NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
CONSUMER PROTECTION AND FINANCIAL ENFORCEMENT
DIVISION

One State Street
New York, NY 10004

PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Date of Evaluation: September 30, 2018

Institution: The Bank of New York Mellon
240 Greenwich 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

<table>
<thead>
<tr>
<th>Section</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Information</td>
<td>1</td>
</tr>
<tr>
<td>Overview of Institution’s Performance</td>
<td>2</td>
</tr>
<tr>
<td>Performance Context</td>
<td>3</td>
</tr>
<tr>
<td>Institution Profile</td>
<td></td>
</tr>
<tr>
<td>Assessment Area</td>
<td></td>
</tr>
<tr>
<td>Demographic &amp; Economic Data</td>
<td></td>
</tr>
<tr>
<td>Community Information</td>
<td></td>
</tr>
<tr>
<td>Performance Tests and Assessment Factors</td>
<td>4</td>
</tr>
<tr>
<td>Community Development Test</td>
<td></td>
</tr>
<tr>
<td>Innovative or Complex Practices</td>
<td></td>
</tr>
<tr>
<td>Responsiveness to Credit and Community Development Needs</td>
<td></td>
</tr>
<tr>
<td>Additional Factors</td>
<td></td>
</tr>
<tr>
<td>Glossary</td>
<td>5</td>
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</tbody>
</table>
GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of The Bank of New York Mellon ("BNY Mellon" or the "Bank") 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, 2018.

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 ("GRS") 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 institutions’ 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’s performance according to the community development test for wholesale or limited purpose banking institutions pursuant to Section 76.11 of the GRS. The assessment period covered the period of October 1, 2013 to September 30, 2018. BNY Mellon is rated “Satisfactory” or “2.” This rating means the Bank had a satisfactory record of helping to meet community credit needs.

Community Development Test: “Satisfactory”

BNY Mellon community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering BNY Mellon’s capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Lending: “Satisfactory”

BNY Mellon originated $1.2 billion in new community development loans and had $37.6 million outstanding from prior evaluation periods, representing an increase of $589.8 million from the level of $667.4 million noted at the prior evaluation. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

Qualified Investments: “Satisfactory”

As of the evaluation date, BNY Mellon had $1.6 billion in qualified community development investments outstanding, consisting of $1.2 billion in new investments and $409.4 million in investments outstanding from prior evaluation periods. Additionally, BNY Mellon made community development grants totaling $10.3 million during the evaluation period. This demonstrated a reasonable level of qualified investments and grants over the course of the evaluation period.

Community Development Services: “Outstanding”

BNY Mellon demonstrated an excellent level of community development services over the course of the evaluation period.

Community development services consisted of board or committee memberships in various nonprofit organizations, small business associations and civic groups within the assessment area as well as BNY Mellon bank officers and staff providing technical and financial assistance targeting LMI individuals and families during the evaluation period.

Innovative or Complex Practices:

BNY Mellon demonstrated an excellent level of innovative or flexible community development practices.
The Bank’s innovative or flexible community development practices include investing in complex Low-Income Housing Tax ("LIHTC") programs. The LIHTC program is a federal program that provides tax incentives to encourage developers to acquire, rehabilitate and create affordable housing. During the evaluation period, BNY Mellon invested and participated in 34 qualified LIHTC programs, totaling $726.2 million.

Responsiveness to Credit and Community Development Needs: “Outstanding”

BNY Mellon demonstrated an excellent level of responsiveness to credit and community development needs in its assessment area. According to the representatives interviewed as community contacts, affordable housing is an essential need within the assessment area. A substantial majority of BNY Mellon’s community development activities supported affordable housing initiatives through the origination of community development loans and qualified investments in LIHTC, Mortgage-Backed Securities ("MBS"), New York State Finance Housing Agency ("HFA") and New York City Housing Development Corporation ("HDC") bonds in New York City and in Westchester and Nassau counties.

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

BNY Mellon is a New York State-chartered bank formed in 2007 as a result of the merger between The Bank of New York and Mellon Financial Corporation of Pittsburgh, PA. The Bank of New York was established in 1784 and is one of the oldest existing banks in the United States. BNY Mellon is a wholly owned subsidiary of The Bank of New York Mellon Corporation.

