



Comptroller of the Currency
Administrator of National Banks

Large Bank Supervision
Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

Mellon Bank (MD) National Association
Charter No. 23240
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NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Mellon Bank (MD) National Association** (Mellon MD) prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 31, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Satisfactory**.

Following are the factors supporting the institution's overall rating:

- ▶ Given Mellon MD's limited market presence, lending levels reflect good responsiveness to the assessment areas' credit needs.
- ▶ Less than fifty percent of loans are made within the assessment areas, however Mellon MD has a significant commuter customer base residing outside of the assessment areas.
- ▶ Good geographic distribution of loans is achieved.
- ▶ An excellent distribution of home purchase loans among customers of different income levels and of loans to businesses of different sizes is accomplished and a reasonable level for home improvement loans is achieved.
- ▶ An adequate level of community development lending activity has occurred.
- ▶ An adequate level of investments is made throughout the assessment areas.
- ▶ Reasonable access to delivery systems for all segments of the assessment areas is achieved.
- ▶ An adequate level of community services is provided.

The following table indicates the performance level of **Mellon (MD) National Association** with respect to the lending, investment, and service tests.

Performance Levels	Mellon Bank (MD) National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Institution

Mellon Bank (MD) National Association is a full service bank located in Rockville, Maryland and a subsidiary of Mellon Bank Corporation, a bank holding company. Mellon Bank Corporation is a major financial services company headquartered in Pittsburgh, Pennsylvania. The corporation's two core businesses are investment services and banking services. Among the banking services provided by the corporation and its subsidiaries are a full array of consumer and small business loans, and private banking in the mid-Atlantic region. The bank offers an affordable mortgage product of its own. Corporate and institutional banking are offered nationally and internationally by the corporation.

Credit cards are offered nationally through an affiliated bank located in Delaware. Mortgages are provided by an affiliated mortgage company located in Texas and by the bank. AFCO Credit Corporation, a financing affiliate, offers small business financing nationally. Mellon Bank Community Development Corporation (MBCDC), a subsidiary of the holding company, makes investments and loans that are not normally acceptable by bank standards.

Mellon MD maintains six, suburban Maryland locations within the Baltimore and Washington, DC MSAs. This formerly state-chartered bank converted to a national bank as of February 15, 1997. Mellon MD is a minor player in this market and is competitively dominated by several larger financial institutions. These major institutions are Nationsbank (15 percent deposit share), Crestar (15 percent deposit share), First Union (12 percent deposit share), Chevy Chase (7 percent deposit) and Riggs (6 percent deposit share). Mellon MD has a 0.5 percent deposit market share in its three county trade area. Mellon MD's six branch offices are supplemented by ten ATMs.

There are no impediments which would hamper Mellon MD's ability to help meet the credit needs of its community. As of June 30, 1997, Mellon MD had total average assets of \$508 million, equity

capital of \$56 million and a return on average assets of 0.75 percent. Gross loans represent 90 percent of total assets. The loan portfolio is comprised of 62 percent residential real estate loans; 11 percent commercial and industrial loans; 26 percent consumer loans to individuals and 1 percent other various loans.

Description of Assessment Areas

Mellon MD’s assessment areas are comprised of Montgomery County, Anne Arundel County and the northern part of Prince George’s County. In June 1996, Mellon MD sold ten branches to a larger regional institution. Three of the branches were located in the northern portion of Prince George’s County, resulting in no branch locations in that county. Since there remained a high level of mortgage and consumer lending in the northern section of that county, this area was left in the assessment area. Portions of the assessment areas are located in the Washington DC and Baltimore MSAs. The assessment area is consistent with regulatory guidelines and does not arbitrarily exclude any low- and moderate income areas. The area has a total population of 1.5 million. The 1997 updated median family income is \$70,300 for the Washington DC MSA and \$54,100 for the Baltimore MSA. Owner-occupied housing units represent 63 percent of the housing stock, or 368,531 units. There are a total of 330 census tracts within the assessment areas. Demographic information related to these tracts is displayed below.

ASSESSMENT AREA DEMOGRAPHICS

Census Tract Income Level	# of Census Tracts	% of Total Tracts	% Owner-Occupied Units	Families within each Income Category
Low	2	1%	0%	13%
Moderate	53	16%	8%	17%
Middle	158	48%	48%	25%
Upper	113	34%	44%	45%
Not applicable	4	1%	--	--
Total	330	100%	100%	100%

Housing costs are high and increasing with median housing values at \$148 thousand. Employment is robust especially in industries supporting construction and infrastructure as people move from the central cities into this bank’s assessment areas. Montgomery County is the most affluent county in Maryland with ample employment opportunities and significant economic growth.

