



BNY MELLON

Second Quarter 2019 Financial Highlights

July 17, 2019

2Q19 Financial Results

Profits

- Net income: \$969 million ^(a)
- Diluted EPS: \$1.01

Returns

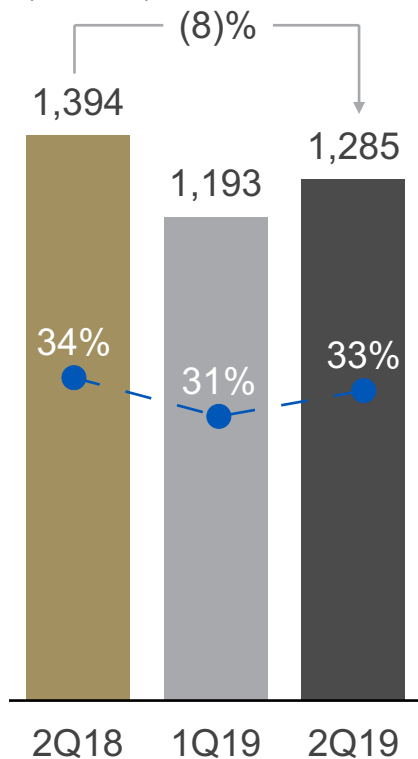
- ROE: 10.4%
- ROTCE: 21.2% ^(b)
- Returned \$1.0 billion to shareholders

Balance Sheet

- CET1: 11.2%
- SLR: 6.3%

Pre-tax Income

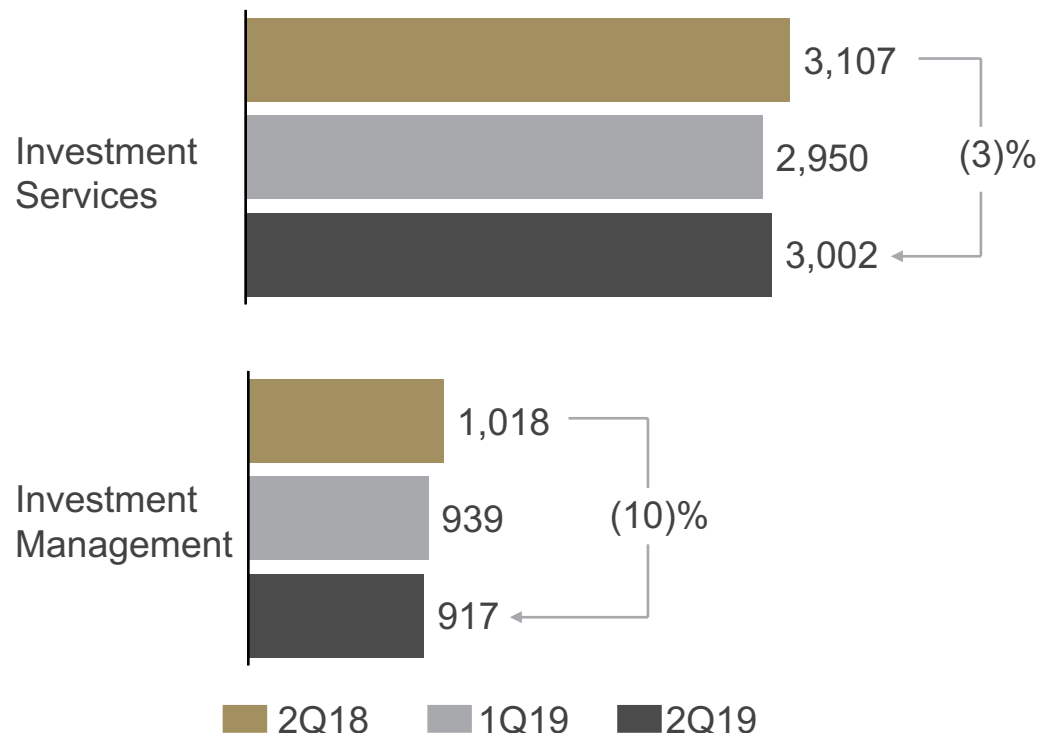
(\$ millions)



● Pretax operating margin

Total Revenue

(\$ millions)



- Lower revenues mainly due to net interest income and investment management fees
- Ongoing cost discipline while investing in future growth
- Solid operating margin
- Attractive capital returns
 - Up to \$3.94 billion in share repurchases authorized through 2Q20, +20%
 - Increased dividend per share in 3Q19 to \$0.31, +11%

Note: See page 14 for corresponding footnotes in Appendix.

