



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2008

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 Banking Department 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 The Bank of New York Mellon (“BNY Mellon”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2008.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall 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. BNY Mellon is rated "2 indicating a "Satisfactory" record of helping to meet community credit needs within the portion of its assessment area that falls within New York State. This rating is a downgrade from the prior rating of "1," ("Outstanding") based on the NYSBD Performance Evaluation dated December 31, 2006. This rating is based on the following factors:

Community Development Test: "Satisfactory"

- BNY Mellon had an adequate level of community development loans, services and qualified investments.
- BNY Mellon's community development loans and qualified investments within its New York State assessment area totaled \$895.3 million, an increase of \$122.6 million or 15.9% from the prior evaluation period. A total of \$730.6 million (81.6%) represented new money. The increase in BNY Mellon's community development activities, despite the prevailing economic condition and credit crisis, demonstrates BNY Mellon's commitment to CRA. However, during the same period, as a result of the consolidations noted in the performance context section, assets grew by more than 125%.¹
- BNY Mellon's community development loans totaled \$556.6 million, of which \$490.4 million (87.4%) represented new money. This level of lending represented a slight increase from the previous evaluation's total of \$528.8 million.
- BNY Mellon's qualified investments, including grants, totaled \$ 338.7 million, of which \$240.2 million or approximately 70.9% was new money. This level of investments represented an increase of 38.8% from total investments of \$243.9 million reported at the previous evaluation. Virtually all of the qualified investments were made using Low Income Housing Tax Credits ("LIHTC").
- BNY Mellon provided grants, totaling \$3.8 million to community development organizations that supported affordable housing, community service and economic development.
- BNY Mellon staff provided financial expertise to various community development organizations operating in the assessment area.

¹ It is not possible to segregate the growth in assets within the New York State assessment area from total asset growth.

Innovative or Complex Qualified Community Development Investments, Loans or Services:
“Outstanding”

BNY Mellon extensively used complex qualified investments, community development loans or community development services. LIHTC are one of the most important resources for creating affordable housing in the United States today. BNY Mellon made extensive use of this complex investment vehicle.

Responsiveness to Community Development Needs: “Satisfactory”

As noted by the volume of lending, investments and services, BNY Mellon demonstrated adequate responsiveness to the credit needs of the assessment area.

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's Profile:

Chartered by the State of New York, BNY Mellon, formerly The Bank of New York, is headquartered in New York City. It is the oldest bank in the United States; it was founded in 1784. The bank is a subsidiary of The Bank of New York Mellon Corporation (the Company"), a bank holding company that was formed in July 2007 as a result of the merger of The Bank of New York Company, Inc., and Mellon Financial Corporation of Pittsburgh, Pennsylvania.

The Company is a global asset management and securities servicing company with approximately \$928 billion in assets under management and \$20.2 trillion in assets under custody and administration as of December 31, 2008. The Company operates its business in seven primary business segments: asset management, wealth management, asset servicing, issuer services, clearing services, treasury services and others. On July 1, 2008, the Company completed the process of consolidating and renaming its principal U.S. based bank and trust company subsidiaries into two principal banks: The Bank of New York Mellon ("BNY Mellon") and BNY Mellon, National Association ("BNY Mellon, N.A."), based in Pittsburgh, Pennsylvania.

As a result of this consolidation, BNY Mellon's total assets dramatically increased from \$86B in December 2006 (the date of the New York State Banking Department's last CRA Performance Evaluation) to \$130 B in July 2008 (prior to the consolidation). As of December 2008, total assets were \$195 B. It is not possible to segregate New York State assets from overall domestic assets.

Both banks are engaged in trust and custodial activities, investment management services, banking services and other securities-related activities. BNY Mellon focuses on institutional businesses including asset management, asset servicing, issuer services, treasury services and broker-dealer and advisory services. BNY Mellon, N.A. houses the wealth management business.

