PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: September 30, 2013

Institution: The Bank of New York Mellon
225 Liberty Street
New York, New York 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.
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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of BNY Mellon prepared by the New York State Department of Financial Services ("DFS" or the "Department"). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2013.

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

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

1. Outstanding record of meeting community credit needs;
2. Satisfactory record of meeting community credit needs;
3. Needs to improve in meeting community credit needs; and
4. Substantial noncompliance in meeting community credit needs.

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

For an explanation of technical terms used in this report, please consult the GLOSSARY at the back of this document.
OVERVIEW OF INSTITUTION’S PERFORMANCE

DFS evaluated BNY Mellon according to the community development test for wholesale or limited purpose banks pursuant to General Regulations of the Superintendent (“GRS”) Part 76.11. The assessment period covered July 1, 2011 to September 30, 2013. BNY Mellon is rated “2” indicating a “Satisfactory” record of helping to meet community credit needs. This rating is the same as the bank’s prior rating.

This rating is based on the following factors:

**Community Development Activity (Loans, Investments, Services): “Satisfactory”**

BNY Mellon’s community development performance demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, investments and services.

BNY Mellon’s strategy primarily addressed the pressing need for affordable housing throughout its high-cost assessment area.

**Community Development Loans: “Satisfactory”**

During the evaluation period, BNY Mellon originated $583.3 million in new community development loans and had $84.1 million outstanding from prior evaluation periods. The level of community development loans ($667.4 million) during the twenty seven month-evaluation period represented 0.10% of average annual assets compared to 0.09% during the prior period.

BNY Mellon mainly supported multifamily housing projects by issuing letters of credit to enhance or support tax exempt bonds issued by New York State and New York City to fund and preserve affordable multifamily housing. Letters of credit represented 97.1% of total affordable housing credit accommodations and 72.5% of total CD loans.

**Community Development Qualified Investments: “Satisfactory”**

During the evaluation period, BNY Mellon made $257.8 million in new qualified community development investments, including grants, and had $365.4 million in investments outstanding from prior evaluation periods. The current level of community development investments ($623.2 million) represented 0.08% of average annual assets, compared to 0.10% at the prior period.

In line with its strategy of addressing the need for affordable housing, BNY Mellon’s investment portfolio included $595.2 million of affordable housing investments or 96.7% of total investments.
Community Development Services: “Outstanding”

BNY Mellon demonstrated an excellent level of community development services. The number of CRA-qualified community engagements during the evaluation period was 193 compared to 173 during the prior period, an annualized increase of 24.6%. Senior officers and staff provided technical assistance on financial matters to not-for-profit organizations, business development groups and government agencies that promote affordable housing, economic development and a range of human services.

Innovative or Complex Practices:

BNY Mellon demonstrated an adequate level of innovative and complex community development practices, mostly in low-income housing tax credits (“LIHTCs”). LIHTCs are complex due to their highly technical accounting, occupancy, and tax requirements.

Responsiveness to Credit and Community Development Needs:

BNY Mellon demonstrated an adequate level of responsiveness to credit and community development needs, particularly in addressing the affordable housing needs of its assessment area, which is characterized by high housing costs. BNY Mellon, through its grants was responsive to the relief and revitalization efforts in its assessment area, as well as other neighboring communities and notably so in the aftermath of Superstorm Sandy.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.
PERFORMANCE CONTEXT

Institution Profile

Chartered in New York State, BNY Mellon, formerly the Bank of New York, is the oldest banking corporation in the United States, having been established in 1784. The Bank of New York Mellon Corporation (the “Company”), was formed in July 2007 as a result of the merger of the Bank of New York, Inc. and Mellon Financial Corporation of Pittsburgh, PA.

The Company is a global investments company providing a broad range of products and services including asset management, asset servicing, wealth management, issuer services, and treasury services. The Company operates two banks: BNY Mellon, the “Institutional Bank,” and BNY Mellon N.A., the “Wealth Management Bank.” BNY Mellon had its principal office at One Wall Street, New York, NY during the evaluation period. The Federal Reserve Bank of New York and the New York State Department of Financial Services conduct BNY Mellon’s CRA evaluations. BNY Mellon N.A. is located in Pittsburgh, PA and its CRA evaluation is conducted by the Office of the Comptroller of the Currency. Both banks are designated as wholesale banks for CRA evaluation purposes.