Differentiation, scale and investment for future success

Strong position with market headwinds

+	Unique global franchise and business model
+	World's largest asset servicer and custodian
+	Stable pretax margin and strong risk adjusted returns
+	Attractive capital returns to shareholders
-	Interest rate environment
-	Macroeconomic and geopolitical uncertainty
-	Muted client activity



- Drive improved organizational quality and efficiency
- Investing in technology and product development
- Manage the company prudently
- Leverage full franchise to serve clients
- Focus on sustainable growth over long term

2Q19 Financial Highlights

(\$ millions)	2Q19	Growth vs.	
		1Q19	2Q18
Total revenue	\$3,924	1%	(5)%
<i>Fee revenue</i>	3,105	2	(3)
<i>Net interest revenue</i>	802	(5)	(12)
Provision for credit losses	(8)	N/M	N/M
Noninterest expense	2,647	(2)	(4)
Income before income taxes	\$1,285	8%	(8)%
Net income applicable to common shareholders	\$969	6%	(8)%
Earnings per common share	\$1.01	7%	(2)%
Operating leverage ^(a)		+257 bps	(153) bps
Pre-tax operating margin	33%	+219 bps	(93) bps
Net interest margin	1.12%	(8) bps	(14) bps

Note: See page 14 for corresponding footnotes in Appendix. N/M - not meaningful; bps - basis points

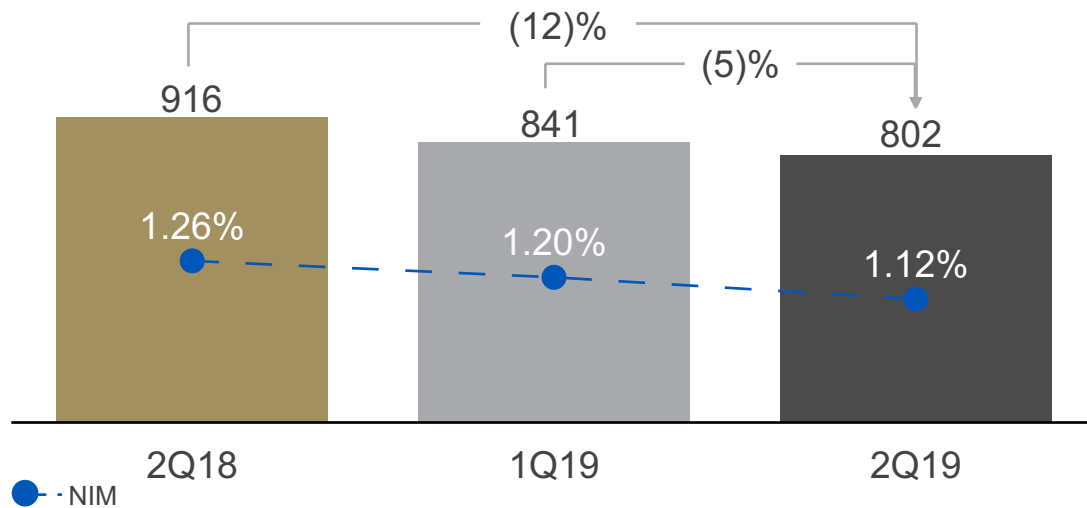
Capital and Liquidity

	2Q19	1Q19	2Q18
Consolidated regulatory capital ratios: ^(a)			
Common Equity Tier 1 (“CET1”) ratio	11.2%	11.1%	11.0%
Tier 1 capital ratio	13.3	13.2	13.1
Total capital ratio	14.0	14.0	13.8
Tier 1 leverage ratio	6.8	6.8	6.7
Supplementary leverage ratio (“SLR”)	6.3	6.3	6.1
Average liquidity coverage ratio (“LCR”)			
	117%	118%	118%
Return on common equity ^(b)	10.4%	10.0%	11.2%
Return on tangible common equity – (non-GAAP) ^(c)	21.2%	20.7%	23.5%
Book value per common share ^(d)			
	\$40.30	\$39.36	\$37.97
Tangible book value per common share – (non-GAAP) ^(d)			
	\$20.45	\$19.74	\$19.00
Cash dividends per common share	\$0.28	\$0.28	\$0.24
Common shares outstanding (thousands)	942,662	957,517	999,945