On October 1, 2006, BNY Mellon exited the retail and regional middle market business when it acquired the corporate trust business of JPMorgan Chase ("Chase") while Chase acquired BNY Mellon's retail banking and regional middle-market businesses. Subsequently, on October 26, 2006, the Federal Reserve Bank of New York approved BNY Mellon's application to be designated as a wholesale bank for CRA purposes. Continuing its strategy of concentrating on its core financial services, in March 2007, BNY sold its interest in BNY Mortgage Company, LLC and discontinued offering mortgage products and services. Because of the consolidation, including the exiting of the retail and mortgage businesses, BNY Mellon's personnel, including staff involved in CRA-related functions, has been reduced substantially. As assets grew, this staff was not replaced with other community development lending and services staff focused on Bank of New York Mellon's wholesale bank activities.

BNY Mellon’s affiliate, BNY Aurora Holding Corporation (“BNYAH”), invests in low-income rental housing developments and rehabilitation projects through low-income housing tax credits (“LIHTC”). For this evaluation, BNYAH’s investments in LIHTCs were included in the bank’s total investments. However, loans originated by BNYAH and other affiliates were not included in this evaluation.

On BNY Mellon’s Consolidated Report of Condition (“Call Report”) as of December 31, 2008, BNY Mellon reported total assets of \$195.2 billion, including \$92.2 billion (47.2%) in cash and balances due from depository institutions, \$32.5 billion (16.6%) in loans, \$10.7 billion (5.5%) in trading assets and \$40.3 billion (20.6%) in securities and federal funds sold. Deposits totaled \$157.8 billion and equity capital was \$11.4 billion. Since the date of the prior evaluation, the bank’s total assets have increased by \$109.2 billion, primarily due to the consolidation of the Company’s institutional business into BNY Mellon.

According to available comparative deposit data as of June 30, 2008, the bank ranked 5th among 138 deposit-taking institutions in its New York assessment area. The bank held \$34.5 billion, or 5.8%, of total deposits in this market. The bank’s deposits taken in New York represented about 34.9% of its total deposits of \$99.0 billion.

There were no known financial or legal impediments that adversely impact the bank’s ability to meet the credit needs of its community.

Assessment Area:

BNY Mellon’s assessment area includes the portions of MD 35644 consisting of Bronx, Kings, New York, Queens and Westchester Counties. It also includes Nassau County, which is part of MD 35004. MD 35644 and MD 35004 are parts of MSA 35620.

The following chart shows the distribution of census tracts within the bank’s assessment area based on the 2000 U.S. Census data. The assessment area contains 2605 census tracts, of which 68(2.6%) are zero income, 329(12.6%) are low-income, 643(24.7%) are moderate-income, 851(32.7%) are middle-income and 714(27.4%) are upper-income.

Distribution of Assessment Area Census Tracts by Income Level											
County	Zero		Low		Moderate		Middle		Upper		Total
	#	%	#	&	#	%	#	%	#	%	
Bronx	14	3.9	132	37.2	98	27.6	65	18.3	46	13.0	355
Kings	15	1.9	119	15.2	297	37.9	235	30.0	117	15.0	783
New York	9	3.0	60	20.3	59	19.9	24	8.1	144	48.7	296
Queens	18	2.7	12	1.8	148	22.0	310	46.1	185	27.5	673
Westchester	4	1.8	4	1.8	21	9.5	39	17.7	153	69.2	221
MD35644/MSA 35620 Total	60	2.6	327	14.0	623	26.8	673	28.9	645	27.7	2,328
Nassau	8	2.9	2	0.7	20	7.2	178	64.3	69	24.9	277
MD 3500/MSA 35620 Total	8	2.9	2	0.7	20	7.2	178	64.3	69	24.9	277
AA Total	68	2.6	329	12.6	643	24.7	851	32.7	714	27.4	2605

The assessment area appears reasonable based upon the bank’s location and its designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.

Demographic & Economic Data

Population: According to the 2000 U.S. Census, the population of the assessment area was 9.8 million. Of the total population, 1.2 million (12.4%) were over the age of 65 and 2.1 million (21.7%) were under the age of 16. Approximately 17.3% of the total households in the assessment area are below the poverty level.

Housing Characteristics: According to the 2000 U.S. Census, there were 3.8 million housing units in the assessment area, of which 46.0% were 1 to 4 family units and 54.0% were multifamily units. Of the total number of housing units, 1.4 million (36.0%) were owner-occupied, 2.3 million (59.0%) were rental-occupied and 195 thousand (5.0%) were vacant. The real estate/housing market in New York City and its surrounding counties is one of the most expensive in the country. Although home prices have declined since 2007 as a result of the mortgage and credit crisis, housing affordability remains a major problem in the assessment area where the average annual median family income was only \$63.1 thousand in 2007 and \$66.6 thousand in 2008.