Prince George’s County is characterized by a concentration of commercial and residential development with a high population growth rate creating a demand for housing and employment facilities. Anne Arundel County’s economic condition has greatly improved since a downturn in the early 1990's. Unemployment is below the state average and there is a great demand for jobs in the retail and business services.

No community contacts were made during this off-site examination. Examiners relied on reports from other regulatory agencies, and their personal experiences and knowledge of the assessment areas. Housing related and small business lending continue to be the dominant credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Lending Activity

Mellon MD offers a variety of real estate, consumer, and small business loans. The volumes reflect the limited presence of Mellon MD in this market.

From January 1, 1996, to June 30, 1997, Mellon MD originated or purchased 1408 home mortgage loans totaling \$177 million. In 1996, it was ranked twenty-fourth among mortgage lenders in its assessment areas. During the same period, the bank originated 5,083 consumer loans for \$42 million and 1,346 reportable business loans for \$41 million. As of June 30, 1997, the bank's loan to domestic deposit ratio was 200 percent indicating a strong commitment to lending.

Assessment Area Concentration

Mellon MD demonstrates a moderate level of lending within the assessment areas. For the evaluation period, 36 percent of the number of HMDA reportable loans were originated within the assessment areas and 53 percent of the dollar volume. In the case of business loans, performance was better with 69 percent of the number of loans originated within the assessment areas and 64 percent of the dollar volume. Two factors contribute to the low percentages of loan originations within the assessment areas. The first being intense competition and limited branch presence in this marketplace. To compensate, Mellon Bank Corporation operates two loan production offices where loans are booked to this bank. In addition, several larger cities are included in the assessment area where people work and use Mellon MD's loan services. As a result, Mellon MD has a significant commuter customer base that resides outside of the assessment areas.

Geographic Distribution

Home Mortgage Lending

Mellon MD's geographic distribution of HMDA reportable loans was consistent with the percentages of owner-occupied housing in these census tracts. For the evaluation period, a greater number of home purchase loans were made than the percentage of owner occupied housing within the moderate income census tracts even though Mellon MD has only a limited presence in the market. No home mortgages were made in the two low income census tracts, but these contain only 31 owner-occupied units with rental units representing the remaining housing. No conclusions can be drawn from the limited opportunities to lend in the two low income tracts.

Penetration rates are measured by dividing the number of loans made in each census tract type by the number of owner occupied housing units in each type of census tracts. In 1996, penetration rates

were 0.3 percent for all census tracts excluding low income census tracts which had insignificant owner occupied housing. Through June 30, 1997, the penetration rates are again consistent among all census tracts (excluding low income census tracts) at 0.1 percent. For 1996, Mellon MD had a market share of 1.13 percent for home purchase loans. This market share increased to 1.36 percent for moderate income census tracts.

HMDA Reportable Home Purchase and Home Improvement Loans

Percentage of Number of Loans Made in Census Tracts Within Mellon's Assessment Area

	Low Income		Moderate Income		Middle Income		Upper Income	
	1996	6-30-97	1996	6-30-97	1996	6-30-97	1996	6-30-97
Home Purchase	0%	0%	9%	11%	52%	48%	39%	41%
Home Improvement	0%	0%	7%	8%	38%	29%	55%	63%
Percent of Owner Occupied Housing	0%		8%		48%		44%	

Small Business Lending

Mellon MD's lending to small business in all portions of its assessment areas is good. On a combined basis for the evaluation period, three percent of the loan originations were made in the low income census tracts and 17 percent of the loan originations were made in moderate income census tracts. This exceeds the percentage of small businesses in each of these census tract categories.

Mellon MD's small business loan penetration rates in low- and moderate income census tracts are higher than the penetration rates of all census tracts. The penetration rate is measured by the number of loans made within a census tract type divided by the number of known businesses in the census tracts and the number of loans. In 1996, these ratios were 2.0 percent in low income census tracts, 1.5 percent in moderate income census tracts, 1.2 percent in middle income census tracts, and 1.2 percent in upper income census tracts. As of June 30, 1997, the penetration rates were 0.7 percent in low income census tracts, 0.5 percent in moderate, 0.4 percent in middle, and 0.5 percent in upper.