BNY Mellon is designated as a wholesale bank for CRA purposes, and does not engage in consumer businesses. BNY Mellon provides investment services, which include asset servicing, clearing services, issuer services such as corporate trust, and treasury services to institutional clients.

In its Consolidated Report of Condition (the “Call Report”) as of September 30, 2018, filed with the Federal Deposit Insurance Corporation (“FDIC”), BNY Mellon reported total assets of $273.1 billion, of which $23.7 billion were net loans and lease finance receivables. It also reported total deposits of $236 billion, including $130.3 billion of domestic deposits. According to the latest available comparative deposit data as of June 30, 2018, BNY Mellon had a market share of 7.3%, or $106.7 billion in a market of $1.5 trillion, ranking it second among 129 deposit-taking institutions in the assessment area.

The following is a summary of the Bank’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2013, 2014, 2015, 2016, 2017, and September 30, 2018 Call Reports:
As illustrated in the above table, BNY Mellon’s primary lending products, which constitute more than half of the lending portfolio (52.7%), are loans for purchasing or carrying securities (20.9%), other loans (21.1%), and commercial mortgage loans (10.7%). Although BNY Mellon’s one-to-four family residential mortgage loans represented 8.5% of the Bank’s total loan volume, those loans were made as individual accommodations for the Bank’s clients.

Examiners found no 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

The Bank’s assessment area is comprised of Bronx, Kings, Nassau, New York, Queens, Richmond and Westchester Counties.

There were 2,674 census tracts in the assessment area, of which 361 were low-income, 668 were moderate-income, 835 were middle-income, 730 were upper-income, and 80 were tracts with no income indicated.
### Assessment Area Census Tracts by Income Level

<table>
<thead>
<tr>
<th>County</th>
<th>N/A</th>
<th>Low</th>
<th>Mod</th>
<th>Middle</th>
<th>Upper</th>
<th>Total</th>
<th>LMI %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>7</td>
<td>160</td>
<td>90</td>
<td>56</td>
<td>26</td>
<td>339</td>
<td>74</td>
</tr>
<tr>
<td>Kings</td>
<td>14</td>
<td>115</td>
<td>280</td>
<td>211</td>
<td>141</td>
<td>761</td>
<td>52</td>
</tr>
<tr>
<td>Nassau</td>
<td>9</td>
<td>7</td>
<td>28</td>
<td>159</td>
<td>81</td>
<td>284</td>
<td>12</td>
</tr>
<tr>
<td>New York</td>
<td>15</td>
<td>44</td>
<td>51</td>
<td>20</td>
<td>158</td>
<td>288</td>
<td>33</td>
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<tr>
<td>Queens</td>
<td>27</td>
<td>24</td>
<td>176</td>
<td>308</td>
<td>134</td>
<td>669</td>
<td>30</td>
</tr>
<tr>
<td>Richmond</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>36</td>
<td>56</td>
<td>110</td>
<td>14</td>
</tr>
<tr>
<td>Westchester</td>
<td>5</td>
<td>7</td>
<td>32</td>
<td>45</td>
<td>134</td>
<td>223</td>
<td>17</td>
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<tr>
<td>Total</td>
<td>80</td>
<td>361</td>
<td>668</td>
<td>835</td>
<td>730</td>
<td>2,674</td>
<td>38</td>
</tr>
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</table>

*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 10.7 million during the evaluation period. About 13.4% of the population were over the age of 65 and 19.2% were under the age of sixteen.

Of the 2.4 million families in the assessment area, 29.1% were low-income, 15.8% were moderate-income, 16.2% were middle-income, and 39% were upper-income. There were 3.9 million households in the assessment area, of which 17% had income below the poverty level and 3.7% were on public assistance.

Compared to the previous evaluation, the assessment area population increased by approximately 200,000 persons. Families in low-income geographies also increased by 2.5% and households with income below the poverty level increased by 1.3%.

The weighted average of median family income in the assessment area was $69,158, a decrease from the previous evaluation period of $77,148. In 2018, Westchester and Nassau counties had the highest weighted average median income of almost $121,000, while Bronx County had the lowest at $43,106, followed by Kings County at $60,769.