Per the Consolidated Report of Condition (the “Call Report”) as of September 30, 2013, filed with the Federal Deposit Insurance Corporation (“FDIC”), BNY Mellon reported total assets of $291.5 billion, of which $30.4 billion were net loans and lease finance receivables. It also reported total deposits of $126.6 billion, resulting in a loan-to-deposit ratio of 24.01%. Major asset types were cash, balances due from depository institutions and securities, representing 78% of total assets; net loans and leases made up 10% of total assets. According to the latest available comparative deposit data, as of June 30, 2013, BNY Mellon had a market share of 10.5%, or $101.7 billion in a market of $966.6 billion, ranking it 2nd among 135 deposit-taking institutions.

The following is a summary of BNY Mellon’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2011, 2012 and September 30, 2013 Call Reports:
BNY Mellon, with only 10% of its total assets in loans as of September 30, 2013, does not engage in originating traditional bank loan products. As illustrated in the above table, 66.7% of BNY Mellon’s loans were for one of three purposes as of September 30, 2013: Purchasing or carrying securities; financing non-depository financial institutions; and facilitating lease finance receivables. Although the dollar-volume of one-to-four family residential mortgage loans represented 15.8% of BNY’s total loan volume, those loans were made to accommodate clients.

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

**Assessment Area**

BNY Mellon’s assessment area is comprised of seven counties in New York State: Bronx, Kings, Queens, New York, Richmond, Nassau and Westchester.

There are 2,675 census tracts in the area, of which 306 are low-income, 627 moderate-income, 865 middle-income, 799 upper-income, and 78 are tracts with no income indicated.
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

Population, Income and Housing Demographics

The assessment area had a population of 10.5 million during the evaluation period. About 12.5% of the population were over the age of 65 and 19.4% were under the age of sixteen.

Of the 2.4 million families in the assessment area, 26.6% were low-income, 16.3% were moderate-income, 17.2% were middle-income and 39.9% were upper-income families. There were 3.8 million households in the assessment area, of which 15.7% had income below the poverty level, and 3.6% were on public assistance.

The weighted average median family income in the assessment area was $77,148. Six of the counties (Bronx, Kings, Queens, New York, Richmond and Westchester) in the assessment area are part of Metropolitan Division (MD) 35644, while Nassau County is part of MD 35004. In 2013, Westchester had the highest weighted average median family income of all seven counties at $114,927 followed by Nassau at $113,801. Bronx County had the lowest weighted average median family income at $42,639; Kings was second lowest at $54,363.

There were 4.2 million housing units within the assessment area, divided between multifamily units (52.0%) and one-to-four family units (48.0%). Rental units made up 56.6% of the area’s housing units, while 37.9% were owner occupied. Of the 2.2 million renter-occupied housing units, 50.9% were in low- and moderate-income (“LMI”) census tracts while 49.1% were in middle- and upper-income census tracts. Of the 1.6 million owner-occupied housing units, 15.3% were in LMI census tracts while 84.7% were in middle- and upper-income census tracts. Average monthly gross rent was $1,139. The median age of the housing stock was 68 years and the median home value in the assessment area was $527,494.

There were 871,129 non-farm businesses in the assessment area. Of these, 73.0% were businesses with reported revenues of less than or equal to $1 million, 5.3% reported revenues of more than $1 million and 21.7% did not report their revenues. Of all the businesses in the assessment area, 79.5% were businesses with less than fifty employees, and 93.9% operated from a single location. The largest industries in the area were services (45.4%), retail (14.4%), and finance, insurance and real estate (8.8%), while 13.5% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the seven months in 2013 was 8.0%. Bronx County had
the highest rate at 11.8% followed by Kings at 9.4%. Nassau’s rate was lowest at 6.4%, followed by Westchester at 6.7%. All counties except Bronx and Kings had rates below the statewide average.

