



## **PUBLIC DISCLOSURE**

September 5, 2017

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

BNY Mellon, National Association  
Charter #6301

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Pittsburgh, PA 15258

Office of the Comptroller of the Currency

Midsized Bank Supervision  
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Chicago, IL 60606

**NOTE:** This document is an evaluation of this 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. 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.

## **Overall CRA Rating:**

**This institution is rated Outstanding.**

The conclusions for the three rating criteria are:

- The bank demonstrates very high levels of community development activities, consisting of loans, services, and investments.
- The bank's community development investments, loans, and services are rarely (or neither) innovative or complex.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment areas.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Assessment Area (AA):** A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

**Benefit to Assessment Area:** The OCC considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Benefit Outside Assessment Area:** The OCC considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment area(s), if the bank has adequately addressed the needs of its assessment area(s).

**Census Tract (CT):** Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and

sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Median Family Income (MFI):** The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Net Operating Income:** As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

**Pass-Through Receivables:** Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Total Assets:** Total bank assets as listed in the Consolidated Report of Condition and Income.

**Total Income:** From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

**Wholesale Institution:** An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.

## Description of Institution

BNY Mellon, National Association (BNY Mellon or bank) is a \$24.5 billion interstate national bank headquartered in Pittsburgh, Pennsylvania. The bank was created in 2008, upon the merger of Mellon Trust of New England into the Mellon Bank. On July 19, 2002, under this same charter, Mellon Bank, N.A. was designated as a wholesale institution by the OCC, a designation that continues through this evaluation period. The bank is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a \$333 billion financial services company headquartered in New York, New York. As of December 31, 2016, The Bank of New York Mellon Corporation had \$29.9 trillion in assets under custody and/or administration and \$1.6 trillion in assets under management.

This evaluation rates the overall CRA performance of BNY Mellon as well as its performance in the New York-Jersey City-White Plains, NY-NJ multi-state metropolitan statistical area (MMSA), and the states of Connecticut, Massachusetts, and Pennsylvania. The overall rating is based on the CRA performance of the bank in the multi-state MSA and each state. The ratios contained in this evaluation were derived by allocating bank Tier 1 Capital or total income to the multi-state MSAs and states. The allocations are based on the amount of banking deposits reported by the bank for those areas.

BNY Mellon's deposits in domestic offices, as of December 31, 2016, (the most recent data available for analysis) total \$19.596 billion. Of this total, \$8.772 billion, or 44.76 percent, are on deposit in the Pittsburgh, PA MSA; \$711 million, or 3.63 percent, are on deposit in the Philadelphia-Camden-Wilmington, PA MMSA; \$5.901 billion, or 30.12 percent, are on deposit in the New York-Jersey City-White Plains, NY-NJ MMSA; \$3.868 billion, or 19.74 percent, are on deposit in the Boston-Cambridge-Newton MA NH, MMSA; and \$343 million, or 1.75 percent, are on deposit in the Bridgeport-Stamford-Norwalk, CT MSA.

At the end of 2016, BNY Mellon had four offices, with two located in Pennsylvania, one in New York, and one in Connecticut. All offices are in middle- or upper-income geographies. During the evaluation period, BNY Mellon closed or consolidated nine banking offices in middle- or upper-income geographies, either due to reductions in business activity or changes in business strategy. Closures of two offices, Washington, DC (on May 3, 2013) and Greenville, DE (on May 28, 2015), eliminated the need to evaluate Washington, DC and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMSA as separate rating areas. A branch in Massachusetts was closed on September 1, 2016, however, Massachusetts was still included as a rating area because the branch was maintained for nearly the entire evaluation period.

Wealth management is the core business of the bank. Investment management, wealth and estate planning, private banking, investment servicing, and information management are the primary businesses offered to its clients, both through the bank and its corporate affiliates.

BNY Mellon's lending activities are limited and are provided primarily as an accommodation to its wealth management and private banking customers. Qualified community development activities of BNY Mellon, BNY Mellon affiliates, or parent company departments are included in this CRA evaluation and are described below:

BNY Aurora Holding Corporation: Sources, closes on, and holds low-income housing tax credit equity investments and makes construction loans throughout the bank's AAs. It also makes and holds investments in Small Business Investment Company (SBIC) funds and an affordable housing real estate trust that serve the bank's AAs.

BNY Mellon Foundation of Southwestern Pennsylvania and The Bank of New York Mellon Foundation: These two foundations deliver major community development grants to the bank's CRA communities. The former Foundation is restricted to the Pittsburgh AA in southwestern Pennsylvania and was established in 2007 following the move of the Mellon Financial headquarters to New York. The latter Foundation is eligible to make grants in other areas of the United States exclusive of those southwestern Pennsylvania counties located in the Pittsburgh AA.

The Bank of New York Mellon: Held an \$88.7 million affordable housing loan commitment to the Massachusetts Housing Partnership (MHP) Fund in Massachusetts. It also holds many of BNY Mellon's community development loans and selected low-income housing tax credit investments in various AAs of the bank. The ten-year MHP agreement ended June 30, 2017.

Corporate Affairs: This shared service business administers employee volunteer service efforts, enabling the bank to match service hours with funds (grants) for community development-purpose community projects. Corporate Affairs also administers the Financial Stability Initiative program, corporate grants, and sponsorships that are community development qualified.

Corporate Treasury Services: This shared service business sources and purchases through open markets community development qualified equity investments in mortgage-backed securities (single family loan pools) comprised of loans made to low-and moderate-income borrowers and some multi-family housing bonds.

The Boston Community Loan Fund (BCLF): Owned by Boston Community Capital and based on the bank's investment in this Fund, BNY Mellon is credited with a pro-rata share of community development loans made through this third-party. BCLF lends throughout the northeast and mid-Atlantic states and has many loans made in BNY Mellon's AAs.

There are no legal, financial, or other significant factors impeding the bank's ability to help meet the credit needs in its AA.

Table 1 provides an overview of BNY Mellon's financial information.

**Table 1: Financial Information (000s)**

	<b>Year-end 2013</b>	<b>Year-end 2014</b>	<b>Year-end 2015</b>	<b>Year-end 2016</b>	<b>Average for Evaluation Period</b>
<b>Tier 1 Capital</b>	1,072,578	1,272,619	1,364,325	1,647,779	1,339,325
<b>Total Income</b>	868,947	935,896	996,967	1,109,944	977,939
<b>Net Operating Income</b>	242,996	307,579	327,740	358,205	309,130
<b>Total Asset</b>	17,765,526	20,938,997	23,381,220	24,452,112	21,634,464

Source: Consolidated Report of Condition and Income and bank reported data. Actual data reported. The Average for Evaluation Period is the average of the numbers in the four columns.

## Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from January 1, 2013, through December 31, 2016. We reviewed the level and nature of qualified community development investments, community development lending, and community development services. At the bank's request, we also considered qualified community development activities provided by its affiliates. At the prior examination, dated August 26, 2013, we rated the bank Outstanding.

We considered a variety of community development activities, including investments; such as mortgage-backed securities (MBS), low-income housing tax credits (LIHTCs), and grants to qualifying community development organizations. We also considered loans with a primary purpose of community development, such as the creation of affordable housing units, and community development services provided such as board or committee memberships.

