

PUBLIC DISCLOSURE

June 15, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Bank of New York Mellon
RSSD No. 541101**

**One Wall Street
New York, New York 10286**

**FEDERAL RESERVE BANK OF NEW YORK
33 LIBERTY STREET
NEW YORK, NEW YORK 10045**

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.

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INSTITUTION'S CRA RATING

The Bank of New York Mellon (“BNYM”) is rated “Satisfactory.”

The satisfactory performance of BNYM with regard to the Community Reinvestment Act (“CRA”) is based on the following:

- An adequate level of community development loans and community development services.
- Occasional use of complex qualified investments, particularly investments that are not routinely provided by investors.
- Adequate responsiveness to credit and community economic development needs in its assessment area.

SCOPE OF EXAMINATION

BNYM’s performance was evaluated using the FFIEC interagency procedures for wholesale and limited purpose institutions. The bank’s continued qualification for status as a CRA wholesale institution was confirmed as part of this examination. The evaluation covers BNYM’s activity from January 1, 2007 through December 31, 2008. Examiners also conducted interviews with representatives of two community development organizations in order to gain an understanding of local credit needs.

DESCRIPTION OF INSTITUTION

BNYM is a state-chartered wholesale banking institution with assets totaling \$195 billion as of December 31, 2008, with total deposits of \$158 billion and net loans of \$32 billion.

Bank of New York (“BNY”) and Mellon Financial Corporation merged on July 2, 2007 to form The Bank of New York Mellon Financial Corporation (“BNYMC”), a global asset management and securities servicing company. Prior to the merger, on October 1, 2006, BNY exited the retail and regional middle market businesses by exchanging 338 retail branches with JPMorgan Chase in exchange for the bulk of that institution’s corporate trust business. Also prior to the merger, on March 21, 2007, BNY sold its interest in BNY Mortgage Company LLC, to EverBank, further reducing its retail banking profile.

The previous CRA examination of BNY was conducted as of May 21, 2007, and performance was rated “Outstanding” under the FFIEC wholesale CRA examination procedures. There are no financial or legal factors that would prevent BNYM from fulfilling its obligations under CRA.

DESCRIPTION OF ASSESSMENT AREA

BNYM's assessment area consists of the following:

MSA 35620 (New York-Northern New Jersey-Long Island-NY-NJ-PA)

- **MD 35644** (New York- White Plains-Wayne- NY-NJ Metropolitan Division) consisting of Hudson County in New Jersey and Bronx, Kings, New York, Queens, and Westchester Counties in New York.
- **MD 35004** (Nassau-Suffolk County, NY Metropolitan Division) consisting of Nassau County in New York.
- **MD 35084** (Newark-Union, NJ-PA Metropolitan Division) consisting of Essex, Morris and Union Counties in New Jersey.

MSA 14860 (Bridgeport-Stamford-Norwalk, CT)

- Consisting of Fairfield County in Connecticut.

Since both MSAs are in Combined Statistical Area (CSA) 408 (New York-Newark-Bridgeport, NY-NJ-CT-PA) and the Bridgeport-Stamford-Norwalk, CT MSA assessment area does not extend significantly beyond the New York-Northern New Jersey-Long Island-NY-NJ-PA MSA boundary, they are analyzed as one assessment area for this evaluation. A map of the assessment area is on page BB12.

PERFORMANCE CONTEXT

The data used to describe the assessment area and evaluate the context in which the bank operates was obtained from publicly available sources, including the U.S. Department of Commerce's Bureau of the Census, the U.S. Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York City Department of Housing Preservation and Development ("HPD").

Demographic Characteristics

According to the 2000 Census, the population in BNYM's assessment area is over 13 million. Almost one third of New York City's population of 9 million was born outside the United States. Community development activities that support flexible underwriting are needed for recent immigrants, who may have limited credit histories and nontraditional incomes. In addition, immigrants may be unfamiliar with the credit application process and could benefit from community development services that provide financial literacy education.

Income Characteristics

The HUD-adjusted median family income (“MFI”) for MD 35644 was \$63,000 in 2008 and \$56,800 in 2007. A significant proportion of families, almost 14%, subsist below the poverty level in the assessment area. In Bronx County, 29% of families are living below the poverty level. Almost 38% of the census tracts in the assessment area are low- and moderate-income (“LMI”), with those areas concentrated in upper Manhattan, northern Brooklyn and Bronx County. New York City also has a large proportion of non-family households, which tend to have lower incomes. Only 65% of households in the bank’s assessment area are families.

Housing Characteristics

The assessment area has approximately 5.1 million housing units, of which 40% percent are owner-occupied, 55% are rental units, and 5% are vacant. Housing is expensive relative to income levels in New York City, causing significant affordability issues for the LMI population. According to the National Association of Realtors, the median price of a single-family home in MD 35644 was \$494 thousand in 2008, decreasing from \$540 thousand in 2007. These prices are unaffordable to LMI families, and to many middle-income borrowers.