<table>
<thead>
<tr>
<th>Assessment Area Unemployment Rate</th>
<th>Statewide</th>
<th>Bronx</th>
<th>Kings</th>
<th>New York</th>
<th>Queens</th>
<th>Nassau</th>
<th>Richmond</th>
<th>Westchester</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.6</td>
<td>12.8</td>
<td>10.3</td>
<td>8.1</td>
<td>8.7</td>
<td>7.1</td>
<td>8.8</td>
<td>7.4</td>
</tr>
<tr>
<td>2011</td>
<td>8.3</td>
<td>12.4</td>
<td>9.8</td>
<td>7.5</td>
<td>8.1</td>
<td>6.8</td>
<td>8.3</td>
<td>7.0</td>
</tr>
<tr>
<td>2012</td>
<td>8.5</td>
<td>12.7</td>
<td>9.9</td>
<td>7.7</td>
<td>8.3</td>
<td>7.1</td>
<td>8.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Avg. (3 yrs.)</td>
<td>8.5</td>
<td>12.6</td>
<td>10.0</td>
<td>7.8</td>
<td>8.4</td>
<td>7.0</td>
<td>8.5</td>
<td>7.2</td>
</tr>
<tr>
<td>2013 *</td>
<td>8.0</td>
<td>11.8</td>
<td>9.4</td>
<td>7.3</td>
<td>7.8</td>
<td>6.4</td>
<td>7.8</td>
<td>6.7</td>
</tr>
</tbody>
</table>

* 7 months average

**Community Information**

Community contacts included three nonprofit organizations (“NPOs”) that are involved in providing a range of affordable housing services to low-income New Yorkers, including homeless and elderly residents and those suffering from substance abuse or drug addiction. Two of these NPOs provide a range of housing services including transformation of distressed buildings into decent, affordable housing, and foreclosure and homeownership counseling. A third provides transitional housing for homeless individuals.

The officers of these NPOs indicated that affordable housing is still the most pressing need in BNY Mellon’s assessment area. They also remarked that among owner-occupied one-to-four family housing, foreclosure remains high, and the difficulty of meeting mortgage payments was compounded by loss of jobs or being underemployed. There is also a great need for multifamily housing units to provide temporary housing facilities for chronically homeless adults.

The community contacts indicated that banks should recommit to meeting the community’s credit needs and providing services through a range of community development activities such as:

- Bank officers offering their expertise to NPOs by serving as active board members and providing technical assistance. These NPOs stated that this involvement would reduce or eliminate the need for NPOs to hire outside consultants for activities such as setting up loan funds or building credit relationships with financial institutions.
- Providing a low cost source of funding for NPOs and community development financial institutions, as well as grants.
- Offering safe and affordable bank products and increasing physical presence in unbanked/under-banked communities.
- Providing financing for affordable housing projects.
PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS evaluated BNY Mellon under the wholesale bank performance standards, which consist of the “community development test,” as provided in GRS Section 76.11. The community development test includes (1) The number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex practices in providing CRA-qualified community development loans, investments, and services (including the extent to which such investments are not routinely provided by private investors); and (3) the bank’s responsiveness to credit and community development needs. In addition, DFS considered the following factors 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 New York Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included July 1 to December 31, 2011, calendar year 2012, and January 1 to September 30, 2013 or two years and three months since the prior evaluation.

At its prior Performance Evaluation as of June 30, 2011, DFS assigned BNY Mellon a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

Community Development Test: “Satisfactory”

BNY Mellon’s community development performance demonstrated reasonable responsiveness to the community development needs of its assessment area through community development loans, investments and services.

BNY Mellon, in its community development strategy, primarily addressed the need for affordable housing throughout the assessment area, which was characterized by high housing costs.

BNY Mellon provided Letters of credit (“L/C”) to support or enhance tax exempt bonds used by state and city housing agencies to fund the creation and/or preservation of multifamily affordable housing projects. L/Cs represented 97.1% of total affordable housing credit extensions and 72.5% of total community development loans. Similarly, 96.7% of total CD investments were for affordable housing projects. Low Income Housing Tax Credits (“LIHTCs”) represented 71.7% of BNY Mellon’s affordable housing investments.
During the evaluation period, BNY Mellon originated $583.3 million in new community development loans and had $84.1 million outstanding from prior evaluation periods. Also during the evaluation period, BNY Mellon made $257.8 million in new community development investments and had $365.4 million outstanding from prior evaluation periods. BNY Mellon made almost $8.0 million in community development grants.

A more detailed description of BNY Mellon’s community development activity follows.

**Community Development Lending:** “Satisfactory”

During the evaluation period, BNY Mellon originated $583.3 million in new community development loans and had $84.1 million outstanding from prior evaluation periods. The dollar value of community development loans during the evaluation period ($667.4 million) represented an annualized rate of 0.10% of total assets as of September 30, 2013, slightly improved from 0.09% for the prior period. This demonstrated a reasonable level of community development lending over the course of the evaluation period.¹

BNY Mellon’s community development loan portfolio addressed one of the assessment area’s most pressing credit needs: affordable housing. BNY Mellon mainly supported multifamily housing projects by issuing L/C’s to enhance credit or to support tax exempt bonds issued by NYS Housing Finance Agency (“HFA”) and NYC Housing Development Corporation (“HDC”). The tax exempt bonds were used to finance the multifamily affordable housing projects. L/C’s represented 97.1% of total affordable housing credit extensions and 72.5% of total CD loans.