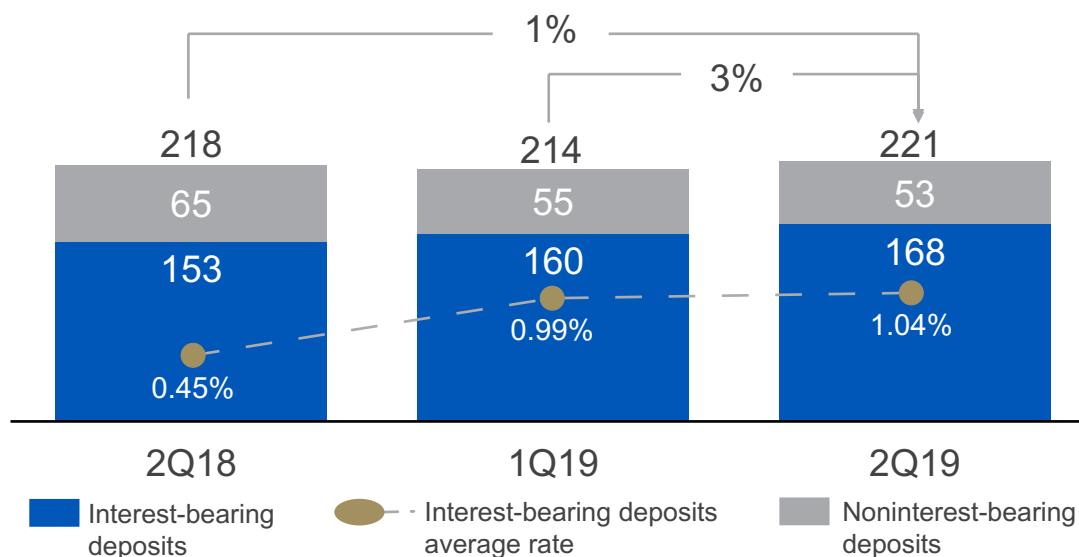
Note: See page 14 for corresponding footnotes in Appendix.

Net Interest Revenue

Net Interest Revenue and Net Interest Margin
(\$ millions)



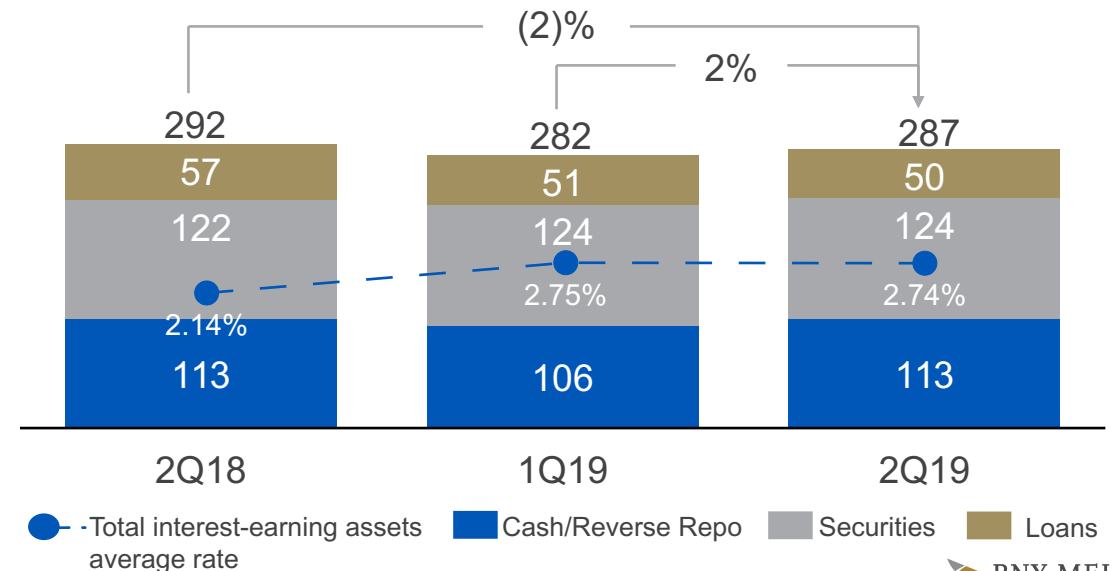
Average Deposits
(\$ billions)



Performance Commentary quarter-over-quarter

- Higher deposit balances
 - Interest-bearing inflows partially offset by noninterest-bearing outflows
- High quality and liquid securities portfolio
- NIM impacted by higher deposit rates and yield curve environment