Unemployment Rates: Of the six counties that comprise BNY Mellon’s New York assessment area, only Bronx, and Kings Counties had average unemployment rates higher than New York State’s in both 2007 and 2008. Reflecting the economic recession, average annual unemployment rates for New York State and the six counties in the bank’s assessment area increased in 2008.

The following table summarizes the 2007 and 2008 average unemployment rates (not seasonally adjusted) for the six counties in the bank’s assessment area:

Unemployment Percentages by Geographic Area							
Year	N.Y. State	Bronx	Kings	New York	Queens	Nassau	Westchester
2007	4.5	6.6	5.3	4.2	4.4	3.7	3.8
2008	5.4	7.4	5.9	4.9	4.9	4.7	4.8

Business Demographic Data: There were 853 thousand businesses in the bank’s assessment area. The service sector made up the largest industry; it accounted for 323 thousand (37.8%) businesses. The next largest sector was the retail trade industry with 136 thousand (16.0%) businesses. The finance, insurance and real estate sector had 82 thousand (9.6%) businesses combined. Small businesses dominate the assessment area, with 75.4% of total businesses employing less than 50 employees.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Banking Department evaluates the CRA performance of wholesale or limited purpose banks pursuant to the community development test, as provided in Section 76.11 of the General Regulations of the Banking Board. Performance criteria may 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 these investments are not routinely provided by private investors; and (3) the banking institution's responsiveness to credit and community development needs. The following factors were also considered in assessing the bank'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.

This assessment period included calendar years 2007 and 2008.

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 derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually.

CRA Rating: "Satisfactory"

Community Development Test

Community Development Investment, Loan and Service Activity: "Satisfactory"

BNY Mellon had an adequate level of community development loans, services and qualified investments.

BNY Mellon's community development loans and qualified investments within its New York State assessment area totaled \$895.3 million, an increase of \$122.6 million or 15.9% from the prior evaluation period. A total of \$730.6 million (81.6%) represented new money. The increase in BNY Mellon's community development activities, despite the prevailing economic condition and credit crisis, demonstrates BNY Mellon's commitment to CRA. However, during the same period, as a result of the consolidations noted in the performance context section, assets grew by more than 125%.¹ Thus, the increase in community development activities was not proportionate to the size of BNY Mellon's assets during this same period.

BNY Mellon’s community development loan and investment activity within New York State is summarized below:

BNY Mellon Community Development Activity 1/1/07 through 12/31/08 (Dollars in Thousands)				
TYPE	Commitments		New Money	
	\$	%	\$	%
Affordable Housing	815,571	91.1	665,747	91.1
Community Service	14,352	1.6	14,352	2.0
Economic Development	32,156	3.6	32,156	4.4
Revitalization/Stabilization	33,176	3.7	18,300	2.5
TOTAL	895,255	100.0	730,555	100

Community Development Lending

BNY Mellon’s community development loans totaled \$556.6 million, of which \$490.4 million (87.4%) represented new money. This level of lending represented a slight increase from the previous evaluation’s total of \$528.8 million.

BNY Mellon’s community development loans include originations made through community development intermediaries in the assessment area. Based on dollar volume, about 86.2% of its community development loans were for affordable housing, the lack of which is a pressing concern in the assessment area. Loans supporting the revitalization and stabilization of LMI neighborhoods accounted for 6.0% of its community development loans, while funding for community development services and economic development efforts accounted for 2.2% and 5.6%, respectively.

The following are examples of BNY Mellon’s community development lending activities:

Community Preservation Corporation (“CPC”) – During the evaluation period, BNY Mellon provided an unsecured revolving credit facility for \$40 million to CPC for the issuance of standby letters of credit (“L/Cs”). The L/Cs are used as credit enhancements for tax-exempt bond issues and New York City Housing Development Corporation construction loans used to finance affordable housing development projects for LMI individuals.