There were 4.3 million housing units within the assessment area, of which 47.2% were one-to-four family units, and 52.6% were multifamily units. A majority (55%) of the area’s housing units were renter-occupied, while 36.5% were owner-occupied units. Of the 2.3 million renter-occupied housing units, 54% were in LMI census tracts while 46% were in middle- and upper-income census tracts. The median age of the housing stock was 76 years and the median home value in the assessment area was $529,951.
There were 699,888 non-farm businesses in the assessment area. Of these, 86.2% were businesses with reported revenues of less than or equal to $1 million, 7% reported revenues of more than $1 million and 6.8% did not report their revenues. Of all the businesses in the assessment area, 97% were businesses with less than fifty employees while 91.4% operated from a single location. The largest industries in the area were services (48.1%), followed by retail trade (15.1%) and construction (5.4%), while 8.9% 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 and all counties of the assessment area decreased each year of the evaluation period. Nassau County continuously had the lowest annual average unemployment rates, while Bronx County had the highest and exceeded New York State’s rates.

<table>
<thead>
<tr>
<th>Assessment Area Unemployment Rate</th>
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</thead>
<tbody>
<tr>
<td><strong>New York State</strong></td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>9/30/2018</td>
</tr>
</tbody>
</table>

*Average Unemployment from first 9 months of the year

**Community Information**

Examiners interviewed representatives from three nonprofit organizations to further understand the needs of the assessment area and to determine opportunities for participation by financial institutions, such as BNY Mellon, in helping to meet local credit needs. BNY Mellon received positive reviews from all three organizations as a contributing member and/or as having an officer sitting on the organizations’ advisory councils.

The three nonprofit organizations provide various services supporting affordable housing within the Bank’s assessment area. One is a collaboration of financial institutions and community housing agencies focused on expanding homeownership to minority, LMI individuals and families in the five boroughs of New York City and the surrounding counties. The second provides resources to neighborhoods in need of revitalization. The third organization is a community council and community development corporation committed to helping residents build and sustain communities in Brooklyn (Kings County).
All three interviewees indicated housing affordability for LMI individuals, middle-income individuals and families as an immediate need in the Bank’s assessment area. Banking institutions can support this need by offering homebuyer programs that offer lower down payment requirements and by investing in housing developments that provide this type of housing.

In addition to assisting LMI individuals and families find well-maintained rent stabilized housing, home ownership is a major focus for these organizations. These organizations view home ownership as the best method to elevate and maintain financial security and revitalize communities. Home ownership programs offered through two of the organizations require participants to undergo financial literacy courses that include financial health, credit repairing, credit building, budgeting, and home maintenance. Individuals who complete these courses and subsequently purchase homes historically have lower default rates than the nationwide average.

However, due to rising housing costs, it has been very difficult for individuals to save for the large down payments required to obtain a mortgage, something many affordable housing organizations believe banks can assist with. As part of such assistance, banks should provide financial literacy programs and follow-up training and mentoring for individuals and families beyond the one- or two-day classes that make up most such programs.
PERFORMANCE TEST AND ASSESSMENT FACTORS

DFS evaluated BNY Mellon under the wholesale banking institution performance standards pursuant to the “community development test,” as provided in Section 76.11 of the GRS. Performance criteria include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans, or community development services and the extent to which investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs.

In addition, the following factors are also considered in assessing 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; the Bank’s record of opening and closing offices and providing services at offices; 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 for this evaluation is October 1, 2013 through September 30, 2018.

At its prior Performance Evaluation, as of September 30, 2013, 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, qualified investments, and community development services, considering BNY Mellon’s capacity and the need and availability of such opportunities for community development in its assessment area.

During the evaluation period, BNY Mellon’s community development lending activity consisted almost entirely of letters of credit (“L/Cs”) issued to enhance tax exempt bonds issued by the New York State Finance Housing Agency (“HFA”) and New York City Housing Development Corporation (“HDC”). The bond proceeds funded affordable multifamily housing projects, which help meet an essential need int he assessment area. During the current evaluation period, BNY Mellon originated $1.2 billion in new community development loans (primarily L/Cs), and had $37.6 million in loans, also primarily in the
form of L/Cs outstanding, from prior evaluation periods. BNY Mellon also made $1.2 billion in new community development investments and had $409.4 million in community development investments outstanding from prior evaluation periods, and made $10.3 million in community development grants.

