

# Barclays Americas Select Franchise Conference

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# Cautionary statement

- A number of statements in our presentations, the accompanying slides and the responses to your questions are “forward-looking statements.” Words such as “estimate”, “forecast”, “project”, “anticipate”, “target”, “expect”, “intend”, “continue”, “seek”, “believe”, “plan”, “goal”, “could”, “should”, “may”, “will”, “strategy”, “opportunities”, “trends” and words of similar meaning signify forward-looking statements. These statements relate to, among other things, The Bank of New York Mellon Corporation’s (the “Corporation”) expectations regarding: our risk profile, performance, capital plans, investments, strategic priorities, financial goals, client experience and revenue growth; and statements regarding the Corporation’s aspirations, as well as the Corporation’s overall plans, strategies, goals, objectives, expectations, outlooks, estimates, intentions, targets, opportunities and initiatives. These forward-looking statements are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation’s control).
- Actual outcomes may differ materially from those expressed or implied as a result of the factors described under “Forward Looking Statements” and “Risk Factors” in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2018 (the “2018 Annual Report”), the Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”). Such forward-looking statements speak only as of May 15, 2019, and the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events. For additional information regarding the Corporation, please refer to the Corporation’s SEC filings available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).
- Non-GAAP Measures: In this presentation we discuss some non-GAAP measures in detailing the Corporation’s performance, which exclude certain items or otherwise include components that differ from GAAP. We believe these measures are useful to the investment community in analyzing the financial results and trends of ongoing operations. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management monitors financial performance. Additional disclosures relating to non-GAAP measures are contained in the Corporation’s reports filed with the SEC, including the 2018 Annual Report and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, and are available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# BNY Mellon

## Investment Services<sup>1</sup>

**\$12.3B**  
Revenue

Asset Servicing  
Pershing  
Issuer Services  
Markets  
Clearance and Collateral  
Treasury Services

**\$4.2B**  
Pre-tax Income

## Investment Management<sup>1</sup>

**\$4.1B**  
Revenue

Asset Management  
Wealth Management

**\$1.3B**  
Pre-tax Income

Services business

Technology-driven

Diversified global asset manager

Broad range of investment strategies

Specialized asset managers

Leading positions in specialized asset management – LDI, Cash, Fixed Income

Strong wealth management business with a comprehensive offering

Full range of institutional services, clearance, cash management and global payments services<sup>2</sup>

**\$34.5 trillion AUC/A**  
World's largest custodian

**\$3.3 trillion**  
Average tri-party repo balances

~7 million global investor accounts at Pershing with over **\$1.8 trillion** under custody and/or administration

>**\$24 trillion**  
Assets on data management platform

**\$1.7 trillion**  
Average USD cleared per day

Institutional and retail investment management<sup>2</sup>

**\$1.8 trillion AUM**  
7<sup>th</sup> Largest asset manager

**\$1.5 trillion AUM (institutional)**  
4<sup>th</sup> Largest institutional money manager

Wealth management for individuals, families and endowments / foundations<sup>2</sup>