The bank has adequately addressed the needs of its AA; therefore, we also considered qualified community development investments, loans, and services outside an AA in evaluating the bank's performance.

As part of our ongoing supervision of the bank, we reviewed the appropriateness of community development activities provided for consideration in our evaluation. This review included testing of community development loans, investments, and services to determine if they meet the definition of community development as defined in the CRA regulation. We determined that the data, with minor adjustments, is accurate.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Multistate Metropolitan Area Rating

### CRA Rating for New York-Jersey City-White Plains NY-NJ MSA: Outstanding

The conclusions for the three rating criteria are:

- The bank demonstrates a very high level of community development lending, services and qualified investments.
- The bank's community development investments, loans, and services are rarely (or are neither) innovative or complex.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment areas.

### Description of Assessment Area

The bank has designated 14 counties within the New York-Jersey City-White Plains NY-NJ MD as its New York AA. The AA consists of Bergen, Hudson, Middlesex, Monmouth, Ocean, and Passaic counties in New Jersey, and Bronx, Kings, New York, Orange, Queens, Richmond, Rockland, and Westchester counties in New York. The AA complies with CRA guidelines. The area is urban and suburban in nature, contiguous, and does not arbitrarily exclude low- or moderate-income geographies. There are no known barriers to community development lending, investment, or services.

According to the 2010 U.S. Census, the population of the AA was 13,866,159. The percentage of families in the AA living below the poverty level is significant at 14.40 percent according to the 2010 U.S. Census. The 2016 FFIEC adjusted median family income for the AA was \$72,600. Low-income families in the AA earned median annual incomes of less than \$36,300, and moderate-income families earned annual incomes of \$36,300 to \$58,079.

According to the Bureau of Labor Statistics, unemployment in the AA improved during the evaluation period. As of December, 2016, the unemployment rate for the New York AA was 4.50 percent, similar to the national rate of 4.70 percent.

According to FDIC market share reports, banking competition is very strong in the New York AA. As of June 30, 2016, there were 186 deposit-taking financial institutions with 3,789 offices in the AA, including both large national and regional financial institutions. BNY Mellon ranked 25<sup>th</sup> in the market with 0.41 percent market share of deposits. The largest competitors include JP Morgan Chase Bank, N.A., HSBC Bank USA, N.A., Bank of America, N.A., and Citibank, N.A.

Economic indicators are mixed. Per Moody's Analytics, the New York AA economy was relatively vibrant during much of the review period; however job creation was below average toward the end of the period. Healthcare, financial and business services, and government are the largest economic sectors in the New York AA. Major employers include Northwell Health,

JP Morgan Chase, Mt. Sinai Medical Center, Macy's, and Citibank. Economic strengths include being the world's financial center, and having limited exposure to manufacturing. Weaknesses include the high-costs of doing business and housing. Also, population growth is relatively slow, with net out migration beginning in 2014 and projected to continue.

Housing affordability in the New York metropolitan area remains a challenge, particularly for low- and moderate-income families. According to Realtor.com, the median home sales price in New York-Newark, NY-NJ MMSA increased from \$322 thousand during the first quarter of 2013 to \$425 thousand during the fourth quarter of 2016, and is now nearing pre-financial crisis levels. This increase in home prices has strained the affordable housing market. Further, according to the 2010 U.S. Census data, the New York AA housing market consisted of 5,565,998 housing units, 41.73 percent of which were owner occupied; 49.54 percent of which were non-owner occupied; and 8.73 percent of which were vacant.

The already high cost of housing, particularly in Manhattan and Brooklyn, combined with expected slow population growth and high business costs are expected to keep future economic growth muted.

The following table provides summary statistics for the New York AA.

**Table 2: Assessment Area Description-New York AA**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	3,423	11.54%	23.81%	27.67%	34.79%
<b>Families</b>	3,252,484	11.93%*	23.60%*	25.34%*	39.13%*
<b>Businesses</b>	872,712	7.46%**	17.72%**	21.61%**	51.42%**

Source: Demographic Data – 2010 U.S. Census and 2016 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Percentages may not add to 100% due to rounding, and 75 Census Tracts are not income categorized.

OCC Community Affairs officers completed or updated community contact information regarding community needs in the AA during the evaluation period. The identified community development needs in the AA, based on community contact information and information obtained from bank management, include the following:

- There is a need for both capital and operational support from banks on community development projects such as affordable housing.
- There is a need for funding of foreclosure assistance programs.
- Due to reductions in government funding, there is a need for increased funding of nonprofit community development organizations.
- There is a need for small business development and support for entrepreneurship.

## Conclusions about Performance

### Summary

- BNY Mellon provides a very high level of community development loans, community development services, and qualified investments in relation to its capacity and opportunities in the AA. New investments made during the evaluation period and the book value of qualifying prior-period investments totaled \$135.99 million, and \$28.88 million in community development loans were originated during the current evaluation period. Bank representatives provided their financial expertise through community development services to four community development-based organizations.
- The bank's community development investments, loans, and services are rarely (or are neither) innovative or complex.
- The bank's qualified investments, grants, community development loans, and community development services exhibit adequate responsiveness to the credit and community development needs of the AA, in particular the need for affordable housing. The LIHTC securities purchased during the evaluation period related to the creation of 235 affordable housing units. Bank representatives provided leadership and expertise to four community service providers.

### Qualified Investments

Qualified investments made in or benefiting the AA totaled \$118.3 million during the evaluation period, which included grants totaling \$198 thousand. The large majority of the investments were either LIHTCs or MBS. The majority of the qualified investments and grants focused on providing affordable housing and, to a lesser extent, community services to low- and moderate-income individuals. As such, the investments were responsive to the identified credit needs of the AA. However, the investments were not considered particularly innovative or complex.

While we assigned more weight to investments that were made during the current evaluation period, we also noted the continuing positive impact of prior period investments still held by the bank. There are \$17.65 million in prior period investments that are comprised primarily of LIHTC securities, and that resulted in the creation of new affordable housing units. The MBS are comprised primarily of loans to low- or moderate-income borrowers.

Examples of the community development investments during this evaluation period include:

- Management made an investment of \$11.21 million in a LIHTC Fund that was used for the construction of 50 units located in a moderate-income geography. All units were reserved for low- or moderate-income families. Five of these units were designated special needs units and were set aside for homeless families or individuals. Three units were wheelchair accessible and equipped for those with hearing or visual impairments.

- Late in the review period, management made an investment of \$26.85 million in a LIHTC fund that is being used to construct 135 affordable housing units in a low-income area of Brooklyn, NY. Section 8 vouchers supported all 82 of the studio units in the complex. Of the 82 studio units, 50 were marketed toward formerly homeless individuals, with a preference for homeless veterans. In addition, government funding is available for psychological support services to occupants of the 50 units referred to above.
- The bank invested over \$60.50 million in MBS comprised primarily of single-family mortgage loans to low- or moderate-income borrowers in the New York AA.

Table 3 quantifies the level of total qualified investment activity benefiting the AA.