Small Business Loans

Percentage of Number of Loans Made in Census Tracts Within Mellon Bank Assessment Area

Low Income		Moderate Income		Middle Income		Upper Income	
1996	6-30-97	1996	6-30-97	1996	6-30-97	1996	6-30-97
3%	3%	17%	17%	41%	44%	39%	36%
Small Business and Farms Located in Census Tracts							
2%		15%		47%		36%	

Borrowers' Characteristics

Home Mortgage Lending

Mellon MD's overall lending to borrowers of different income levels for home purchase loans is excellent as detailed in the following table:

HMDA Reportable Home Purchase and Home Improvement Loans

Percentage of Loans Made to Borrowers of Different Income Level

	Low Income		Moderate Income		Middle Income		Upper Income	
	1996	6-30-97	1996	6-30-97	1996	6-30-97	1996	6-30-97
Home Purchase	20%	20%	46%	55%	19%	11%	15%	14%
Home Improvement	4%	8%	15%	21%	29%	38%	52%	33%
Family Distribution	13%		17%		25%		45%	

Percentage of lending for home purchase loans significantly exceeded the percentage of families that were low- or moderate-income. Mellon MD was a minor player in the assessment area with only a 1.13 percent market share. However, market share to low income applicants (3.30 percent) and moderate income applicants (2.78 percent) was significantly better than the overall market share.

The percentage of lending to low- or moderate-income borrowers for home improvement loans is reasonable. Lending to low income applicants is below the percentage of families and lending to moderate income borrowers is comparable.

Small Business Lending

Mellon MD's lending pattern to small businesses demonstrates a definite commitment to making small loans to small businesses as detailed in the following table:

Small Business Loans

Distribution of Loans made to Businesses with Revenues < \$1 million

Loan Size	1996	1997
<= \$100 M	99%	97%
\$100M - \$250M	1%	2%
\$250M - \$1,000M	0%	1%
Total	100%	100%

Within the entire area where Mellon MD operates, 88 percent of all businesses have revenues less than one million dollars. Mellon MD does not collect revenue data for a large portion of small business loans, however 98 percent of the originated loans where revenues were known, were to small businesses. In total, 442 small business loans for \$5 million were originated during the evaluation period. In addition, 93 percent of all reportable small business loans were for amounts less than \$100 thousand.

Community Development Lending

Given its limited presence in the market, Mellon MD originated a reasonable amount level of community development loans. Community development loans are those that do not meet the definition of home mortgage, small business or small farm loans but do meet the definition of community development contained in the CRA regulation. During the evaluation period, Mellon MD originated six community development loans within its assessment areas for \$21.4 million. Mellon MD also has extended \$25 thousand against a line of credit which qualified as a community development loan and was approved prior to this evaluation period.

Mellon MD also provided two community development loans for \$265 thousand to affordable housing projects which were outside of the assessment areas. In addition, a letter of credit in the amount of \$3 million which was committed to Unisite Design, Inc. to enhance bond financing provided by the state of Maryland. These bonds were used by the borrower to acquire and renovate a manufacturing plant which will add up to 100 jobs over the next three years in an area of the Maryland Eastern Shore. This area has suffered recently from high unemployment and the lack of investment in the area. The plant renovation will significantly help stabilize the local economy and create much needed jobs.

Innovative or Flexible Lending Practices

Mellon MD offers many loan programs that feature flexible credit practices and/or are innovative responses to identified community credit needs. The bank offers these products to customers throughout its assessment areas.

Home Mortgage Lending

The Neighborhood Mortgage Loan Program provides below-market interest rates, low fees, and more flexible underwriting standards for low and moderate income home buyers or for those living in targeted low and moderate income census tracts. In 1996 and up to June 1997, Mellon MD originated approximately 316 mortgages under this program for \$36 million.

Small Business Lending

Mellon MD offers innovative small business credit programs that address local needs, as well as the needs of its assessment areas. As the result of focus group meetings with small businesses during 1995, several barriers to small business lending were identified. The barriers were addressed with several new small business products. One of the most popular is the Business Builder Line of Credit. This was designed to provide a simple application with only basic financial information. It provides loans up to \$250 thousand, and the bank offered a special incentive rate of prime minus one percent for the first six months of a loan. For 1996 and the first six months of 1997, Mellon approved 55 loans with commitments of \$4 million.