**\$253 billion**  
Total private client assets

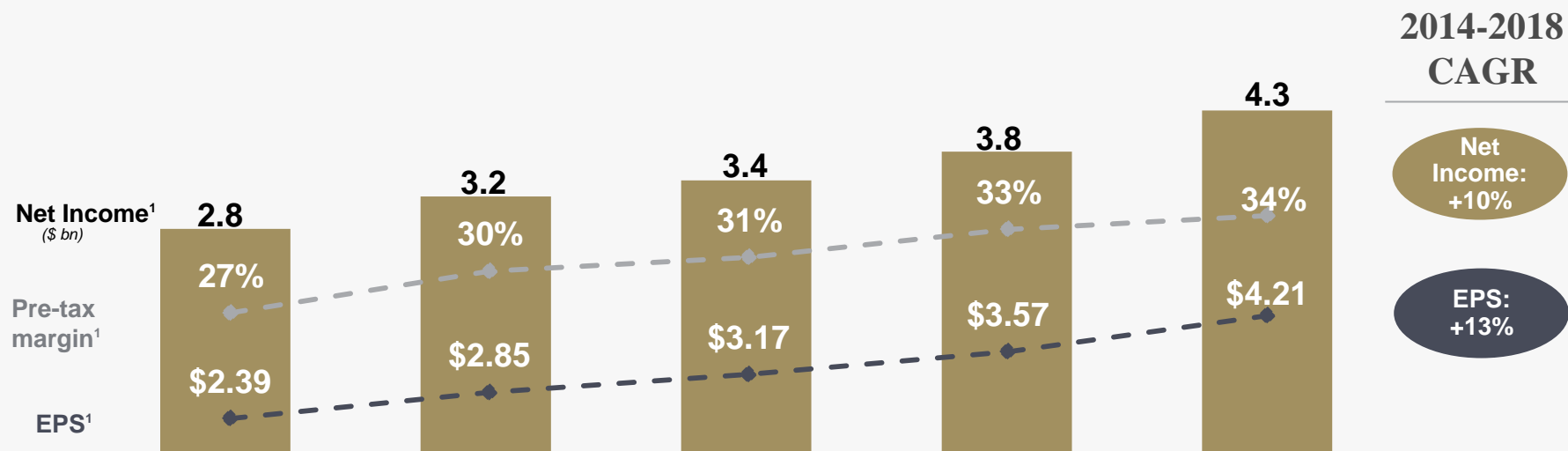
**11<sup>th</sup> largest**  
U.S. wealth manager

Note: See Appendix for additional information regarding rankings.

1. Revenue and pre-tax income for Investment Services and Investment Management are full-year 2018. Revenue excludes the Other segment.

2. Financials as of March 31, 2019.

# Delivering solid growth in earnings and capital



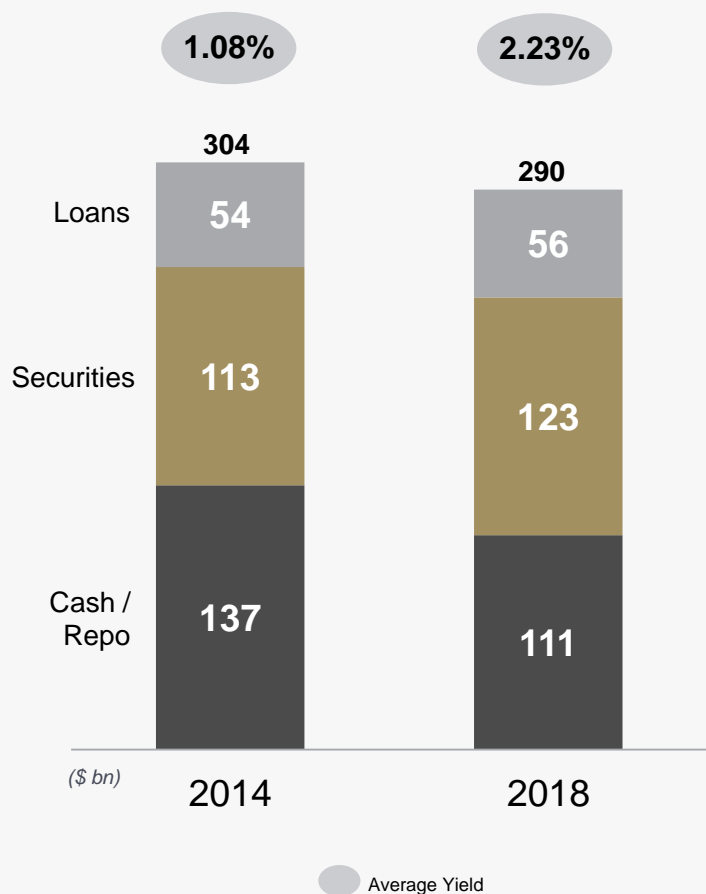
	2014	2015	2016	2017	2018
ROTCE <sup>2</sup>	16.0%	19.7%	21.2%	23.9%	22.5%
CET1 Ratio	9.8	9.5	9.7	10.3	10.7

1. Results on an adjusted non-GAAP basis. See Appendix for a reconciliation.

2. ROTCE represents the Return on Tangible Common Shareholders' Equity, a non-GAAP measure, and excludes goodwill and intangible assets, net of deferred tax liabilities. See Appendix for a reconciliation.