**Table 3: Qualified Investment Activity (000s)-New York AA**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$118,341
<b>Originated Grants</b>	\$198
<b>Prior-Period Investments that Remain Outstanding</b>	\$17,646
<b>Total Qualified Investments</b>	\$136,185
<b>Unfunded Commitments*</b>	\$0

\* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 4 provides a breakdown of the bank's investment activity in relation to its financial capacity in terms of allocated average Tier 1 Capital and allocated average total income over the evaluation period.

**Table 4: Qualified Investment Percentages-New York AA**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	33.77%
<b>Total Investments/Average Total Income</b>	46.25%

In addition to the community development investments described above, we noted 41 grants for \$198 thousand. Ten of the grants, totaling \$87 thousand, were for operating funds to a nonprofit organization. The organization rehabilitates the houses of low-income homeowners, in particular people who are physically challenged or elderly.

## **Community Development Lending**

During the evaluation period, BNY Mellon extended four community development loans in or benefiting the AA totaling over \$28.88 million. Thus, community development lending was considered good, and had a positive impact on the overall performance in the AA. While not considered complex, the loans contributed to the creation of 255 new units of affordable

housing in an AA with very high housing costs. Thus, we considered the loans responsive to AA needs, though not particularly innovative or complex

The following table quantifies the level of community development lending in terms of allocated average Tier 1 capital and average total income over the evaluation period.

**Table 5: Community Development Lending Percentages-New York AA**

	<b>Benefits AA (%)</b>
<b>Total Community Development Lending/Average Tier 1 Capital</b>	7.16%
<b>Total Community Development Lending/Average Total Income</b>	9.81%

We describe below some examples of the community development loans originated:

- The bank provided a \$6.2 million construction loan that addressed affordable housing. The project consists of 50 units, five of which were designated for very low income residents, and three of which were specially equipped for low-income persons who are either wheelchair bound or hearing or vision impaired.
- The bank also provided financing for two large mixed purpose developments in upper-income areas of New York that will include 553 housing units, of which 155 were new affordable housing units. We considered this loan responsive due to the vision to set aside a significant number of units for low- or moderate-income residents, despite the property being in an upper-income geography; this can help integrate low-income persons into the overall community.

## **Community Development Services**

Through its limited involvement with only a small number of community service organizations, the bank exhibited poor responsiveness to community development needs. We considered the bank's significant presence in the AA in our conclusion.

Examples of the community development services completed during this evaluation period include:

- A managing director of the bank served 72 hours on the board of a housing organization, which, in partnership with the community, rehabilitates the houses of low-income homeowners, particularly people who are physically challenged or elderly.
- A bank employee served 24 hours as a board member of a children and family services nonprofit that focuses on education, healthcare, emergency housing needs, youth centers, and numerous other support services to children of low-income families. The organization has existed for nearly 200 years and assists an estimated 20,000 persons annually.

## State Ratings

### **CRA Rating for the State of Connecticut: Satisfactory**

The conclusions for the three rating criteria are:

- BNY Mellon demonstrates a very high level of qualified investments in relation to its capacity and opportunities in the AA.
- The bank did not make any innovative or complex qualified investments during the evaluation period.
- The bank's qualified investments and grants demonstrate poor responsiveness to identified credit and community development needs of the AA, in particular the needs for affordable housing.

## Description of Assessment Area

BNY Mellon has one AA in the state of Connecticut. The bank has designated Fairfield County as its AA which is the only county in the Bridgeport-Stamford-Norwalk, CT MSA (14860). The percentage of families in the AA living below the poverty level is relatively low at 8.29 percent according to the 2010 U.S. Census. The updated 2016 FFIEC adjusted median family income is \$104,400. Low-income families in the AA earned median annual incomes of less than \$52,200, and moderate-income families earned annual incomes of \$52,200 to \$83,519.

The bank's AA does not arbitrarily exclude low- or moderate-income CTs, and the AA complies with CRA guidelines. The AA is comprised of 210 contiguous CTs. Fairfield County consists of 210 CTs, including 33 low-income CTs, 37 moderate-income CTs, 67 middle-income CTs, and 73 upper-income CTs.

According to the Bureau of Labor Statistics, unemployment in the AA improved during the evaluation period and was slightly better than the statewide average. The unemployment rate for the AA as of December 2016 was 4.40 percent, similar to the state rate of 4.50 percent, and slightly less than the national rate of 4.70 percent.

According to FDIC market share reports, banking competition is strong with 29 banks and 368 branches in the AA, including several large multi-state national or regional institutions. As of June 30, 2016, BNY Mellon ranked 20th in the market with 0.72 percent market share of deposits. The largest competitors include People's United Bank, N.A., Bank of America, N.A., Citibank, N.A., JPMorgan Chase, N.A., and Wells Fargo Bank, N.A.

The AA is a mix of urban and suburban areas with most of the population residing in small cities. The AA is on the northeast coast within a commutable distance to New York City. The AA remains a global financial center with strong professional services, high-tech manufacturing, and a highly educated labor force. Education and health services, financial and business services, retail trade, and government are the largest economic sectors. Major employers in this AA are Sikorsky Aircraft, General Electric, UBS, Danbury Hospital, and Frontier Communications. In addition, the city of Stamford is home to a number of large companies. According to Moody's Analytics, job growth has been steady but below average since 2011. Job gains have been almost entirely in low-wage industries, especially leisure and hospitality. Mid-wage industries have expanded but with less vigor, led by gains in construction and government. High-wage job creation has been mostly absent.

Challenges in the AA include the high costs of living and doing business. Housing affordability in the AA remains a challenge, particularly for low- and moderate-income families. According to Realtor.com, the median home sales price in the Bridgeport-Stamford-Norwalk area increased from \$508 thousand during the first quarter of 2013 to \$653 thousand during the fourth quarter of 2016. This increase in home prices has strained the affordable housing market. Further, according to 2010 U.S. Census data, the AA's housing market consisted of 358,132 housing units, 65.46 percent of which were owner occupied; 27.19 percent of which were non-owner occupied; and 7.35 percent of which were vacant.

The following table provides summary statistics for the AA.

**Table 6: Assessment Area Description-Bridgeport AA**

	<b>Number</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Tracts</b>	210	15.71%	17.62%	31.90%	34.76%
<b>Families</b>	230,561	11.55%*	17.92%*	35.23%*	35.30%*
<b>Businesses</b>	93,239	10.35%**	16.49%**	32.55%**	40.61%**

Source: Demographic Data – 2010 U.S. Census, and 2016 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Percentage may not add to 100% due to rounding and 13 Census Tracts are not income categorized.

Two recent community contacts with organizations that promote economic development in Fairfield County were considered. The contacts indicated that first time homebuyer opportunities are limited due to the high prices of homes in the area and the limited number of affordable units available. The need for more affordable housing units in general, and the need for rehabilitation of aging housing stock in Bridgeport was also identified.

## Conclusions about Performance

### Summary

- BNY Mellon provides a very high level of qualified investments in relation to its capacity and opportunities in the AA. New investments obtained during the evaluation period and the book value of qualifying prior-period investments totaled \$27.64 million.
- The bank did not make any innovative or complex qualified investments during the evaluation.
- The bank’s qualified investments and grants demonstrate poor responsiveness to identified credit and community development needs of the AA, in particular the needs for affordable housing. The bank made no community development loans and provided no community development services during the evaluation period.