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

Community Development Lending: “Satisfactory”

BNY Mellon originated $1.2 billion in new community development loans and had $37.6 million outstanding from prior evaluation periods, representing an increase of $589.8 million from the level of $667.4 million noted at the prior evaluation. This demonstrated a reasonable level of community development lending over the course of the evaluation period.

However, this constituted approximately $243.9 million in originations on an annualized basis, a decline of 5.9% from the prior evaluation period, during which the Bank originated community development credits at an annualized rate of approximately $259.3 million.

<table>
<thead>
<tr>
<th>Community Development Loans</th>
<th>This Evaluation Period</th>
<th>Outstandings from Prior Evaluation Periods</th>
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</thead>
<tbody>
<tr>
<td></td>
<td># of Loans</td>
<td>$000</td>
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<tr>
<td>Affordable Housing</td>
<td>65</td>
<td>1,200,948</td>
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<tr>
<td>Economic Development</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Community Services</td>
<td>2</td>
<td>7,852</td>
</tr>
<tr>
<td>Revitalization &amp; Stabilization</td>
<td>2</td>
<td>10,776</td>
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<tr>
<td>Total</td>
<td>69</td>
<td>1,219,576</td>
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</table>

Below are highlights of BNY Mellon’s community development lending.

- BNY Mellon provided construction phase letters of credit totaling $111 million to enhance tax exempt bonds issued by the HDC. The bond proceeds were used to partially finance the acquisition, rehabilitation and new construction of multifamily units located in the Bronx. The projects were designed to serve low-income seniors and families with reported income at or below 60% of the area median income (“AMI”). Additionally, units within each property will house formerly homeless individuals under the New York State Homeless Assistance Plan.

- BNY Mellon extended an $81.3 million construction phase letter of credit to enhance tax exempt multifamily revenue bonds issued by the HDC. The bond proceeds will be used to partially finance the new construction of two 24 and 20-story buildings containing 387 affordable housing units in Jamaica, NY. The Bank
also provided an additional $10.1 million letter of credit to help finance the
development of retail space and associated parking for residents.

- BNY Mellon committed a $51.3 million letter of credit to enhance tax exempt
  multifamily revenue bonds issued by the HDC. The bond proceeds will be used to
  partially finance the new construction of four buildings in the Bronx, containing a
  total of 366 units. Over 80% of the project will target LMI households.

- BNY Mellon extended a total of $7.9 million through term loans and revolving lines
  of credit to a nonprofit organization that provides children, adults and families in
  the greater New York City area with the resources and skills needed to help them
  rise above adversity. The organization offers a federally funded Head Start
  program and a daycare center that serves children from low-income working
  families.

Qualified Investments: “Satisfactory”

As of the evaluation date, BNY Mellon had $1.6 billion in qualified community
development investments outstanding, consisting of $1.2 billion in new investments and
$409.4 million in investments from prior evaluation periods. The current level of
investments outstanding represents a substantial increase from the level of $615.2 million
noted at the prior evaluation. Additionally, during the current evaluation period, the Bank
more than doubled the annual rate at which it made community development investments,
to $241.3 million from $111 million. BNY Mellon also made community development
grants totaling $10.3 million during the evaluation period. This demonstrated a
reasonable level of qualified investments over the course of the evaluation period.

BNY Mellon’s qualified investment strategy focused on the affordable housing needs of
its assessment area. The Bank made a variety of investments supporting community
development needs, including Mortgage Backed Securities (“MBS”), LIHTCs, HDC and
HFA bonds, and small business investment company (“SBIC”) bonds.
### Community Development Investments and Grants