# Low credit and market risk

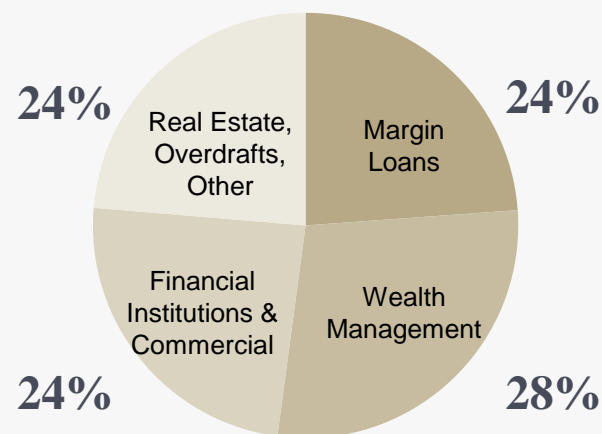
## Average Interest Earning Assets



## 2018 high quality securities and loan portfolios

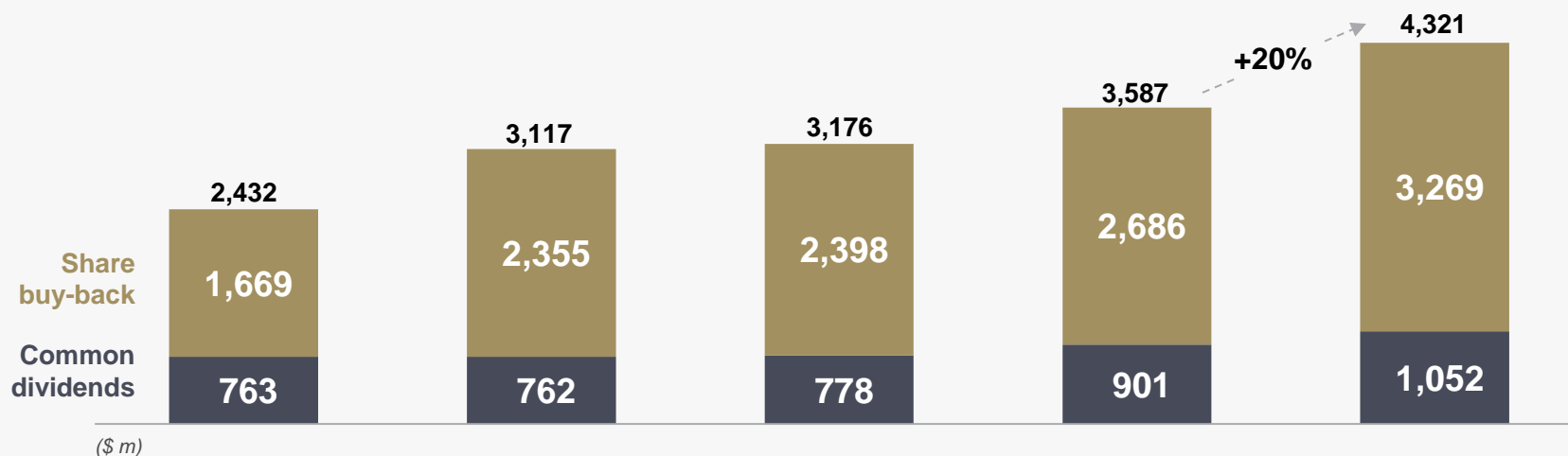
- Loan portfolio
  - 57% of total exposure related to financial institutions and commercial portfolios
  - 95% of financial institutional exposure rated investment grade
- 99% of securities portfolio rated investment grade
- 82% of securities portfolio are U.S. Treasury, agency and sovereign securities
  - <1% trading securities
- 38% of assets in cash

## 2018 Loan Portfolio (\$57bn)



Note: Spot positions

# Strong capital return to shareholders



	2014	2015	2016	2017	2018
Total payout ratio <sup>1</sup>	98%	102%	93%	92%	105%
Dividend per common share	\$0.66	\$0.68	\$0.72	\$0.86	\$1.04