### Qualified Investments

Qualified investments, grants, and donations benefiting the AA totaled \$24.15 million during the evaluation period. Additionally, \$3.49 million in prior period investments benefited the AA. The overwhelming majority of the bank’s investments are MBS that are comprised primarily of loans to low- or moderate-income borrowers. These investments do not relate to the creation or rehabilitation of affordable housing units.

Table 7 quantifies the level of total qualified investment activity benefiting the AA.

**Table 7: Qualified Investment Activity (000s)-Bridgeport AA**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$24,148
<b>Originated Grants</b>	\$3
<b>Prior-Period Investments that Remain Outstanding</b>	\$3,486
<b>Total Qualified Investments</b>	\$27,637
<b>Unfunded Commitments*</b>	\$0

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 8 provides a breakdown of the bank’s investment activity in relationship to its financial capacity in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 8: Qualified Investment Percentages-Bridgeport AA**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	117.92%
<b>Total Investments/Average Total Income</b>	161.49%

### **Community Development Lending**

During the evaluation period, BNY Mellon did not extend any community development loans in the AA.

### **Community Development Services**

The bank had no community development services benefitting the AA.

**CRA Rating for the State of Massachusetts: Outstanding**

The conclusions for the three rating criteria are:

- The bank demonstrates very high levels of community development lending, community development services, and qualified investment activities.
- The bank's community development loans, qualified investments and community development services are rarely (or neither) innovative or complex.
- The bank demonstrates adequate responsiveness to credit and community development needs in its AA.

## Description of Assessment Area

BNY Mellon has designated the counties of Norfolk, Plymouth, Suffolk, Essex, and Middlesex in the Boston–Cambridge–Newton, MA–NH MMSA as its AA. This AA complies with CRA guidelines and does not arbitrarily exclude low- or moderate-income geographies. The area is urban and suburban in nature and there are no known barriers to community development lending, investment, or services.

According to the 2010 U.S. Census, the total population of the AA was 4,134,036, and the percentage of families living below the poverty level was 10.71 percent. The 2016 FFIEC adjusted median family income for the AA was \$94,896. Low-income families in the AA earned median annual incomes of less than \$47,448, and moderate-income families earned annual incomes of \$47,448 to \$75,916.

According to the Bureau of Labor Statistics, the unemployment rate for the Boston MMSA in December 2016 was 2.5 percent. The unemployment rate compares favorably to both the Massachusetts rate of 3.10 percent and the national rate of 4.70 percent. Unemployment has declined significantly from the prior evaluation when the rate was 6.8 percent.

According to FDIC market share reports, banking competition is strong in the AA. As of June 30, 2016, there were 127 banking institutions with 1,399 branches in the AA, including large national and regional financial institutions. BNY Mellon ranked 10<sup>th</sup> in the market with 1.28 percent market share of deposits. The largest competitors include State Street Bank and Trust Company, Bank of America, N.A., Citizens Bank, N.A., Santander Bank, N.A., and TD Bank, N.A.

Per Moody's Analytics, the Boston area continues to experience high business and living costs and below-average population growth. However, job growth has exceeded both state and national averages in recent years. Healthcare, education and government are the major economic sectors in the AA. Major employers are Steward Healthcare System, Partners Healthcare, Beth Israel Deaconess Medical Center, the University of Massachusetts, and State Street Corporation.

Housing affordability in the Boston metropolitan area remains a challenge, particularly for low- and moderate-income families. According to the Realtor.com, the median home sales price in Boston-Cambridge-Newton MA-NH MMSA increased from \$334 thousand during the first quarter of 2013 to \$475 thousand during the fourth quarter of 2016. This increase in home prices has strained the affordable housing market. Further, per 2010 U.S. Census data, the Boston AA housing market consisted of 1,690,098 housing units, 57.65 percent of which were owner occupied; 35.48 percent of which were non-owner occupied; and 6.88 percent of which were vacant.

The following table provides a summary of statistics for the Boston AA.

**Table 9: Assessment Area Description-Boston AA**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	916	11.35%	18.89%	38.54%	29.48%
<b>Families</b>	987,333	22.49%*	16.39%*	20.32%*	40.80%*
<b>Businesses</b>	304,709	6.69%**	12.96%**	39.19%**	40.96%**

Source: Demographic Data – 2010 U.S. Census and 2016 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Percentages may not add to 100% due to rounding, and some Census Tracts are not income categorized.

The OCC's Community Affairs officers completed or updated community contact information regarding community needs in the AA during the evaluation period. The identified community development needs in the AA, based on community contact information and information obtained from bank management, include the following:

- There is a great need for affordable housing in the AA.
- The first-time homebuyer population is diminishing due to the burden of student loan obligations.
- There is a need for more programs and involvement in home equity and home improvement lending.
- There is a need for more credit-building products to improve the qualifications of lower income residents.
- Additional job training and marketable skill development is needed so that lower income residents can qualify for more of the better paying jobs being created in the AA.

On September 1, 2016, BNY Mellon closed its only operating office in the AA, which was in an upper-income geography in Suffolk County.

## Conclusions about Performance

### Summary

- BNY Mellon demonstrates a high level of community development loans, community development services, and qualified investments in relation to its capacity and opportunities in the AA. New investments made during the evaluation period and the book value of qualifying prior-period investments totaled \$54.34 million, and \$43.19 million in community development loans were originated during the current evaluation period. Bank representatives provided their financial expertise through community development services to 30 community development-based organizations.
- The bank's community development investments, loans, and services are neither innovative nor complex.
- The responsiveness of the bank's qualified investments, grants, and community development loans is adequate. We noted excellent responsiveness regarding community development services. The LIHTC securities purchased during the evaluation period, along with the community development loans originated, contributed to the creation or rehabilitation of 370 affordable housing units, which is a key need in the Boston AA due to the high cost of housing.

### Qualified Investments

Qualified investments made in or benefiting the AA totaled \$38.51 million during the evaluation period, which included grants totaling \$3.20 million. The large majority of the investments were either LIHTCs or MBS. The majority of the qualified investments and grants focused on providing affordable housing and, to a lesser extent, community services to low- and moderate-income individuals. As such, the investments were responsive to the identified credit needs of the AA. However, the investments were not considered particularly innovative or complex. Three new investments totaling \$27.05 million in LIHTC securities supported the creation or rehabilitation of 123 affordable housing units, and the MBS are comprised primarily of loans to low- or moderate-income borrowers.

While we assigned more weight to investment activity during the current evaluation period, we also noted the continuing positive impact of prior period investments still held by the bank. We noted \$15.83 million in prior period investments that are comprised primarily of LIHTC securities.

Examples of the community development investments during this evaluation period include:

- One new investment totaling \$8.31 million in LIHTC securities supported the creation or rehabilitation of 40 affordable housing units.

- The bank invested over \$20.62 million in MBS comprised primarily of single-family mortgage loans to low- or moderate-income borrowers in the Boston AA.

Table 10 quantifies the level of total qualified investment activity benefiting the AA as well as outside of the AA but elsewhere in Massachusetts.