<table>
<thead>
<tr>
<th></th>
<th>This Evaluation Period</th>
<th></th>
<th>Outstandings from Prior Evaluation Periods</th>
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<tbody>
<tr>
<td></td>
<td># of Inv.</td>
<td>$000</td>
<td># of Inv.</td>
<td>$000</td>
</tr>
<tr>
<td>CD Investments</td>
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<td></td>
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<td></td>
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<tr>
<td>Affordable Housing</td>
<td>181</td>
<td>1,188,902</td>
<td>123</td>
<td>393,411</td>
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<tr>
<td>Economic Development</td>
<td>2</td>
<td>17,500</td>
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<td>15,984</td>
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<td>Community Services</td>
<td></td>
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<tr>
<td>Other (Please Specify)</td>
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<td>Total</td>
<td>183</td>
<td>1,206,402</td>
<td>126</td>
<td>409,395</td>
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<tr>
<td>CD Grants</td>
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<tr>
<td>Affordable Housing</td>
<td>99</td>
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<tr>
<td>Economic Development</td>
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<td>22</td>
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<tr>
<td>Community Services</td>
<td>405</td>
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<tr>
<td>Other (Please Specify)</td>
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<tr>
<td>Total</td>
<td>511</td>
<td>10,315</td>
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</table>

Below are highlights of BNY Mellon’s community qualified investments and grants.

- BNY Mellon invested in 34 LIHTC equity partnerships totaling $726.2 million. The LIHTC investments supported affordable housing initiatives and included a $31.6 million investment to construct two affordable housing apartment buildings in the City of Yonkers (Westchester County). Additionally, the Bank participated $53.2 million in a LIHTC construction project to build a housing complex consisting of 149 units designed to serve low-income households. The project is located in a moderate-income tract in the Ocean Hill section of Brooklyn.

- BNY Mellon invested in MBS totaling $226.2 million that provided market liquidity in affordable housing market within the assessment area as well as other parts of New York State.

- BNY Mellon invested $17.5 million in two SBIC bonds supporting economic development and small business growth.

- BNY Mellon invested $21.8 million in HFA bonds to create and preserve high quality affordable housing serving communities across the State of New York.

- BNY Mellon invested $97.1 million in the Federal National Mortgage Association’s (“Fannie Mae”) Delegated Underwriting and Servicing (“DUS”) multifamily lending program. This program facilitates multifamily construction lending, and involves credit risk sharing between Fannie Mae and direct lenders.
Grants

BNY Mellon’s made 511 grants totaling $10.3 million to support community services in its assessment area, with 405 items totaling $8.6 million or 83.1% of total grants to nonprofits providing services to LMI individuals and families in its assessment area. Below are selected highlights of these activities:

- BNY Mellon provided $337,381 to a nonprofit organization that provides wide-ranging services to children and families in poverty and who lack of access to education and basic services.
- The Bank contributed $256,831 to a nonprofit child welfare organization founded in 1853 that serves New York’s neediest children and their families at more than 40 locations in the five boroughs of New York City and Westchester County.
- BNY Mellon contributed $489,369 to a nonprofit organization serving New Yorkers in need, including neglected children, homeless families, and hungry senior citizens.

Additionally, through its “Community Partnership” program, the Bank encourages participation by its employees through its Individual Matched Giving program, matching 100% of an approved employee gift, up to $5,000. An employee can also contribute to an approved disaster relief effort and receive a 100% match from the Bank up to $5,000.

Community Development Services: “Outstanding”

BNY Mellon demonstrated an excellent level of community development services over the course of the evaluation period.

Community development services consisted of BNY Mellon officers and staff serving as members of boards or committees of various nonprofit organizations, small business associations and civic groups that provide technical and financial assistance to LMI individuals in the assessment area.

Below are highlights of BNY Mellon’s community development services:

- The chairman and CEO of the Bank serves on the board of a nonprofit organization whose mission is to provide children facing adversity with one-to-one relationship guidance through its mentoring program. The program develops positive relations that can have a direct and lasting effect on the lives of young people in New York City, where a majority of the city’s student population is economically disadvantaged.
- A managing director is a board member of a local nonprofit economic development corporation. The organization’s mission is to close gaps in family and community
wealth for the communities of central Brooklyn through various community services programs. One program focuses on enhancing self-sufficiency for at-risk youths by providing financial and job training programs.

- A CRA officer is a board member of a community development financial institution ("CDFI") which is both a housing counseling agency certified by the US Department of Housing and Urban Development, and a chartered member of a nationwide affordable housing group. The CDFI partners with citywide private, public, and civic sectors to serve underserved low- and moderate-income individuals and families (66% earn less than 80% of area median income).