BNY Mellon provided \$19 million in the form of a construction phase letter of credit, to enhance \$19 million in tax-exempt bonds issued by the New York State Housing Finance Agency, (“HFA”). Bond proceeds will be used for the acquisition and rehabilitation of a 212-unit, Section 8 residential housing project in Jamaica, NY.

BNY Mellon provided a \$108.2 million construction L/C to enhance HFA tax-exempt bonds. This project, located in a low-income area in Manhattan, qualifies for 80/20 low interest rate financing from HFA as 231 (20%) of the project’s 1,115 units will be rented to LMI families at subsidized, below market rates. Of the total exposure, \$21.6 million qualifies for CRA credit.

BNY Mellon committed \$11.7 million to finance a two-phase gut rehabilitation project under the Neighborhood Entrepreneur Program (“NEP”) in the Bushwick section of Brooklyn for 129 affordable housing units in 19 buildings. All are located in LMI tracts.

BNY Mellon provided a construction phase letter of credit to enhance \$13.4 million in tax-exempt bonds issued by the New York City Housing Development Corporation (“NYCHDC”). Bond proceeds will be used for the development of a seven-story multi-family (87 units) residential building in Brooklyn with commercial space for a day care center and parking. Rents will range from 30% to 60% of area median income.

BNY Mellon provided a construction phase letter of credit to enhance \$17.4 million in tax-exempt bonds issued by the HFA. Bond proceeds will be used for the acquisition and rehabilitation of a 216-unit, Section 8 residential housing project in the Bronx. A 30-year permanent enhancement will be provided by SONYMA.

BNY Mellon committed a \$13.1 million loan to assist in the acquisition and renovation of a 102-unit, rent-stabilized/rent-controlled, residential building in Washington Heights, Manhattan. The renovations will include the upgrade of all common area space as well as vacant units. Rents in the building are below market rates.

BNY Mellon committed a \$2.9 million, ten-year term loan on a 10 story, 72,000sf, Class B/C office building. Over 51% of the tenants are not-for-profit human services organizations that serve the LMI population. Property is in a low-income tract in the Bronx.

BNY Mellon committed a \$31.5 million share of a \$220 million construction loan to construct a 475,000 square foot retail center located on the former Washburn Wire Factory site. The project's anchor tenants will be Home Depot, Target, and other local retailers. The project promotes economic development, as it will create 1,200 to 2000 permanent jobs and almost 2,000 construction jobs.

BNY Mellon provided two term loans totaling \$18.3 million to finance the cost of building renovations and tenant improvements on a 10-story office building located in a moderate-income tract in Jamaica, Queens. This project will help revitalize and stabilize the neighborhood, which is near the South Jamaica Empire Zone.

Qualified Investments

BNY Mellon's qualified investments, including grants, totaled \$338.7 million, of which \$240.2 million or approximately 70.9% was new money. This level of investments represented an increase of 38.8% from total investments of \$243.9 million reported at the previous evaluation.

BNY Mellon's qualified community development investments are responsive to the need for affordable housing in the assessment area. Except for its grants and donations, all of the bank's qualified community development investments consisted of LIHTC totaling \$334.9 million as of the examination date.

Examples of the bank's LIHTC qualified investments are listed below:

- \$15.2MM in two scattered site projects (Albany Crossings and Kingston Heights) in Bedford Stuyvesant, Brooklyn. The 224 units in the combined projects will be completely renovated and rented to tenants with incomes at or below 60% of the area median income.
- \$10MM to finance a 216-unit, affordable housing project located in a low-income census tract in Bronx County.
- \$16 MM to finance a 417-unit, affordable housing project located in a moderate-income census tract in Hempstead, New York.

Since the previous evaluation, BNY Mellon provided grants, totaling \$3.8 million to various community development organizations such as Accion New York, Food Bank of New York City, Habitat for Humanity, and Coalition for the Homeless, Inc. These funds supported affordable housing, community service and economic development.

Community Development Services

BNY Mellon staff provided financial expertise to various community development organizations operating in the assessment area. The following are examples of bank officers' involvement in these community development organizations.