**Table 10: Qualified Investment Activity (000s)-Boston AA**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$35,310
<b>Originated Grants</b>	\$3,203
<b>Prior-Period Investments that Remain Outstanding</b>	\$15,829
<b>Total Qualified Investments</b>	\$54,342
<b>Unfunded Commitments*</b>	\$11,125

\* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 11 provides a breakdown of the bank's investment activity in relationship to its financial capacity in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 11: Qualified Investment Percentages-Boston AA**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	32.79%
<b>Total Investments/Average Total Income</b>	44.91%

BNY Mellon made 480 grants to organizations in the AA totaling \$3.20 million during the evaluation period in the AA. These grants were for affordable housing, economic development, job training, and social services.

- BNY Mellon donated \$153 thousand to a not-for-profit food program providing meals throughout the AA to low- and moderate-income individuals and families.
- BNY Mellon donated \$127 thousand to an organization that helps meet the basic needs of children 12 years old and younger living in poor or low-income households, including needs such as providing shoes and coats.
- BNY Mellon donated \$100 thousand to an organization that provides job training for both low-income and disabled individuals.
- BNY Mellon donated \$53 thousand to a homeless shelter designed specifically for the needs of veterans.

## Community Development Lending

Upon the merger of The Bank of New York with Mellon Financial in July 2007, management committed to extend \$88 million in credit over a period of ten years to support affordable housing development within Massachusetts. This agreement was in full effect throughout this CRA evaluation period. The Massachusetts Housing Partnership (MHP) was drawing funds from the bank through loans and lines-of-credit that were directed by MHP toward affordable housing projects of their choosing.

Community development lending was good in the Boston AA. During the evaluation period, community development loans totaled \$21.11 million. The majority of the community development loans supported the development of affordable housing, with 247 units created or rehabilitated during the current evaluation period, including low-income housing reserved for the elderly or disabled. A small portion supported revitalization and stabilization efforts or community services. As such, the loans were considered responsive to the identified credit needs of the AA. However, the loans were not considered particularly innovative or complex.

The following table shows percentages for total dollars of community development loans compared to allocated Tier 1 capital and allocated total income.

**Table 12: Community Development Lending Percentages-Boston AA**

	Benefits AA (%)
<b>Total Community Development Lending/Average Tier 1 Capital</b>	7.98
<b>Total Community Development Lending/Average Total Income</b>	10.93

We describe below some examples of the community development loans originated:

- The bank provided an \$11.8 million acquisition/rehabilitation loan that addressed affordable housing. The project consists of 50 housing units, 25 of which are reserved for low- or moderate-income residents.
- The bank also provided financing for a \$5.29 million construction loan that will create 31 affordable housing units. Five units are reserved for persons with disabilities or the formerly homeless.
- The bank provided a \$3.77 million loan that also involved funding from another bank and an insurance company. The loan will both support affordable housing by creating 26 new units, and help to revitalize/stabilize a moderate-income geography. The project will also re-purpose a historic mill.
- The bank made a \$463 thousand loan that will create 49 units of affordable housing. The development is located on three blighted, vacant, urban infill sites and will include demolition of a dilapidated structure.

- The bank made three small loans totaling \$205 thousand to a community health center that is a small part of the overall financing necessary to expand the facility by 45,000 square feet. The facility serves persons regardless of ability to repay, and 75 percent of patients are at or below the federal poverty line. The expanded facility is also expected to create 195 permanent jobs and 288 temporary construction jobs, and is located in a low-income area.

## **Community Development Services**

BNY Mellon provided an excellent level of community development services, which involved lending financial expertise and technical assistance to organizations in the Boston MD that are involved in community development activities. Through their involvement in community service organizations, the bank and affiliate employees exhibited excellent responsiveness to community development needs. During the evaluation period, BNY Mellon and affiliate employees provided 2,920 hours of service to thirty organizations benefiting the AA.

These organizations provided support for the development of affordable housing, assistance to small businesses, revitalization of distressed communities, and social counseling and assistance to low- and moderate-income individuals and families. The following describes some of the bank's community development service activities:

- Three bank officers served in various capacities volunteering for 232 hours, and they provided financial and technical expertise to an organization that provides health care services to the homeless.
- A managing director of the bank donated 72 hours by serving as a director of a nonprofit focused on women's job training and economic independence.
- A bank officer donated 264 hours to serve as a member of the board of directors, and for two years as chairman of the board, of a nonprofit serving South Boston, which is focused on early childhood wellness and education, as well as adult day care for seniors.
- A bank officer donated 144 hours by serving as both a board member and member of both the finance and audit committees of an organization that provides homeless relief and low-income housing for families with substantial periods of housing instability.
- A bank director donated 144 hours by serving as a board member, treasurer, and member of the finance committee for a nonprofit specializing in assisting the homeless and other low-income residents with job training and education needs.
- Three bank employees donated 216 hours by serving as board members of a nonprofit that is dedicated to food services, safety, and other support for homeless women.

## **CRA Rating for the State of Pennsylvania: Outstanding**

The conclusions for the three rating criteria are:

- The bank demonstrates very high levels of community development lending, community development services, and qualified investment activities.
- The bank demonstrates rare use of innovative or complex community development loans, community development services, and qualified investments.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area.

## **Description of Assessment Area**

BNY Mellon has two AAs within the state of Pennsylvania. The Philadelphia AA is located in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA. This AA consists of Delaware and Philadelphia counties in Pennsylvania. The bank has also designated the following counties in the Pittsburgh MSA as the Pittsburgh AA: Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland. Both AAs comply with CRA guidelines. The bank did not arbitrarily exclude low- and moderate-income geographies. Although both AAs have some rural sections within them, the areas are generally urban or suburban in nature. There are no known barriers to community development lending, investment, or services. Our analysis included a full-scope review of both AAs.

### Philadelphia AA

According to the 2010 U.S. Census, the total population of the AA was 2,084,985. The percentage of families in the AA living below the poverty level is high at 19.59 percent according to 2010 U.S. Census. The 2016 FFIEC adjusted median family income for the AA was \$55,400. Low-income families in the AA earned median annual incomes of less than \$27,700, and moderate-income families earned annual incomes of \$27,700 to \$44,319.

After declining steadily for four decades, Philadelphia's population began rising in 2007 thanks to falling crime rates and improving living standards, and a recession that pushed millennials toward dense urban job centers.

According to the Bureau of Labor Statistics, unemployment improved during the evaluation period. However, unemployment in the AA is slightly higher than the national average as of December 2016. The unemployment rate was 5.40 percent for the state of Pennsylvania and 4.90 percent within the AA at December 31, 2016, which compared to 4.70 percent nationally.

Based upon FDIC Deposit Market Share data as of June 30, 2016, BNY Mellon held a 1.12 percent market share of deposits, ranking it 11<sup>th</sup> among 54 financial institutions in the AA. Banking competition is strong in the Philadelphia AA, as there are a large number of commercial banks, including large national banks such as Wells Fargo Bank N.A., PNC Bank,

N.A., and Bank of America, N.A. These financial institutions compete for qualified community development opportunities in the Philadelphia AA to satisfy their CRA obligations.