In 1996, Mellon's Business Banking Group created a 15 year, fixed-rate commercial real estate mortgage for loan amounts less than \$250 thousand. This allows small business borrowers to finance real estate for an extended period with no rate risk or short term balloon payments. During this evaluation period, the bank originated 15 loans for \$1.7 million.

Consumer Lending

The Basic Installment Loan features no origination fee, minimal monthly payments, and a 50 basis point discount for permitting direct debits from bank accounts. The loans are for a maximum of \$5,000, and can be as low as \$1,000. The bank made two loans during the evaluation period for \$4,000.

INVESTMENT TEST

Mellon MD is not a leader in investments in its assessment areas, but it has made an adequate amount of investments and grants. No new investments were initiated during this evaluation period; however, \$200 thousand was extended under a prior commitment. Mellon MD has also made \$15 thousand in qualifying grants. The investments and grants specifically benefit the bank's assessment areas. The investments and grants are not considered innovative or complex.

All commitments originated in 1994. Since then, Mellon MD has continually sought qualified investments in the assessment areas, but has not made any investments due to its limited presence in the market and the significant competition for investments from several large regional banks who consistently win the bidding. Nevertheless, management continues to discuss the possibility of future participation in investment opportunities with community-based organizations. The grants and contributions have been made to affordable housing groups and other organizations that support activities benefitting low- or moderate-income individuals.

Bank Investments:	Date	Commitment	Extended During Evaluation	Book Value
Montgomery Homes	1994	\$300,000	\$200,000	\$272,382
Technology Leaders II	1994	\$468,000	0	\$162,282
Anthem Capital	1994	\$75,000	0	\$30,150
Grants and Contributions	1996 to June 1997	N.A.	\$14,970	N.A.
Total		\$843,000	\$214,970	\$464,814
Percent of Equity Capital		1.5%	0.4%	0.8%

Mellon MD has encountered problems in making community development investments in its communities. The most readily available investment vehicles are low income housing tax credits. Competition from other, larger financial institutions is intense. Yields have decreased on these investments and Mellon MD is unwilling to purchase the total investment at the current low rate of return. Other tax-exempt bonds are not feasible because the bank cannot make use of the tax deductions. The overall effect of any such purchase would result in a negative rate of return.

SERVICE TEST

Retail Banking Services

Mellon Bank MD's retail banking services and alternative delivery systems are reasonably accessible to all portions of the assessment areas. The bank operates six full service branches and ten ATMs in its assessment areas. Branch distribution is as follows:

Mellon MD Branch Locations			
Census Tracts	Number of Branches	% of Branches	% of Census Tracts
Low	0	0	1%
Moderate	1	17%	16%
Middle	2	33%	48%
Upper	3	50%	35%
Total	6	100%	100%

During the evaluation period Mellon MD opened two branches in an upper and a middle income census tract, closed a branch in an upper income census tract, and sold seven branches in Montgomery County and all three branches in Prince George's County. Four of the ten branches sold were in moderate income census tracts. The assessment areas still include those parts of Prince George's County where the branches were located due to the continued high level of mortgage and consumer lending despite the absence of branches. As a part of the sale of branches, Mellon MD also transferred the deposits to the purchaser, thereby lessening the impact by reducing the inconvenience for those customers. The area is also heavily banked by other larger institutions. The branch sales were the result of a change in focus from a "mass market provider" to one that concentrates on markets which are less sensitive to branch locations. Because the bank was operating unprofitably, management needed to reduce branch operating expenses.

All products and services are consistent throughout Mellon MD's assessment areas. The bank offers a full range of retail products to customers and small business owners. All branches are offices known as "Financial Centers". These branches offer extended business hours including Saturdays, Video Banker, PC access and a customer library. Because of customer traffic patterns two offices are open on Sunday.

Alternative delivery systems include personal computer banking, direct deposit and telephone banking. Mellon MD operates ATMs at each branch location and at four remote locations. The bank also belongs to several cash/ATM networks, affording customers access to cash virtually anywhere in the United States. Consumer lending is done through the branch network and via video, telephone and mail.

Mellon MD has tele-banking services available to consumer and business customers. Mellon's *Bank-by-Phone* allows customers access to fully automated services, 24 hours a day, seven days a week. Through this service, customers can also access customer service representatives during extended hours and seven days a week.

A similar service is provided to business customers through Mellon's *Business Bank-by-Phone*. This service allows business customers access to their accounts seven days a week, 24 hours a day. Customer service help can be accessed through the Business Telephone Center during extended hours during the week.