- A CRA officer held various leadership roles in a national organization for affordable housing lenders. The organization's mission is to expand economic opportunity through responsible private financing for affordable housing and inclusive neighborhood revitalization. It was founded in 1990 as a national alliance of banks, nonprofits, and other private lenders and investors in affordable housing and neighborhood revitalization to share best practices and advocate for supportive public policies.

- A client service manager and a legal assistant were members of an at-risk multifamily housing initiative of NYC’s Department of Housing Preservation and Development. This agency is the largest of its kind in the nation. Its mission is to promote the quality and affordability of the city’s housing and the strength and diversity of its many neighborhoods.

Through its “Community Partnership” program, BNY Mellon encourages its employees to volunteer and undertake fundraising activities in communities where they live and work. This program offers regional flexibility and a variety of options for participation. Highlights of the program include two days annually of paid time for eligible employees; regionally led team and individual volunteer project opportunities, and a corporate match to charities for team volunteer time and team fundraising efforts.

**Innovative Practices**

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

The Bank’s innovative or flexible community development practices include investing in complex LIHTC programs. The LIHTC program is a federal program that provides tax incentives to encourage developers to acquire, rehabilitate and create affordable housing. During the evaluation period, BNY Mellon invested and participated in 34 qualified LIHTC programs, totaling $726.2 million.
Responsiveness to Credit and Community Development Needs

BNY Mellon demonstrated an excellent level of responsiveness to credit and community development needs in its assessment area. According to the representatives interviewed as community contacts, affordable housing is an essential need within the assessment area. A substantial majority of BNY Mellon’s community development activities supported affordable housing initiatives through the origination of community development loans and qualified investments in LIHTC, MBS, and HFA and HDC bonds in New York City and in Westchester and Nassau counties.

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 CRA

BNY Mellon’s Board of Directors implement and maintain the Bank’s CRA policy through a Corporate Social Responsibility Committee (“CSR Committee”) as well as the CRA & Fair Lending Planning Management Committee (“CRA/FL Committee”). Beyond reviewing examination results, the CRA/FL Committee meets quarterly to conduct self-assessments and assess the progress of meeting CRA goals, whereas the CSR Committee meets annually to review and make changes to CRA policy, set business goals, and monitor the Bank’s CRA lending and investments. The Chairman of the CSR Committee has the responsibility of reporting CRA activity and progress to the Bank’s Board of Directors.

BNY Mellon’s two CRA officers are appointed by the Board of Directors to maintain BNY Mellon’s public file, conduct community outreach events, review proposed loans, investments, and services for CRA applicability, and prepare reports for the Board of Directors.

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.

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

- Evidence of prohibited discriminatory or other illegal credit practices.

  DFS 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

The Bank has not opened or closed any branches since the prior evaluation. 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’s CRA officers review economic and demographic reports published by various government agencies, university research centers, and local nonprofit organizations to gain insight on affordable housing projects, workforce development initiatives, and small business capital needs. BNY Mellon’s officers and CRA staff serve on the board of directors as well as on advisory committees of many local nonprofits with community development missions. This keeps the Bank informed as to the specific needs in the community to which the Bank’s CRA team can direct resources.

- 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

BNY Mellon remains a member of many local nonprofit organizations both to support their individual missions and to provide lending and investment opportunities which qualify as community development in its assessment area. The Bank hosts CRA panel discussions to spread awareness about the Bank’s CRA program and its willingness to lend to or invest in community partners and clients. Through these community partnerships, the Bank has taken the lead on several complex affordable housing funding projects which require participation from several financial channels.

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

In 2017 BNY Mellon began reporting the progress of its Supplier Diversity program in which the Bank has made a goal of supporting Minority and Women Owned Business Enterprises (“MWBEs”). The program supports economic development as well as ensures community development efforts include NYS-certified MWBEs.
GLOSSARY

Aggregate Lending

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 Metropolitan Statistical Area (“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>
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</tbody>
</table>

Small Business Loan

A small business loan is a loan less than or equal to $1 million.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas where, according to the 2010 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 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.