According to Moody's Analytics, Philadelphia is one of the strongest economies in Pennsylvania. Philadelphia's economy includes a diversified and growing mix of education and health services, professional services, and government industries. The top employers include the University of PA, the Children's Hospital of Philadelphia, Thomas Jefferson University Hospital, Temple University, and American Airlines, Inc. The leading industries are education and health services, and transportation.

Housing affordability in this area remains a challenge, particularly for low- and moderate-income families. According to the Realtor.com, the median home sales price in Philadelphia-Camden-Wilmington, PA-NJ-DE-MD increased from over \$195 thousand during the first quarter of 2013 to \$225 thousand during the fourth quarter of 2016. This increase in home prices has strained the affordable housing market. Further, per 2010 U.S. Census data, the Philadelphia AA housing market consisted of 891,489 housing units, 52.28 percent of which were owner occupied; 35.33 percent of which were non-owner occupied, and 12.39 percent of which were vacant.

The fastest growth area for housing is downtown, but demand has spread to the rest of the city and single-family prices are now increasing. Income growth in Philadelphia is expected to strengthen in the near term as unemployment ticks lower, which should increase single-family home sales and construction. However, the rebalancing of demand toward single-family housing is expected to contribute to cooling in the multifamily housing market.

The following table provides summary statistics for the Philadelphia AA.

**Table 13: Assessment Area Description-Philadelphia AA**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	528	12.12%	24.62%	25.38%	35.42%
<b>Families</b>	449,287	10.52%*	25.81%*	26.82%*	36.84%*
<b>Businesses</b>	128,632	7.86%**	17.77%**	22.89%**	50.07%**

Source: Demographic Data – 2010 U.S. Census, and 2016 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Percentage may not add to 100% due to rounding and 13 Census Tracts are not income categorized.

OCC Community Affairs officers completed or updated community contact information regarding community needs in the AA during the evaluation period. The identified community development needs in the AA, based on community contact information and information obtained from bank management, include the following:

- There is a need to acquire vacant properties and revitalize communities. In addition, much of the existing housing stock is old and in need of renovations. Both issues require lending programs with a rehabilitation focus.
- Credit for small businesses is restrictive, resulting in barriers to entry for new entrepreneurs.

- There is a need for long-term credit counseling with an engaged approach for small business owners.
- Affordable housing is needed for low- and moderate-income residents.

### Pittsburgh AA

According to the 2010 U.S. Census, the total population of the AA was 2,356,285. The percentage of families in the AA living below the poverty level is significant at 12.09 percent according to the 2010 U.S. Census. The 2016 FFIEC adjusted median family income for the AA was \$70,600. Low-income families in the AA earned median annual incomes of less than \$35,300, and moderate-income families earned an annual income of \$35,300 to \$56,479.

According to the Bureau of Labor Statistics, unemployment in the AA improved during the evaluation period. However, unemployment in this AA is higher than the national average as of December 2016. The national unemployment rate as of December 2016 was 4.70 percent, compared to 5.40 percent for the state of Pennsylvania, and 5.60 percent within this AA. This is, however, the first time since 2008 that the unemployment rate was less than 6 percent due to faster job growth.

Based upon FDIC Deposit Market Share data as of June 30, 2016, BNY Mellon achieved a 7.35 percent market share of deposits, ranking it fourth among 52 financial institutions in the AA. Banking competition is strong in the Pittsburgh AA, as there are a large number of commercial banks such as PNC Bank, N.A. and The Huntington National Bank. These financial institutions compete with BNY Mellon over a limited supply of qualified community development opportunities in the Pittsburgh AA.

Pittsburgh's economy is not growing as quickly as it had over the past two years, but it is still considered sound. The largest industries in the AA are health, education, retail, and hospitality services. Major employers include the University of Pittsburgh Medical Center Health System, Highmark, Inc., PNC Financial Services Group, Inc., the University of Pittsburgh, Giant Eagle, and Wal-Mart Stores, Inc.

According to Moody's Analytics, higher education will remain a driver for Pittsburgh by supplying a steady stream of educated workers and contributing to the expanding technology and innovation industry. Job growth is strong in the accommodation, food services, arts, entertainment, and recreation segments. This partly reflects longer-term trends toward greater U.S. spending on entertainment and dining. In addition, demand for tourism is strong due to improving regional incomes and increasing amenities in the city of Pittsburgh. In addition to contributing more to jobs, tourism is also a major driver of investment.

Housing affordability in this area remains a challenge, particularly for low- and moderate-income families. According to the Realtor.com, the median home sales price in the Pittsburgh AA increased from \$129 thousand during the first quarter of 2013 to \$155 thousand during the fourth quarter of 2016. This increase in home prices has strained the affordable housing

market. Further, per 2010 U.S. Census data, the Pittsburgh AA housing market consisted of 1,101,793 housing units, 63.72 percent of which were owner occupied; 25.71 percent of which were non-owner occupied; and 10.57 percent of which were vacant.

The housing market remains mixed, with strength in multifamily building but lackluster single-family construction. A declining population, exacerbated by the out-migration of unemployed energy workers, is a constraint on household formation and overall housing demand.

The following table provides a summary of statistics for the Pittsburgh AA.

**Table 14: Assessment Area Description-Pittsburgh AA**

	<b>Number</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Tracts</b>	711	6.47%	25.74%	45.43%	20.39%
<b>Families</b>	619,201	3.06%*	20.95%*	49.04%*	26.95%*
<b>Businesses</b>	160,909	4.22%**	16.54%**	46.95%**	31.67%**

Source: Demographic Data – 2010 U.S. Census, and 2016 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Percentage may not add to 100% due to rounding and 14 Census Tracts are not income categorized.

OCC Community Affairs officers completed or updated community contact information regarding community needs in the AA during the evaluation period. The identified community development needs in the AA, based on community contact information and information obtained from bank management, include the following:

- There is a need for affordable housing, as the existing housing stock consists of many blighted properties and homes that require extensive renovation.
- There is a need for more innovative home equity and home improvement lending programs.
- There is a need for down payment and closing cost assistance.

## Conclusions about Performance

The bank's performance is rated "Outstanding." Based on full-scope reviews, the bank's performance in both the Philadelphia and Pittsburgh AAs is excellent.

### Summary

#### Philadelphia

- BNY Mellon provides a very high level of community loans, community development services, and qualified investments in relation to its capacity and opportunities in the AA. New investments obtained during the evaluation period totaled 18.42 million and the book value of qualifying prior-period investments totaled \$22.88 million. Further, \$6.08 million in community development loans were originated during the current evaluation period. BNY Mellon provided \$679 thousand in qualifying grants. However, the bank provided very few qualifying community development services.
- The bank's qualified investments, community development loans, and community development services are rarely (or are neither) innovative or complex.
- The bank's qualified investments, grants, community development loans, and community development services demonstrate adequate responsiveness to the credit and community development needs of the AA. We considered the bank's small presence in the AA in making this determination. The LIHTC securities purchased during the evaluation period related to the creation of 80 affordable housing units, while community development loans related to 80 affordable housing units within the AA.