Another innovative service that Mellon MD has instituted recently is Video Banking, which is currently available in the branches. It allows customers at branches with limited staff to access loan originators via a video terminal. Customer service representatives assist the customers until they feel comfortable with the process. The video connection offers real time discussions with staff to open deposit accounts, apply for consumer, small business or mortgage loans, open investment accounts or purchase insurance.

Community Development Services

Basic banking products are offered to low or moderate income individuals with limited check writing needs. In addition, a checking account is available for elderly customers who have direct deposit. Mellon MD also established a program for direct delivery of welfare checks and cashes these checks free of charge with proper identification.

Senior Officers and staff participate in a variety of organizations dedicated to serving low- and moderate-income individuals or helping small businesses. Their role in many of these organizations is to serve on boards of directors and to provide financial and other technical advice. Bank employees serve three organizations as officers and board members.

Workshops to educate the public on various aspects of Mellon's products and services were presented 64 times during the evaluation period. The workshops offered were: Home Buying, Consumer Credit, Neighborhood Banking, Family Budgeting, Business Financing, and Banking for Kids, training for single mothers, money management for shelter residents, and family budgeting and credit counseling for recently re-employed individuals. Various workshops concerning financial matters have been presented to the congregations of local African-American churches. These include workshops on home buying, credit and budgeting for individuals and financial planning issues for minority-owned businesses, predominantly in LMI neighborhoods.

Fair Lending Review

In conjunction with the CRA evaluation, we performed concurrent fair lending and compliance examinations. We found the bank in compliance with anti-discrimination laws and regulations. These included the Equal Credit and Opportunity Act (ECOA), the Fair Housing Act (FHA) and the Home Mortgage Disclosure Act (HMDA). There was no evidence in the fair lending examination to indicate any discriminatory practices had occurred against protected classes in Mellon MD's lending activities.

Information on Assessment Areas Reviewed *Metropolitan Statistical Areas*

Summary of Institution's Operations in the Baltimore, MD MSA

Mellon MD operates only one office in this MSA. This office is located in Annapolis, Maryland in an upper income census tract. This office provides extended hours including Saturday, and is one of the bank's "Financial Centers". Financial Centers offer video banking, computer access, and a customer library. Mellon MD is not a significant market maker in this area. They have a 0.5 percent deposit market share in Anne Arundel County.

This MSA includes Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne counties and Baltimore City. Mellon MD's assessment area only includes Anne Arundel County, which has a population of 427 thousand. It has 82 census tracts; none are low income and four are moderate income. The population is growing and 69 percent of the housing stock is owner-occupied.

Demographic data shows 498,916 households, with four percent residing in moderate income census tracts. The 1997 updated median family income is \$54,100 with 12 percent of the families considered low income and 15 percent considered moderate income. The data also shows 17,466 small businesses and an additional 2,292 businesses with sales more than \$1 million.

The economy of this area is strong. Unemployment is low and below the state average. Job growth has occurred in many sectors including retail, business services, health services, computer processing and building maintenance. Anne Arundel County is home to the state's capital, Annapolis.

Conclusions about Performance Tests in Baltimore, MD MSA

Lending Test

Lending performance for HMDA reportable loans and small business loans is slightly lower than the bank's overall performance. However, the lending provided by Mellon MD in this area amounts to about 20 percent of overall lending due to the one branch location. Lending is not as widely dispersed and mortgage lending is centered in middle and upper income census tracts as is the census tract dispersion. In 1996, Mellon ranked thirty-fifth among the mortgage lenders, and had a market share of 0.64 percent and its market share in moderate income census tracts was better at 1.57 percent.

The distribution of HMDA reportable loans to individuals of different income levels is reasonable. Home purchase loans to moderate income individuals significantly exceeded the percentage of population levels. In 1996, Mellon's market share of loans to low income applicants (0.34 percent) was one half of its total market share. Market share for moderate income applicants (0.99 percent) exceeded its total market share. Small business lending in moderate income census tracts equaled the percentage of businesses located in these types of census tracts.

Investment Test

Performance under the investment test is consistent with the overall bank performance. One of the investments under the overall bank rating benefits a broader area which includes this MSA.

Service Test

With only one branch located within this MSA performance under the service test is lower than the bank's overall performance. Products and services are consistent throughout the bank's assessment areas.