- The Executive Vice President was a member of the Advisory Committee of the Neighborhood Housing Services of NYC, Inc. ("NHS"). A managing director serves as a member of NHS's Loan Policy and Credit Committee, and the Multibank/Consortium Loan Committee. NHS is a non-profit intermediary that creates and preserves affordable housing and promotes increased investment in New York City.
- The Executive Vice President was the vice chairperson and member of the board of directors of New York Community Investment Company, LLC ("NYCIC"), a venture capital fund which makes equity and near-equity investments in small businesses throughout New York City many of which are located in LMI areas or are minority or women-owned.
- A managing director is a member of the board of directors of Lawyers Alliance for New York, which is the leading provider of business and transactional legal services for non-profit organizations engaged in a broad array of community/economic development and affordable housing activities in New York City.
- A managing director is a member of the Advisory Board of the Local Initiatives Support Corporation ("LISC") and a vice president is a member of LISC's Loan Committee. LISC is a lending and development intermediary that supports the activities of non-profit

community development corporations engaged in affordable housing and economic development activities nationwide.

- A vice president is a member of the board of directors of the South Bronx Overall Economic Development Corporation, a non-profit organization that works to promote job retention and encourage the establishment and growth of new businesses in the South Bronx.
- An assistant vice president is a member of the board of directors of Pratt Area Community Council, Inc., a Brooklyn-based non-profit corporation engaged in developing and preserving affordable housing, protecting tenant rights, and helping community residents become first-time homebuyers.
- A senior executive vice president and an executive vice president are both members of the board of directors of the Brooklyn Bureau of Community Service, a non-profit that provides community-based social services, including vocational training and job placement, to LMI families and individuals.

Innovative or Complex Qualified Community Development Investments, Loans or Services: “Outstanding”

BNY Mellon extensively used complex qualified investments, community development loans or community development services. LIHTC are one of the most important resources for creating affordable housing in the United States today. BNY Mellon made extensive use of this complex investment vehicle.

Responsiveness to Community Development Needs: “Satisfactory”

As noted by the volume of lending, investments and services, BNY Mellon demonstrated adequate responsiveness to the credit needs of the assessment area.

The following factors were also considered in assessing the bank’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.

The board of directors is active in providing oversight of the CRA compliance function. In 2005, the board created the Corporate Responsibility Committee, which was renamed the Corporate Social Responsibility Committee (“CSR”) in 2007. The CSR is responsible for monitoring BNY Mellon’s compliance with CRA and meets twice a year to monitor CRA performance and recommend enhancements to CRA activities. The chairman of CSR reports items discussed in committee meetings to the full board.

The CSR is responsible for reviewing and approving the annual CRA business plans and policies. It also monitors the bank’s CRA originations and investments. The CSR serves as a liaison between the bank’s CRA/Fair Lending Planning Management Committee and the board of directors.

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

Record of opening and closing offices and providing services at offices

Not applicable for a wholesale institution.

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's Community Development Division ("CDD") coordinates the bank's CRA programs and initiatives. The CDD assists both the lending and non-lending divisions of the bank in generating business development opportunities and provides them with analyses that are used to evaluate their goals with respect to changing market conditions and their effects within the assessment area. The CDD also collects and monitors the CRA activities for the entire bank.

The CDD's Community Development Relationship Managers ("RMs") participate as members of boards of directors and advisory boards of community-based organizations, and thereby direct bank management's attention to community and business opportunities. RMs have direct contact with borrowers, public sector officials, developers of affordable housing and community-based organizations, which helps them to assess the community's credit needs. Examples of these community organizations include Neighborhood Housing Services of NYC, Inc.; Local Initiatives Support Corporation; and the South Bronx Overall Economic Development Corporation.

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.

Since becoming a wholesale bank, the bank's marketing efforts have been

concentrated in community development lending and investment business opportunities. Bank staff marketed the bank's lending and investment products and services by: attending conferences such as those hosted by the National Association of Affordable Housing Lenders, New York Housing Conference, National Housing Conference, and New York State Association for Affordable Housing; participating on boards of non-profits that engage in community development lending and investments (see above); participating in government-sponsored outreach programs such as the New York Banking Department's Foreclosure Prevention Consortia; and appearing as panelists or presenters at industry conferences.

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.

BNY Mellon's CRA Officer has the day-to-day responsibility of managing and ensuring that the bank's performance meets the requirements of the Community Reinvestment Act. The CRA Officer keeps senior management informed of new government regulations or lending opportunities.

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.

Small Business Loans

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