Of the $667.4 million BNY Mellon made in community development loans, 74.6% were used for affordable housing; 13.9% for neighborhood stabilization and revitalization; 6.9% for community services; and 4.6% for economic development.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>This Evaluation Period</th>
<th>Outstandings from Prior Evaluation Periods</th>
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<tbody>
<tr>
<td></td>
<td># of Loans</td>
<td>$000</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>24</td>
<td>450,405</td>
</tr>
<tr>
<td>Economic Development</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Community Services</td>
<td>6</td>
<td>39,920</td>
</tr>
<tr>
<td>Revitalization &amp; stabilization</td>
<td>1</td>
<td>92,988</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>583,313</td>
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¹ For analysis purposes, renewals of lines of credit that occur during the evaluation period are considered new extensions of credit. However, the level of lending is reviewed across the time period of the exam.
Below are examples of BNY Mellon community development lending.

**Affordable Housing**

- BNY Mellon committed a $158 million construction L/C to enhance tax exempt bonds issued by HFA. Bond proceeds were used to acquire and rehabilitate an affordable housing apartment complex located in Morris Heights, a low-income census tract in Bronx County. The property contains 1,654 units of which 90% were expected to be affordable for LMI families.

- BNY Mellon committed a $31.3 million construction phase L/C to enhance tax exempt bonds issued by HFA. Bond proceeds were used for the construction of two affordable housing buildings located in a moderate-income census tract in Yonkers, NY. The 50-unit building will be rented to seniors earning less than 50% of area median income (“AMI”) while the 70-unit building will be rented to families earning below 30% or 60% of AMI.

- BNY Mellon participated $62 million in a $525.8 million syndicated direct pay L/C to enhance tax exempt bonds issued by HFA. Bond proceeds were used to construct three mixed-income residential buildings with ground floor commercial space and parking in midtown Manhattan. The project qualifies for the 80/20 low interest rate financing from HFA since 20% of the units were reserved for LMI families. The project contains 1,238 units of which 20% were reserved for tenants earning at or below 50% of AMI. Therefore, 20% of the credit facility or $12.4 million was eligible for CRA credit for providing affordable housing.

- In participation with over 60 financial institutions in New York, BNY Mellon restructured a $12.5 million non-revolving L/C for a CDFI focused on stabilizing low and mixed income communities by financing affordable housing projects.

- BNY Mellon extended $25 million in warehouse lines of credit to a financing company to invest in limited partnerships formed to own affordable multifamily projects structured to generate LIHTCs. A majority of the affordable housing projects were expected to be invested in BNY Mellon’s assessment area.

**Community Services**

- BNY Mellon extended $39.92 million in loans for working capital and capital improvement projects to a not-for-profit agency that cares for more than 5,000 children, adults, and families in the NYC area, by addressing a wide range of human services needs, including poverty, disability, and a lack of access to education and basic services.
Revitalize and Stabilize

- BNY Mellon committed a $93 million construction phase L/C to enhance tax exempt bonds issued by HDC. Bond proceeds were used for the construction of a 363-unit mixed income rental building located in Prospect Heights in Brooklyn, NY. The project was part of a major economic development initiative in the Atlantic Terminal area of Brooklyn. The plan included a total of 16 buildings with residential, office, retail, parking, and community spaces. The plan projected to bring thousands of jobs and opportunities for economic growth to downtown Brooklyn. Twenty percent (73) of the units also qualified for CRA credit for providing affordable housing under the 80/20 rule where 20% of units were rented to tenants earning less than 50% of AMI.

Community Development Investments: “Satisfactory”

During the evaluation period, BNY Mellon made $257.8 million in new qualified community development investments, including grants, and had $365.4 million in investments outstanding from prior evaluation periods. The dollar value of community development investments for the current evaluation period ($623.2 million) represented 0.08% of average annual assets, compared to 0.09% from the prior period. In absolute terms, total investments increased by 6.1%; however, total assets grew by 23.4%. This demonstrated a reasonable level of community development investments over the course of the evaluation period.