The assessment area also has a shortage of affordable rental housing, with an increasing gap between renter incomes and the cost of housing. According to HPD’s 2008 New York City Housing and Vacancy Survey, the median income of renter households was \$36 thousand in 2007 while the median monthly gross rent was \$1,057 in 2008. The survey noted that almost 29% of all renter households in New York City paid more than 50% of their income for gross rent.

The sharp disparity between incomes and costs of either owned or rented housing indicates that the LMI population needs affordable home purchase and mortgage programs as well as affordable rental property development. Programs to develop housing for the lowest income New Yorkers are especially needed.

Labor, Employment and Economic Characteristics

The New York State Department of Labor reported that the annual average unemployment rate for New York City was 7.0% in 2008, up from 5.0% in 2007. The unemployment rate continued an upward trend to 9.6% in July of 2009 due to poor economic conditions brought on by the recent financial crisis.

Exhibit 1, on the next page, provides additional assessment area demographics.

Exhibit 1

Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	435	12.8	390,005	12.3	150,286	38.5	838,742	26.4
Moderate -income	849	25.1	823,133	26.0	169,770	20.6	523,748	16.5
Middle -income	1,095	32.3	1,049,219	33.1	82,132	7.8	573,797	18.1
Upper -income	940	27.7	908,754	28.7	29,241	3.2	1,234,824	38.9
Unknown -income	70	2.1	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,389	100.0	3,171,111	100.0	431,429	13.6	3,171,111	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner - Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	600,983	52,608	2.6	8.8	505,480	84.1	42,895	7.1
Moderate -income	1,297,974	280,023	13.7	21.6	948,271	73.1	69,680	5.4
Middle -income	1,613,849	810,937	39.7	50.2	742,710	46.0	60,202	3.7
Upper -income	1,579,896	899,164	44.0	56.9	604,832	38.3	75,900	4.8
Unknown -income	232	25	0.0	10.8	75	32.3	132	56.9
Total Assessment Area	5,092,934	2,042,757	100.0	40.1	2,801,368	55.0	248,809	4.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	34,961	7.0	30,076	7.0	3,550	6.0	1,335	9.8
Moderate -income	89,206	17.8	77,733	18.1	8,466	14.4	3,007	22.0
Middle -income	149,089	29.8	129,734	30.3	15,491	26.3	3,864	28.3
Upper -income	223,223	44.6	187,582	43.8	30,304	51.4	5,337	39.1
Unknown -income	4,460	0.9	3,252	0.8	1,097	1.9	111	0.8
Total Assessment Area	500,939	100.0	428,377	100.0	58,908	100.0	13,654	100.0
Percentage of Total Businesses:				85.5		11.8		2.7

Based on 2000 Census Information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

BNYM provided an adequate level of community development loans, qualified investments and community development services, which were responsive to the credit and community development needs in the bank's assessment area.

Community Development Lending

As shown in Exhibit 2, BNYM's community development lending during the examination period totaled \$572 million. This total represents a significant reduction of \$74 million, or 11%, when compared to the level of community development lending at the prior examination. Of the total, \$490 million, or 86%, was originated since the prior CRA examination.

Most community development lending was concentrated within the bank's assessment area. However, an \$11 million loan that was extended outside of BNYM's assessment area was included in the total. BNYM received credit for qualifying community development lending activities outside of its assessment area because it adequately addressed community development credit needs within its assessment area.

Exhibit 2		
Summary of Community Development Lending		
January 1, 2007 – December 31, 2008*		
Designation	(\$ millions)	%
Affordable Housing	\$479	83%
Economic Development	\$43	8%
Revitalize and Stabilize	\$38	7%
Community Services	\$12	2%
TOTAL ACTIVITY	\$572	100%

**Lending activity includes new loans extended during the examination period as well as existing balances from the prior examination that were outstanding as of 12/31/08. Ten loans, totaling \$82 million, were outstanding from the prior CRA exam.*

Lending activity was directed to financial intermediaries that provide loans and other services to community development organizations. Most of these intermediaries take a multifaceted approach to community development and their activities meet multiple community development designations. In an effort to leverage its lending, BNYM maintains ongoing relationships with its intermediary borrowers. These relationships facilitate investment and service activity, as well as community development lending activity.

Peer comparisons, on an annualized basis, with six similarly-situated institutions operating within BNYM's assessment area, reveal that BNYM's performance as a percentage of average assets has declined in comparison to BNYM's performance at the prior examination and in relation to other peer institutions.