#### Pittsburgh

- BNY Mellon provides a very high level of community development loans, community development services, and qualified investments in relation to its capacity and opportunities in the AA. New investments made during the evaluation period totaled \$96.85 million and the book value of qualifying prior-period investments totaled \$43.57 million. Further, \$48.10 million in community development loans were originated during the current evaluation period. Bank representatives provided their financial expertise through community development services to 34 community development-based organizations.
- The bank's community development investments, loans, and services are rarely (or are neither) innovative or complex.
- The bank's qualified investments, grants, community development loans, and community development services exhibit adequate responsiveness to the credit and community development needs of the AA. The bank's relatively large presence in the AA was considered in this conclusion. The LIHTC securities purchased during the evaluation period related to the creation of 265 affordable housing units, while community development loans related to 204 affordable housing units. Bank representatives frequently provided leadership and expertise to community service providers.

## Qualified Investments

### Philadelphia

Qualified investments made in or benefiting the AA totaled \$19.10 million during the evaluation period, which included grants totaling over \$679 thousand. Additionally, \$6.08 million in binding, unfunded investment commitments are in place for the benefit of the AA. The large majority of the qualified investments were either LIHTCs or MBS. The majority of the qualified investments and grants focused on providing affordable housing and, to a lesser extent, community services to low- and moderate-income individuals. As such, the investments were responsive to the identified credit needs of the AA. However, the investments were not particularly innovative or complex.

The most impactful investment noted was a LIHTC of \$11.60 million for the financing of a 40 unit affordable housing facility. The mixed income project has 21 units restricted to those with no more than 50 percent of area median income (AMI) and 19 units restricted to those with incomes of no more than 60 percent of AMI. Twenty of the units are fully accessible to the disabled and reserved for disabled tenants from nursing facilities.

The bank invested \$1.02 million in MBS comprised of single-family mortgage loans to low- and moderate-income borrowers in the Philadelphia AA during the evaluation period.

Table 15 quantifies the level of total qualified investment activity benefiting the AA.

**Table 15: Qualified Investment Activity (000s)-Philadelphia AA**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$18,418
<b>Originated Grants</b>	\$679
<b>Prior-Period Investments that Remain Outstanding</b>	\$22,882
<b>Total Qualified Investments</b>	\$41,979
<b>Unfunded Commitments*</b>	\$6,075

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 16 provides a breakdown of the bank’s investment activity in relationship to its financial capacity in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 16: Qualified Investment Percentages-Philadelphia AA**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	86.35%
<b>Total Investments/Average Total Income</b>	118.25%

We describe below some examples of qualified grants:

- Several grants totaling \$182 thousand were made to a nonprofit youth organization serving southeastern Pennsylvania. The support advanced the organization's mission to improve the lives of children and strengthen communities through professionally-supported, one-on-one mentoring relationships. The focus is on children attending an elementary school, which serves a very low-income neighborhood.
- Various sponsorships totaling over \$36 thousand were made to an organization that supports affordable housing efforts to improve the homes and lives of homeowners in low-income communities.
- A \$10 thousand grant was made to a nonprofit organization that is dedicated to helping at-risk or homeless youth. The support advances the organization's mission to offer accessible, quality services to children and families by providing comprehensive services that strengthen families, foster self-sufficiency, and develop the health and well-being of children and the family unit.

### Pittsburgh

Qualified investments made in or benefiting the AA totaled \$111.51 million during the evaluation period, which included 955 grants totaling \$14.65 million to 197 various organizations. The large majority of the investments were either LIHTCs or MBS comprised primarily of loans to low- or moderate-income borrowers. The majority of the qualified investments and grants related to the provision of affordable housing and, to a lesser extent, community services to low- and moderate-income individuals. The bank leveraged LIHTC programs in their activities, which resulted in five investments and created 265 affordable housing units within the AA. As such, the investments were responsive to the identified credit needs of the AA. However, we did not consider the investments particularly innovative or complex.

While we assigned more weight to investment activities during the current evaluation period, we also noted the continuing positive impact of the \$43.57 million of prior period investments still held by the bank. Those investments are comprised of both LIHTCs and MBS securities. The LIHTC securities resulted in the creation of new affordable housing units, while the MBS are comprised of primarily loans to low- or moderate-income borrowers.

Examples of the community development investments during this evaluation period include:

- An investment of \$9.3 million for the construction of an affordable housing project to a wholly-owned subsidiary of a nonprofit organization that owns and operates other properties within the state of Pennsylvania. The project qualified for LIHTCs, and consists of 39 residential units for low-income residents. In addition, the bank invested in a veterans support program that assists residents.
- A \$12.6 million investment in a LIHTC program formed to build 47 affordable rental housing units. Twenty-three of the units are reserved for low- or moderate-income families. The remaining units are rented to young adults aging out of foster care programs.

- An investment of \$13.9 million to convert a brewery into affordable residential housing units within the AA. The LIHTC program included 48 units for low-income residents.
- The bank invested over \$38.2 million in MBS comprised of pools of single-family mortgage loans to low- and moderate-income borrowers in the Pittsburgh AA.

Table 17 quantifies the level of total qualified investment activity benefiting the AA.

**Table 17: Qualified Investment Activity (000s)-Pittsburgh AA**

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$96,854
<b>Originated Grants</b>	\$14,654
<b>Prior-Period Investments that Remain Outstanding</b>	\$43,568
<b>Total Qualified Investments</b>	\$155,076
<b>Unfunded Commitments*</b>	\$0

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 18 provides a breakdown of the bank’s investment activity in relationship to its financial capacity in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 18: Qualified Investment Percentages-Pittsburgh AA**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	25.87%
<b>Total Investments/Average Total Income</b>	35.43%

We describe below some of the most significant qualified grants:

- Numerous grants were provided totaling nearly \$200 thousand to a nonprofit organization that supports a vocational program offering individuals with disabilities opportunities for facility-based job training.
- Various contributions totaling \$329 thousand were provided to a nonprofit organization that meets affordable housing needs in southwestern Pennsylvania. The support enriched a variety of programs, which included housing development, rehabilitation, and weatherization. The organization focuses its efforts on the most vulnerable populations including homeless families, women and children in crisis situations, persons with physical and mental disabilities, the frail elderly, and long-term under-employed and unemployed people.
- Support of over \$1.1 million was provided to a nonprofit organization that promotes economic development for a ten-county region in southwestern Pennsylvania. The funds support the organization’s overall programming. The organization focuses on maximizing

business investment opportunities in sectors where the Pittsburgh region offers a significant competitive advantage.

- Several grants totaling \$400 thousand were provided to an organization that provides community services to low-income families. The organization's purpose is to help provide safe and adequate utility service to low-income households. The fund is a link to help the working poor or those on low fixed incomes with a myriad of challenges, particularly energy needs.
- Numerous grants totaling over \$84 thousand were provided to a nonprofit youth organization that provides community services to low-income youth. The funds support their mission to improve the lives of children and strengthen communities through professionally-supported, one-on-one mentoring relationships.
- Over \$169 thousand in grants and sponsorships were provided to a nonprofit organization that provides services to low- or moderate-income individuals and families. The organization's mission is to support homeless children and families, in particular education needs.
- Several grants totaling \$300 thousand were made to an organization that provides community services to low-income veterans, service members, and their families. The organization provides essential housing, employment, and other vital supportive services to improve self-sufficiency, sustainability, and quality of life within western Pennsylvania.
- Various sponsorships totaling \$370 thousand were provided to an organization that supports affordable housing efforts to improve the homes and lives of homeowners in low-income communities. The organization delivers no-cost home repairs to low-income seniors in existing older homes that require greater service.