In keeping with BNY Mellon’s strategy of addressing the need for affordable housing, BNY Mellon’s investment portfolio included $595.2 million or 96.7% of total investments in affordable housing projects; while investments for economic development were 3.3%. Of the investments made by BNY Mellon, as well as its affiliates, $441.2 million or 71.7% were in affordable multifamily rental housing projects structured to qualify for LIHTCs. Other affordable housing investments were mortgage-backed securities (MBS) secured by mortgage loans made to LMI borrowers (18.9%); New York City Housing Authority (“NYCHA”) Capital Fund Program Revenue Bonds (5.7%);² and 0.4% in HFA bonds.³

BNY Mellon made almost $8.0 million in total grants during the evaluation period. On an annual basis, this amount increased by 17.2% over the $6.2 million from the prior evaluation period. Of the total grants, 46.2% were used for community services; 25.9% for economic development; 16.8% to revitalize and stabilize communities; and 11.1% for affordable housing.

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² In line with the NYCHA Housing Program, the bonds were issued by the NYC Housing Development Corporation to finance capital modernization and improvements of NYCHA projects.
³ The New York State Housing Finance Agency is a state agency that offers financing to create and preserve affordable multifamily rental housing throughout the state.
Below are highlights of BNY Mellon’s community development investments and grants.

**Affordable Housing**

- BNY Mellon invested $45.8 million of LIHTCs in a limited liability partnership that will acquire and rehabilitate a 1,654-unit affordable apartment complex located in a low-income census tract in the Bronx.

- BNY Mellon invested $2.5 million in HFA bonds to be used to finance the acquisition, rehabilitation and construction of two affordable multifamily rental buildings in Yonkers and Valley Stream, NY that will be rented, under the project based Section 8 subsidy program, to LMI families.

- BNY Mellon invested $35.2 million in bonds issued by HDC to finance capital improvements for NYCHA affordable housing projects.

**Economic Development**

BNY Mellon had $20 million in equity investments in three small business investment companies (“SBICs”):4 $5 million in a CRA-qualified fund focused on debt instruments in later-stage small businesses the majority of which were owned by minorities, women and veterans; and $15 million in equity investments in CRA-qualified funds focused on investing in senior and mezzanine loans of middle market companies.

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4 Created by Congress in 1958, the SBIC Program aimed to facilitate the flow of long term capital to small businesses. The U.S. Small Business Administration (SBA) does not provide capital directly to businesses but instead SBA partners with private investors to capitalize professionally managed investment funds (known as SBICs) that finance small businesses.
**Grants**

**Workforce Development Programs**
BNY Mellon contributed $836,000 to workforce development programs of several community organizations designed to improve access to employment through job training, education, mentoring and skills development for low-income New Yorkers.

**Superstorm Sandy Relief Efforts**
BNY Mellon contributed $1.3 million to NPOs including local food banks and community organizations that helped to support basic and urgent needs, as well as revitalize and stabilize communities in the wake of Superstorm Sandy.

**Supplier Development Program**
BNY Mellon, as part of its Supplier Development Program, provided financial assistance to economic development organizations (such as the NY/NJ Minority Purchasing Council and NYC Department of Small Business Services) to promote small business growth for businesses owned and operated by women, minorities, the disabled, and veterans. BNY Mellon contributed a total of $1.0 million, through sponsorship and providing space for events participated in by small business entrepreneurs, business groups and government agencies that provided the participating supplier firms with networking opportunities and business- and professional-development training.

**Community Development Services:** “Outstanding”
BNY Mellon demonstrated an excellent level of community development services. The number of CRA-qualified community engagements of BNY Mellon employees during the evaluation period was 193 compared to 173 at the prior period, an annualized increase of 24.6%. Senior officers and staff provided technical assistance on financial matters to not-for-profit organizations, business development groups and government agencies that promote affordable housing, economic development, and a range of human services.

Highlights of BNY Mellon’s community development services included:

- Forty-seven BNY Mellon officers served on boards of directors, advisory boards and functional committees (such as audit, finance, fund raising and loan committees) of nonprofits and other community-based organizations that provide a wide range of services, including community development, human services, affordable housing and economic development.

  For example:
  A managing director served on the board of directors of a community development corporation working to promote neighborhood revitalization and provide financial and job training programs to at-risk youth in the LMI neighborhood of Bedford Stuyvesant in Brooklyn.
A managing director serves on the board of directors of a nonprofit created by its founder in response to the lack of health care education in LMI multi-ethnic communities in Brooklyn. The organization’s mission is to reduce disease in urban communities through improved access to care and increased health education.