Most of the loans (83%) were extended to organizations that provide affordable housing, and were responsive to critical community development needs in the assessment area. In addition, some of the loans had flexible terms that resulted in reduced financing costs for borrowers. Also, some of the loans were considered complex, requiring coordination with multiple government sources of finance. BNYM's community development lending included loans that were specifically focused on benefitting LMI geographies that were particularly distressed areas.

The following are some examples of BNYM's community development loans:

- A \$32 million share of a \$220 million construction loan to construct a 475,000 square foot retail center located in a low-income area in New York City. This project will create 1,200 to 2000 permanent jobs and almost 2,000 construction jobs.
- Bridge loans, totaling \$29 million, to financial intermediaries that develop affordable housing through low-income housing tax credits ("LIHTCs").
- A \$12 million construction loan to finance a two-phase rehabilitation project for 129 affordable housing units in 19 buildings, all in LMI census tracts, under the Neighborhood Entrepreneur Program (NEP) in the Bushwick section of Brooklyn.
- A \$5 million construction letter of credit to enhance New York City Housing Development Corporation (HDC) variable rate bonds, used to finance a large rental housing complex. Under the HDC bond financing, 20% of the units (59 units out of 296 units) must be rented to low- and moderate-income families.

Qualified Investments

As shown in Exhibit 3, BNYM made \$365 million in qualified investments, an increase of \$73 million, or 25%, when compared to the level of investments at the prior examination. New investments totaled \$242 million, or 66% of total qualified investments. The new investments included 148 small dollar grants and donations, totaling \$4 million, to organizations providing community development services and activities throughout BNYM's assessment area.

Exhibit 3 Summary of Qualified Investments January 1, 2007 – December 31, 2008*		
Designation	(\$ millions)	%
Affordable Housing	\$362	99%
Community Services	\$2	1%
Economic Development	\$1	>1%
Revitalize and Stabilize	\$0	0%
TOTAL ACTIVITY	\$365	100%

**Includes investments and grants made during the examination period as well as existing balances from the prior examination that were outstanding as of 12/31/08.*

Peer comparisons, on an annualized basis, with six similarly-situated institutions operating within BNYM's assessment area, reveal that BNYM's performance as a percentage of average assets has declined in comparison to BNYM's performance at the prior examination and in relation to other peer institutions.

All community development investment activity was concentrated within the bank's assessment area.

Ninety-nine percent of the bank's qualified investments are Low Income Housing Tax Credits ("LIHTCs") which are considered complex, requiring considerable management attention and expertise due to highly technical accounting requirements. LIHTCs represent the largest proportion of the bank's investment dollars. These investments are responsive to the assessment area's critical need for affordable housing.

Examples of qualified investments include:

- A \$22 million investment in a LIHTC that finances an affordable housing project located in a moderate-income census tract in Far Rockaway, NY.
- An \$18 million investment in a LIHTC that finances three affordable housing projects, all in low-income census tracts, located in Brooklyn, NY.
- An \$11 million investment in a LIHTC project that finances an affordable housing project in a low-income census tract located in Bronx, NY.
- An \$11 million investment in a LIHTC that finances three affordable housing projects in low-income census tracts located in Jamaica, NY.
- A grant of \$100,000 to an affordable housing organization that revitalizes underserved neighborhoods by creating and preserving affordable housing and providing opportunities for homeownership education, financial assistance and community leadership.

Community Development Services

BNYM provides community development services within its assessment area through board and committee memberships, the provision of technical assistance and development of new programs that respond to identified needs within distressed communities. BNYM’s level of community development services decreased 49%, from 177 to 90 services, compared to the level at the prior examination. Exhibit 4 summarizes the different types of services provided.

Exhibit 4 Summary of Community Development Services January 1, 2007– December 31, 2008	
Activity Type	Number of Activities
On-Going Board & Committee Memberships	43
Technical Assistance	20
Financial Literacy	14
Small Business Services	13
TOTAL	90

Most of the community development services provided involved regular participation by BNYM management on boards, loan committees and advisory committees of local community development organizations. These services required the employment of technical and financial skills. Participation in community development services includes BNYM management at the highest levels. BNYM’s community development services, while not particularly complex, included services that were responsive to the needs of the assessment area.

Examples of the BNYM’s community development services include the following:

- The bank’s president served as a director on the boards of three community development organizations.
- An executive vice president served as president of the board of a community development services organization in New York City.
- A managing director provides financial expertise as a member of various loan and advisory committees of a large New York City-based affordable housing organization.
- A managing director serves on the board of an organization that provides pro bono legal services to community development organizations and other nonprofit groups.
- A vice president is a board member of a New Jersey non-profit Community Development Corporation that enhances the quality of life for low- and moderate-income families, and a not-for-profit organization dedicated to the revitalization of the South Bronx and nearby communities.