Summary of Institution's Operations in the Washington, DC MSA

Full service banking is provided by five offices located in this MSA. The majority of offices are located in suburban communities located in middle and upper income tracts. One office is located in a moderate income census tract. All offices provide extended or Saturday hours and are "Financial Centers". The Financial Centers offer video banking, computer access, and a customer library. The headquarters of Mellon MD is located within this MSA. Mellon MD is not a significant market maker in this area. It has a one percent deposit market share in Montgomery County and 0.7 percent market share in Prince George's County.

The MSA includes the District of Columbia; Charles, Montgomery and Prince George's counties in Maryland; and the city of Alexandria, the County of Arlington, as well as Fairfax, Loudon and Prince William counties of Virginia. Mellon MD's assessment areas only include Montgomery County and part of Prince George's County, which has a population of 1.1 million. It has 248 census tracts; two are low income and 49 are moderate income.

Demographic data shows 408,258 households, with 22 percent residing in moderate income census tracts. Less than one percent of the households live in the two low income census tracts. The 1997 updated median family income is \$70,300 with 14 percent of the families considered low income and 18 percent considered moderate income. The data also shows 49,582 small businesses and an additional 6,806 businesses with sales more than \$1 million.

The economy of this area is strong. Unemployment is low. Montgomery County is the most affluent county in Maryland and is the largest suburban employment center in the Washington, DC MSA. Prince George's County has experienced rapid population growth due to growing government and business opportunities.

Conclusions about Performance Tests in Washington, DC MSA

Lending Test

Lending performance for HMDA reportable loans and small business loans is consistent with the bank's overall performance and demonstrates a commitment to serving the whole community. Mortgage lending is evenly distributed among the various types of census tracts relative to the owner occupancy rates. In 1996, Mellon ranked eleventh among the mortgage lenders, and had a market share of 2.05 percent. Its market share in moderate income census tracts was comparable at 2.00 percent. The distribution of HMDA reportable loans to individuals of different income levels is

excellent. Home purchase loans to low income individuals and home purchase and home improvement loans to moderate income individuals significantly exceeded the percentage of population levels. In 1996, Mellon's market share of loans to low income applicants (4.45 percent) substantially exceeded its total market share. Market share for moderate income applicants (4.04 percent) also exceeded its total market share. Small business lending in low and moderate income census tracts exceeded the percentage of businesses located in these types of census tracts.

Investment Test

Performance under the investment test is consistent with the overall bank performance. All three of the investments under the overall bank rating are located within this MSA or benefit a broader area which includes this MSA.

Service Test

Performance under the service test is consistent with the bank's overall performance. Five of the six branches operated by the bank are within this MSA. Products and services are consistent throughout the bank's assessment areas.

Appendix A

SCOPE OF EXAMINATION

We reviewed **Mellon Bank (MD), National Association's** performance under the Community Reinvestment Act for the period from its last examination which commenced in June 1995 until June 30, 1997. For this review, loans and investments originated by the affiliates listed below were included. All assessment areas and MSAs were reviewed. Lending data reviewed for this evaluation represents activity for 1996 through June 30, 1997.

Time Period Reviewed:	10/1/95 to 6/30/97	
Financial institution		Products reviewed
Mellon Bank(MD) National Association, Rockville, MD		Small business, small farm, and HMDA reportable loans
Affiliates	Relationship	Products Reviewed
Mellon Mortgage Company	Affiliate bank subsidiary	HMDA reportable mortgages
Mellon CDC	Holding company subsidiary	Community development loans and investments
AFCO Credit Corporation	Affiliate bank subsidiary	Small business loans

APPENDIX - B

ABBREVIATIONS

ATM	Automated Teller Machine
CRA	Community Reinvestment Act
CFR	Code of Federal Regulations
FHA	Federal Housing Administration
HMDA	Home Mortgage Disclosure Act
MBCDC	Mellon Bank Community Development Corporation
Mellon MD	Mellon Bank(MD) National Association and its affiliates
MSA	Metropolitan Statistical Area as defined by OMB
OCC	Office of the Comptroller of the Currency

TERMS

“area median income”	median family income for a MSA or the statewide nonmetropolitan median family income if located outside of a MSA
“low income”	less than 50% of the area median income
“moderate income”	between 50% and 80% of the area median income
“middle income”	between 80% and 120% of the area median income
“upper income”	greater than 120% of the area median income
“reportable business loans”	a business loan included in “ <i>loans to small businesses</i> ” as defined within the Instructions for the Consolidated Report of Condition and Income
“small business loans”	a reportable business loan to a business with revenues less than \$1 million