A managing director is a member of the board of managers of an alternative lender whose purpose is to address capital needs of small businesses that do not meet the traditional underwriting criteria used by for-profit lenders.

An executive vice president is on the board of directors and finance and programming committee of one of the oldest, not-for-profit non-sectarian social service providers in New York City.

- In 84 instances, officers and staff participated in events sponsored by community-based organizations that provide financial literacy to low-income youth, and technical assistance related to affordable housing and other community services in the aftermath of Superstorm Sandy.

- BNY Mellon participated in a number of novel programs to address the needs of BNY Mellon’s assessment area relating to at-risk youth, small businesses, and workforce development.

For example, the “Supplier Development Program” has been in existence since 1994, and it focuses on promoting economic growth and development of small and diverse businesses such as those owned and operated by women, minorities, veterans and the disabled. In 2012 BNY Mellon was named Corporate Partner of the Year by the New York Women’s Chamber of Commerce.

BNY Mellon also participated in mentoring at-risk youth, to enable them to perform better in school, build leadership skills and develop goals for their futures.

BNY Mellon also supported programs to prepare youth aging out of foster care for the workforce and independent living.

**Innovative or Complex Practices:**

BNY Mellon’s use of LIHTCs to finance community development projects was a complex practice that traditional private-market lenders do not typically undertake.

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

BNY Mellon demonstrated an adequate level of responsiveness to credit and community development needs, particularly in addressing the affordable housing needs of its high cost assessment area. BNY Mellon, through its grants was responsive in the relief and
revitalization efforts in its assessment area, as well as other neighboring communities in the aftermath of Hurricane Sandy.

**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

BNY Mellon’s board of directors has created its Corporate Social Responsibility Committee ("CSR") tasked with monitoring compliance with CRA and fair lending rules and regulations. The CSR meets at least once per year to monitor the bank’s CRA and fair lending performance and to recommend ways to further enhance CRA and fair lending activities. The CSR is responsible for reviewing the annual CRA Policy and, as necessary, other CRA documentation before they are submitted to the board for approval.

BNY Mellon also has a CRA and Fair Lending Management Committee (the “CRA Committee”) that is primarily responsible for carrying out the company’s CRA and fair lending responsibilities, consistent with BNY Mellon’s designation as wholesale bank, providing regular CRA activity reports to the board of directors, including self-assessments.

Discrimination and other illegal practices

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

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

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

BNY Mellon’s sole office is located at One Wall Street, New York, New York. As a wholesale bank, BNY Mellon does not offer retail services. Residential mortgage loans and/or small business loans were made to accommodate clients.

**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 officers and staff, particularly members of the CRA Committee ascertain
credit needs through their participation as members of the boards of directors, advisory boards, and committees of community based organizations. The CRA staff also periodically issues community development grant guidelines and applications to not-for-profit organizations that support initiatives consistent with that of BNY Mellon’s CRA strategy.

- 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 are concentrated in community development lending and investment opportunities. BNY Mellon markets its position by attending conferences and memberships in affordable housing associations, as well as participation on boards of community organizations that engage in community development lending, investments and economic development. BNY Mellon also sponsors initiatives and fundraising events, participates or hosts government-sponsored outreach events and fairs, and appears as panelists or presenters at workforce development events.

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

DFS did not note other factors.
GLOSSARY

**Aggregate Penetration Rate**

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

**Community Development**

“Community development”:

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

**Community Development Loan**

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

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

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

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

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

Home Mortgage Disclosure Act (“HMDA”)

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

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

<table>
<thead>
<tr>
<th>Income level of individual or geography</th>
<th>% of the area median income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income</td>
<td>Less than 50</td>
</tr>
<tr>
<td>Moderate-income</td>
<td>At least 50 and less than 80</td>
</tr>
<tr>
<td>Middle-income</td>
<td>At least 80 and less than 120</td>
</tr>
<tr>
<td>Upper-income</td>
<td>120 or more</td>
</tr>
</tbody>
</table>

**Loans to Small Businesses**

Small business loans to businesses with gross annual revenues of $1 million or less.

**Low or Moderate Income (“LMI”) Geographies**

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

**LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

**LMI Individuals/Persons**

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

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

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

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

**New Markets Tax Credit (NMTC)**

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

**Qualified Investment**

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

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