- BNYM, through its role as a corporate trustee for bondholders that invest in mortgage-backed securities, has established a toll free telephone number in response to inquiries from borrowers with homes in foreclosure, who seek contact information on loan servicers.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No practices were identified as being inconsistent with helping to meet the credit needs of the community.

CRA Appendix A

GLOSSARY

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All agencies have adopted the following language. 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Development Financial Institution ("CDFI"): A CDFI is an organization that has been certified by the U.S. Treasury as a provider of loans and services that assist specially funded institutions that revitalize LMI areas and assist LMI persons.

Family: A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

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

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Metropolitan Area (“MA”): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loan(s) to business (es): A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (“Call Report”) and the Thrift Financial Reporting (“TFR”) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as “small business loans” if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.




Wholesale bank: A bank 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, in accordance with the CRA regulation.

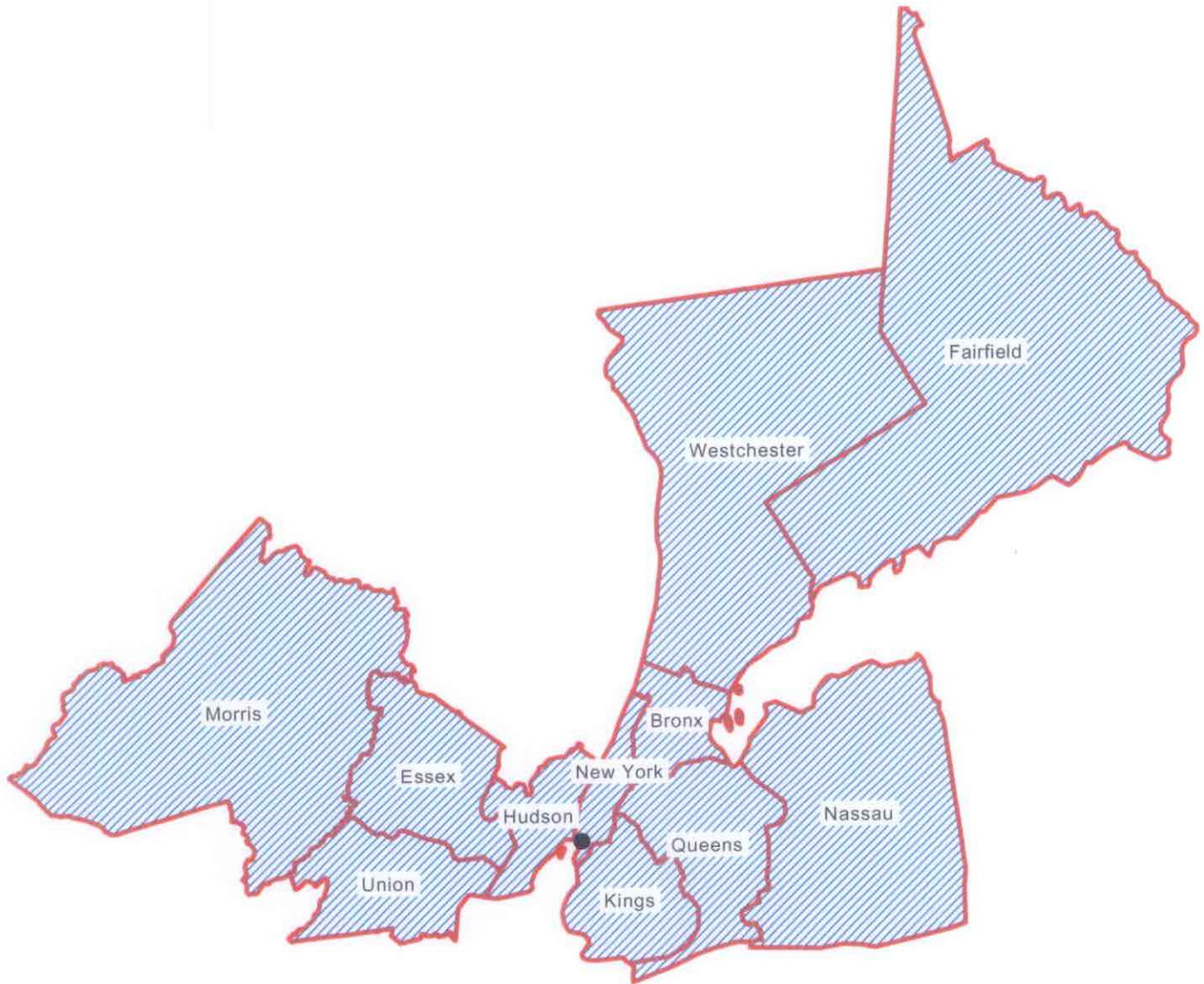
The Bank of New York Mellon

Assessment Area

January 1, 2007 - December 31, 2008

Legend

-  County
-  Assessment Area
-  Branch



Miles