1. Total payout ratio excludes preferred dividends.

# Asset Servicing – what we do

## Critical Service Provider for Asset Managers and Owners

<b>Global Custody Services</b>	<b>Middle Office and Data Solutions</b>	<b>Distribution Access</b>	<b>Markets Capabilities</b>	<b>Fund Accounting and Administration</b>	<b>Fund Share Record Keeping</b>	<b>Alternative Asset Services</b>
Worlds largest custodian with global reach	Modular capabilities to create efficiency and insight from investment operations	Extend market access potential through liquidity portal and Pershing	Access to FX, securities finance, cash, collateral management and segregation, and capital markets services	Extensive services for a wide range of retail and institutional fund structures and strategies	Efficient solutions to enable end investors to purchase and redeem fund shares	Services for complex real estate, private equity and other alternative investment strategies

# Asset Servicing – who we serve

## Scale

**\$34.5T**

Assets under custody and/or administration

**\$0.9T**

Cash managed and serviced across BNY Mellon

**>\$24T**

Utilizing BNY Mellon's Eagle Data Management capabilities

**106MM**

Settlements processed in 2018

**~8MM**

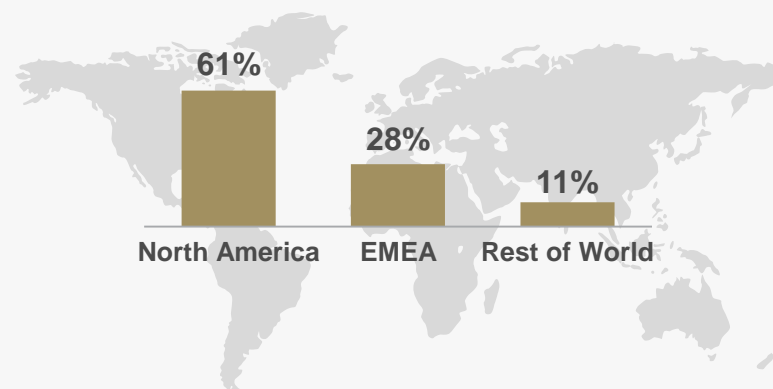
NAVs in 2018

**~320MM**

Subaccounting and Transfer Agency transactions processed in 2018

## Global reach

% of Total Revenue 2018



## Trusted by diverse client segments

**95%**

of the Top 100 Investment Managers

**87%**

of the Top 100 U.S. Pension and Employee Benefit Funds

**89%**

of the Top 100 Broker-Dealers

**94%**

of the Top 100 Banks Worldwide

**96%**

of the Top 50 Life/Health Insurance Companies

**\$1.8T**

in global client assets managed under Pershing

**\$1.4T+**

fund accounting assets onboarded in 2018

Note: See Appendix for additional information regarding rankings.



# Asset Servicing – market changes creating opportunities

## Key market changes



Asset allocation shifting to alternatives and passives



Increasing regulatory requirements create complexity for clients



Managers competing for shrinking shelf space with distributors



Client fee pressures create need for expense and efficiency improvements



Desire to leverage data and analytics to improve investment outcomes



Institutional asset owners increasingly investing directly



## Capturing opportunity

Investing in capabilities for real estate, private equity, and ETFs

Providing solutions to efficiently comply with regulation

Delivering investor and distribution insights for clients to more effectively compete

Capturing opportunity as clients increasingly outsource

Investing in our digital and data delivery capabilities across our product areas

Delivering an expanding range of administration solutions for sophisticated institutions

# In summary

- ✓ Sustainable and unique franchise with **scale and global diversification**
- ✓ Maintaining a **low-risk profile**
- ✓ **Progressing** on our strategic priorities and investing in the future
- ✓ **Delivering solutions for clients**
- ✓ Maintaining our **shareholder friendly capital return**



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# Appendix

# Disclosures

## Slide 3:

BNY Mellon client data as of March 2019

Willis Towers Watson, October 30, 2018. Based on discretionary assets under management at the end of 2017; does not include saving/current accounts or assets unrelated to investment business, money market funds, advisory portfolios, or transactional assets. Analysis based on data supplied by third parties in U.S. dollars

**Investment Managers, Pensions and Employee Benefits:** Pensions & Investments, P&I Crain Communications Inc. ©2018

Barron's, "America's Top 40 Wealth Management Firms," September 24, 2018. Ranked by submitted assets under management