## **Community Development Lending**

### Philadelphia

During the evaluation period, BNY Mellon extended four community development loans totaling over \$6.0 million that resulted in 80 new units of affordable housing in or benefiting the AA. Community development lending was excellent relative to the bank's small presence in this AA, and had a positive impact on the lending performance in the AA. The majority of the loans focused on affordable housing and community services. As such, the loans were responsive to the identified credit needs of the AA, though not particularly innovative or complex. Affordable housing was also cited as a need in the community contacts referred to during this evaluation.

Table 19 quantifies the level of community development lending in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 19: Community Development Lending Percentages-Philadelphia AA**

	<b>Benefits AA (%)</b>
<b>Total Community Development Lending/Average Tier 1 Capital</b>	12.54%
<b>Total Community Development Lending/Average Total Income</b>	17.18%

We describe below some examples of the community development loans originated:

- The bank provided a \$5.8 million construction loan that addressed affordable housing. The project consists of 40 units and is connected to a LIHTC program.
- A loan was originated for \$150 thousand to a nonprofit organization to support working capital needs. The organization serves over 10,000 individuals annually with housing, elderly abuse support, free legal representation, counselling, and advocacy services to low-income older adults in Philadelphia.
- The bank provided \$86 thousand in loans as part of a consortium to renovate existing structures within the AA. The program provides nonprofit intermediaries with access to capital for community and economic development and affordable housing. The nonprofit then provides meals, legal, medical, dental, and child care services to low-income individuals and families.

### Pittsburgh

During the evaluation period, BNY Mellon extended six community development loans in or benefiting the AA totaling over \$48.15 million. Community development lending was good, and had a positive impact on the assessment of the bank's lending performance in the AA. The majority of the loans focused on affordable housing and community services. As such, the loans were responsive to the identified credit needs of the AA, though not particularly innovative or complex.

Table 20 quantifies the level of community development lending in terms of allocated average Tier 1 capital and allocated average total income over the evaluation period.

**Table 20: Community Development Lending Percentages-Pittsburgh AA**

	<b>Benefits AA (%)</b>
<b>Total Community Development Lending/Average Tier 1 Capital</b>	8.03%
<b>Total Community Development Lending/Average Total Income</b>	11.00%

We describe below some examples of the community development loans originated:

- A loan for \$350 thousand was provided to a nonprofit organization to acquire property that was repurposed into a low-income senior housing facility.
- A loan for \$8.3 million was provided for the construction of two buildings that will consist of 47 affordable housing units. Twenty-three of the units are reserved for low- or moderate-income families. The remaining units are rented to young adults aging out of the foster care system.
- A loan for \$10 million was provided for the construction and rehabilitation of 51 units. The units are reserved for low- or moderate-income families.
- A \$5.5 million loan was provided for a three-story mixed-used building with 39 affordable housing units. The affordable housing project will market 20 units to veterans and service members, with four units targeted to individuals with disabilities.
- The bank provided a \$15 million loan to finance the conversion of a brewery to mixed-income residential property. The historic building, which is located in a south side neighborhood of Pittsburgh, will have affordable housing units and commercial space.
- A \$9 million loan was provided for the construction of 36 affordable housing units within the AA.

## **Community Development Services**

### Philadelphia

Because the bank was involved in only one community service organization, the bank exhibited poor responsive to community development needs. During the evaluation period, BNY Mellon participated in one qualified service activity, providing 168 hours of service. The service entailed a BNY Mellon managing director serving on a community service organization that provides vital support services to low- and moderate-income families and individuals in Philadelphia.

### Pittsburgh

Through involvement with community service organizations, the bank and affiliate employees exhibit adequate responsiveness to community development needs. During the evaluation period, BNY Mellon and affiliate employees participated in 131 qualified service activities, providing 4,418 hours of service to 34 organizations benefiting the AA. The organizations work to meet the needs of the community through their focus on providing community development services to low- and moderate-income families and individuals, as well as support to affordable housing organizations.

Examples of the community development services completed during this evaluation period include:

- A bank representative served 192 hours on the board of a housing organization, which has a primary goal to provide low-income homeowners with critical home repairs, accessibility modifications, and energy-efficient upgrades. The organization serves to enhance the lives of low-income homeowners by improving the safety and health of their homes and revitalizing their communities. The support from the employee, which was over the length of the analysis period, included serving on the executive and strategic planning committees.
- Six bank employees provided 384 service hours to a nonprofit organization with a primary objective to empower women with various life skills. The organization's programming consists of comprehensive education, job training, and job placement services to single parents, displaced homemakers, low-income heads of households, and women in transition. Additionally, the organization provides other services in the form of transportation assistance and job placement assistance. Bank employees served as mentors and members of various committees.
- A bank representative provided 96 service hours on the board of a nonprofit organization, which has a primary goal to help homeless youth enhance their capacity for self-help and self-sustainability. The support, which was over the length of the analysis period, included corporate governance and serving on several committees.
- An employee provided 48 service hours to a nonprofit with a mission to provide a range of supportive services and housing that empowers families who are survivors of domestic violence and experiencing homelessness.
- A bank representative provided 456 service hours in various qualifying capacities to a nonprofit organization. The organization serves southwestern Pennsylvania, with a mission to help low-income individuals overcome barriers to employment and enjoy the dignity and benefits of work and improved quality of life. The employee supported the organization over the length of the analysis period, and served as chairman of the board, and as a member of the governance, planning, development, executive, and programming committees.

## **Community Development Activities Outside of Assessment Areas**

Community development activities outside the bank's AAs had a positive impact on the bank's overall CRA performance, and further support the bank's overall outstanding rating. BNY Mellon received consideration for these community development activities outside the AAs because the bank adequately addressed community development needs within its AAs.

### **Qualified Investments**

During the evaluation period, community development investments totaling \$33.95 million were made that were located outside the bank's AAs and have no potential to benefit the AAs.

The bank invested over \$18.74 million in LIHTC during the evaluation period to develop affordable housing outside its AAs. The book value of LIHTCs purchased prior to the evaluation period was \$19.22 million.

The bank invested over \$12.82 million in MBS securities comprised of pools of single-family mortgage loans to low- and moderate-income borrowers outside of the bank's AAs. The book value of MBS purchased prior to the evaluation period was \$29.39 million. In addition, BNY Mellon had prior miscellaneous equity investments that totaled \$545 thousand outside of its AAs.

The bank made 1,078 qualifying grants totaling approximating \$2.39 million during the evaluation period to support community development outside of the AAs.

### **Community Development Lending**

During the evaluation period, 66 community development loans totaling \$29.6 million were made to borrowers located outside the bank's AAs and have no potential to benefit the AAs.

### **Community Development Services**

During the evaluation period, the bank provided a total of 18 qualified community development services totaling 604 hours. The community development services provided financial expertise and technical assistance to community-based organizations involved in community development activities. These organizations provide support for the development of affordable housing, assistance to small businesses, revitalization of distressed communities, and social counseling and assistance to low- and moderate-income individuals and families.