops also offered technical assistance programs to non-profit organizations.
 - BNY Mellon, through its Supplier Development Program (SDP), provided small businesses with an opportunity to compete with bigger and more established companies. SDP has approximately 2,500 suppliers that provide services or products to the bank. Through its active participation, BNY Mellon helped to promote supplier training, growth and development to its diverse supplier organizations owned by women, minorities, disabled and veterans.

Innovative or Complex Practices

BNY Mellon made use of complex financing schemes and practices in its community development investing activities.

BNY Mellon invested in enterprises, usually a limited partnership or limited liability company, that are engaged in the acquisition, construction and rehabilitation of LIHTC qualified multi-family affordable rental housing structures. LIHTC is a complex financing scheme which entails the coordination with several state and federal housing agencies in funding the project. It also requires detailed asset monitoring and financial reporting to ensure compliance with the requirements imposed by the federal tax code¹ for taking the tax credit.

¹ The "Low Income Housing Tax Credit" created under the Tax Reform Act of 1986 provides incentives to invest in projects aimed in the development of affordable housing for low income Americans. The incentive is in the form of a reduction in an investor/taxpayer's federal income tax. However, there are some requirements that must be fulfilled, such as monitoring and reporting to ensure that tenants living in the low income units meet the income requirements throughout their tenancy. Failure to comply with the applicable rules or sale of the project before the end of at least a 15-year period can lead to recapture of credits previously taken, as well as the inability to take future credits.

Responsiveness to Credit and Community Development Needs

BNY Mellon demonstrated an adequate 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

The Board of Directors, through its Corporate Social Responsibility (CSR) Committee, has been active in the oversight of CRA compliance and activities. The CSR Committee met at least once a year in 2009 and 2010 to monitor CRA performance and to make recommendations to enhance CRA activities. The committee reviews the CRA policy, proposed business goals and other CRA related plans, before their submission to the board for approval.

In addition, to the CSR Committee, BNY Mellon has established a Management Committee (MC), consisting of senior management staff from areas of the bank directly responsible for carrying out the BNY Mellon's CRA and Fair Lending programs.. The MC met at least three times a year to discuss BNY Mellon's CRA efforts and accomplishments; prepared reports for Senior Management and the CSR Committee of the Board of Directors.

Periodic self-assessment of CRA activities were performed and presented to the CSR and MC committees. The self assessment included a comparison of CRA performance with its peers. The reports and analyses were also shared with the appropriate lending units to assist in their business development efforts.

Discrimination and other illegal practices

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

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

- *Evidence of prohibited discriminatory or other illegal credit practices.*

The Department noted no evidence of prohibited discriminatory or other illegal practices.

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

In March, 2009, BNY Mellon Holding Company transferred the nine full private banking branches of BNY Mellon (Institutional Bank) to BNY Mellon, N.A, and (Wealth Management Bank). As a result, BNY Mellon has only one principal location at One Wall Street, NY, NY. As a wholesale bank, BNY Mellon 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.

BNY Mellon identifies the credit needs for its assessment area through a series of outreach activities such as: (a) serving on the boards of directors, advisory boards and committees of community-based organizations that provide qualified community services; (b) partnering with community based organizations, financial intermediaries, city and state government agencies to promote CD initiatives; (c) sponsorship and participation in activities that promote financial services education to LMI individuals; and (d) analyzing overall lending based upon market share and peer performance analyses.

- 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, BNY Mellon's marketing efforts were concentrated in the development of CD lending and investment business opportunities. BNY Mellon utilized its membership in national and state associations engaged in affordable housing such as the National Association of Affordable Housing Lenders and New York State Association for Affordable Housing Lenders to market its products and programs; participation on boards of CDFIs engaged in community lending and investments such as Local Initiatives Support Corporation (LISC); and participation in industry conferences and government sponsored outreach activities.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

None

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

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

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

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

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;

- ❖ Assisting in marketing financial services, including the development of
- ❖ advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

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

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

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

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median

family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

LIHTC is a dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986 that gives incentives to invest on 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)

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).

Small Business Loans

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