## Slide 8:

**Investment Managers, Pensions and Employee Benefits:** Pensions & Investments, P&I Crain Communications Inc. ©2019

**Broker-Dealers:** Investment News, InvestmentNews LLC ©2019

**Banks:** relbanks.com, Relbanks.com ©2011-2018

**Life and Health Insurance Companies:** A.M. Best, A.M. Best Company, Inc. ©2019

# Revenue, expenses, pre-tax operating margin reconciliation

(\$MM)	2013	2014	2015	2016	2017	2018
<b>Total Revenue—GAAP</b>	<b>\$15,048</b>	<b>\$15,692</b>	<b>\$15,194</b>	<b>\$15,237</b>	<b>\$15,543</b>	<b>\$16,392</b>
Gain on the sale of the One Wall Street building	—	(490)	—	—	—	—
Gain on the sale of an investment in Wing Hang	—	(346)	—	—	—	—
U.S. tax legislation	—	—	—	—	283	13
Other charges <sup>1</sup>	—	—	—	—	37	—
<b>Total Revenue, as adjusted—Non-GAAP</b>	<b>\$15,048</b>	<b>\$14,856</b>	<b>\$15,194</b>	<b>\$15,237</b>	<b>\$15,863</b>	<b>\$16,405</b>
<b>Total noninterest expense—GAAP</b>	<b>\$11,306</b>	<b>\$12,177</b>	<b>\$10,799</b>	<b>\$10,523</b>	<b>\$10,957</b>	<b>\$11,211</b>
Other notable items <sup>2</sup>	(82)	(1,234)	(85)	(49)	(309)	(343)
<b>Total noninterest expense—Non-GAAP</b>	<b>\$11,224</b>	<b>\$10,943</b>	<b>\$10,714</b>	<b>\$10,474</b>	<b>\$10,648</b>	<b>\$10,868</b>
Provision for credit losses	(35)	(48)	160	(11)	(24)	(11)
(Impairment charge) recovery related to Sentinel Management Group, Inc.	—	—	(170)	(13)	—	—
Income before income taxes—GAAP	\$3,777	\$3,563	\$4,235	\$4,725	\$4,610	\$5,192
<b>Adjusted income before income taxes—Non-GAAP</b>	<b>\$3,859</b>	<b>\$3,961</b>	<b>\$4,490</b>	<b>\$4,787</b>	<b>\$5,239</b>	<b>\$5,548</b>
Pre-tax operating margin <sup>3</sup>	25%	23%	28%	31%	30%	32%
<b>Pre-tax operating margin—Non-GAAP<sup>3</sup></b>	<b>26%</b>	<b>27%</b>	<b>30%</b>	<b>31%</b>	<b>33%</b>	<b>34%</b>

1. Other charges impacting 2017 total revenue include investment securities losses related to the sale of certain securities recorded in the fourth quarter of 2017.

2. Other notable items includes M&I, litigation and restructuring charges as previously reported for 2013-2017; estimated net benefit of U.S. tax legislation, severance and an asset impairment each recorded in 4Q17; adjustments to provisional estimates for U.S. tax legislation and other changes recorded in 3Q18 and 4Q18, severance recorded in 4Q18, expenses associated with consolidated real estate recorded in 2Q18 and 4Q18 and litigation expense recorded in 4Q18.

3. Income before taxes divided by total revenue.

# Net income and EPS reconciliation

(\$MM, except per share amounts)	2013		2014		2015		2016		2017		2018	
	Results	Diluted EPS	Results	Diluted EPS	Results	Diluted EPS	Results	Diluted EPS	Results	Diluted EPS	Results	Diluted EPS
<b>Net income applicable to common shareholders—GAAP</b>	<b>\$2,040</b>	<b>\$1.73</b>	<b>\$2,494</b>	<b>\$2.15</b>	<b>\$3,053</b>	<b>\$2.71</b>	<b>\$3,425</b>	<b>\$3.15</b>	<b>\$3,915</b>	<b>\$3.72</b>	<b>\$4,097</b>	<b>\$4.04</b>
Net charge related to U.S. Tax Court's decisions disallowing certain foreign tax credits)	593	0.50	—	—	—	—	—	—	—	—	—	—
Gain on the sale of an investment in Wing Hang	—	—	(315)	(0.27)	—	—	—	—	—	—	—	—
Gain on the sale of the One Wall Street building	—	—	(204)	(0.18)	—	—	—	—	—	—	—	—
Benefit primarily related to a tax carryback claim	—	—	(150)	(0.13)	—	—	—	—	—	—	—	—
Charge related to investment management funds, net of incentives	9	0.01	81	0.07	—	—	—	—	—	—	—	—
(Recovery) impairment charge related to Sentinel	—	—	—	—	106	0.09	(8)	(0.01)	—	—	—	—
Other notable Items <sup>1</sup>	45	0.04	860	0.74	56	0.05	33	0.03	(160)	(0.15)	168	0.17
<b>Net adjustments</b>	<b>\$638</b>	<b>\$0.54</b>	<b>\$272</b>	<b>\$0.23</b>	<b>\$162</b>	<b>\$0.14</b>	<b>\$25</b>	<b>\$0.02</b>	<b>(\$160)</b>	<b>(\$0.15)</b>	<b>\$168</b>	<b>\$0.17</b>
<b>Net income applicable to common shareholders—non-GAAP</b>	<b>\$2,687</b>	<b>\$2.28</b>	<b>\$2,766</b>	<b>\$2.39</b>	<b>\$3,215</b>	<b>\$2.85</b>	<b>\$3,450</b>	<b>\$3.17</b>	<b>\$3,755</b>	<b>\$3.57</b>	<b>\$4,265</b>	<b>\$4.21</b>

NOTE: Total EPS may not foot due to rounding.

1. Other notable items includes M&I, litigation and restructuring charges as previously reported for 2013-2017; estimated net benefit of U.S. tax legislation, severance and an asset impairment and investment securities losses related to the sale of certain securities each recorded in 4Q17; adjustments to provisional estimates for U.S. tax legislation and other changes recorded in 3Q18 and 4Q18, severance recorded in 4Q18, expenses associated with consolidated real estate recorded in 2Q18 and 4Q18 and litigation expense recorded in 4Q18.

# Return on common equity and tangible common equity reconciliation

(\$MM)	2014	2015	2016	2017	2018
Net income applicable to common shareholders of The Bank of New York Mellon Corporation—GAAP	\$2,494	\$3,053	\$3,425	\$3,915	<b>\$4,097</b>
Add: Amortization of intangible assets	298	261	237	209	<b>180</b>
Less: Tax impact of amortization of intangible assets	104	89	81	72	<b>42</b>
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets—Non-GAAP	\$2,688	\$3,225	\$3,581	\$4,052	<b>\$4,235</b>
Average common shareholders' equity	\$36,618	\$35,564	\$35,504	\$36,145	<b>\$37,818</b>
Less: Average goodwill	18,063	17,731	17,497	17,441	<b>17,458</b>
Average intangible assets	4,305	3,992	3,737	3,508	<b>3,314</b>
Add: Deferred tax liability—tax deductible goodwill <sup>1</sup>	1,340	1,401	1,497	1,034	<b>1,072</b>
Deferred tax liability—intangible assets <sup>1</sup>	1,216	1,148	1,105	718	<b>692</b>
Average tangible common shareholders' equity – Non-GAAP	\$16,806	\$16,390	\$16,872	\$16,948	<b>\$18,810</b>
Return on common shareholders' equity – GAAP	6.8%	8.6%	9.6%	10.8%	<b>10.8%</b>
Return on tangible common shareholders' equity—Non-GAAP	16.0%	19.7%	21.2%	23.9%	<b>22.5%</b>

1. Deferred tax liabilities are based on fully phased-in U.S. capital rules

# Definitions

<b>Acronym</b>	<b>Definition</b>
<b>AUC/A</b>	Assets under custody and/or administration
<b>AUM</b>	Assets under management
<b>CAGR</b>	Compound Annual Growth Rate
<b>CET1</b>	Common Equity Tier 1 Ratio
<b>EPS</b>	Earnings per share
<b>ETF</b>	Exchange-traded fund
<b>GAAP</b>	Generally accepted accounting principles
<b>LDI</b>	Liability-driven investment
<b>NAV</b>	Net Asset Value
<b>ROTCE</b>	Return on tangible common shareholders' equity





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