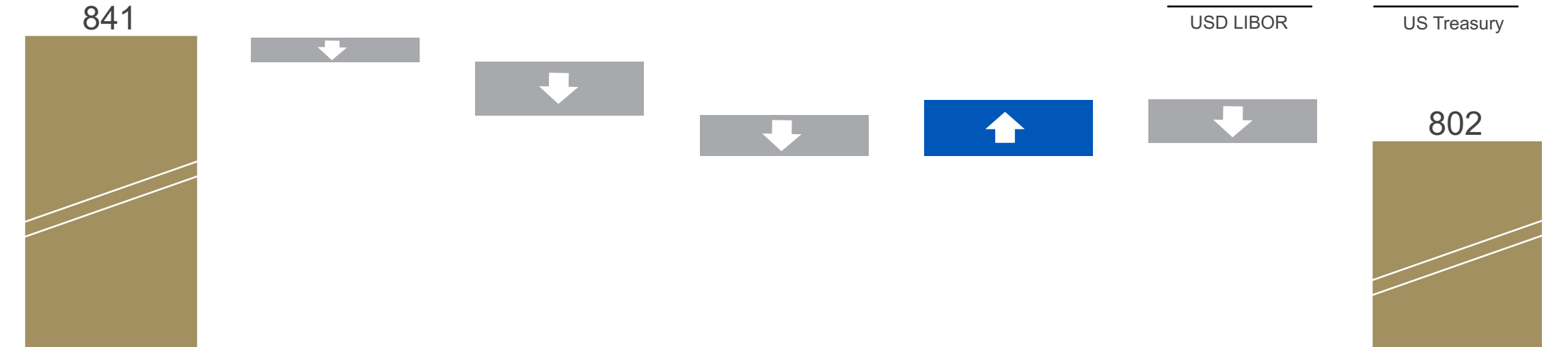
Average Interest-Earnings Assets
(\$ billions)



Net Interest Revenue (continued)

(\$ millions)

Drivers of Sequential NIR Change



1Q19 NIR

- Average NIB deposit balances down by ~\$2 billion

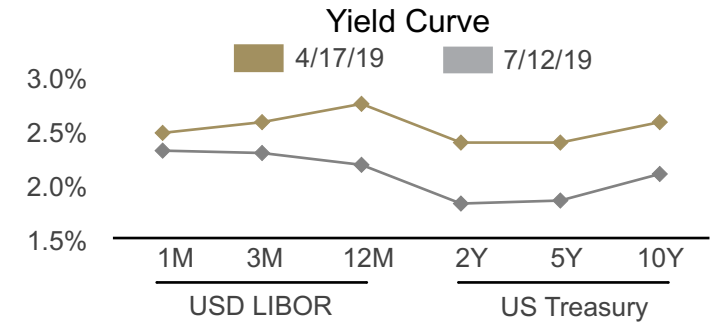
- Interest-bearing deposit rates up by 5 bps

- Securities portfolio yield down by 5 bps

- Average interest-bearing deposit balances up by ~\$8 billion
- Higher reverse repos

- Lower loan balances
- Negative impact from hedging (offset in FX and other trading)
- Day count benefit

2Q19 NIR



Noninterest Expense

(\$ millions)	2Q19	Growth vs.	
		1Q19	2Q18
Staff	\$1,421	(7)%	(5)%
Professional, legal and other purchased services	337	4	3
Software and equipment	304	7	14
Net occupancy	138	1	(12)
Sub-custodian and clearing	115	10	5
Distribution and servicing	94	3	(11)
Business development	56	24	(10)
Bank assessment charges	31	—	(34)
Amortization of intangible assets	30	3	(38)
Other	121	(6)	(10)
Total noninterest expense	\$2,647	(2)%	(4)%

Performance Commentary *year-over-year*

- Noninterest expense, down 4% with over 1% of the decrease driven by the favorable impact of a stronger U.S. dollar; remaining decrease primarily reflects lower staff expense and decreases in most other expense categories, partially offset by continued investments in technology
- Technology expenses are included in staff, professional, legal and other purchased services and software and equipment expenses

Investment Services

Financial Highlights (\$ millions)	2Q19	Growth vs.	
		1Q19	2Q18
Total revenue by line of business:			
Asset Servicing	\$1,391	(1)%	(8)%
Pershing	564	2	1
Issuer Services	446	13	3
Treasury Services	317	—	(4)
Clearance and Collateral Management	284	3	6
Total revenue by line of business	3,002	2	(3)
Provision for credit losses	(4)	N/M	N/M
Noninterest expense	1,954	(1)	(1)
Income before taxes	\$1,052	8%	(8)%
Pre-tax operating margin	35%	206 bps	(163) bps

Key Metrics (\$ millions unless otherwise noted)

Foreign exchange and other trading revenue	\$153	(3)%	(11)%
Securities lending revenue	40	(9)	(27)
Average loans	32,287	(3)	(15)
Average deposits	201,146	3	(1)
AUC/A at period end (tr) ^(a)	35.5	3	6
Market value of securities on loan at period end (bn) ^(b)	\$369	(2)%	(15)%
Pershing			
Average active clearing accounts (U.S. platform) (thousands)	6,254	1	3
Clearance and Collateral Management			
Average tri-party collateral mgmt. balances (tr)	\$3.4	4%	21%

Performance Commentary

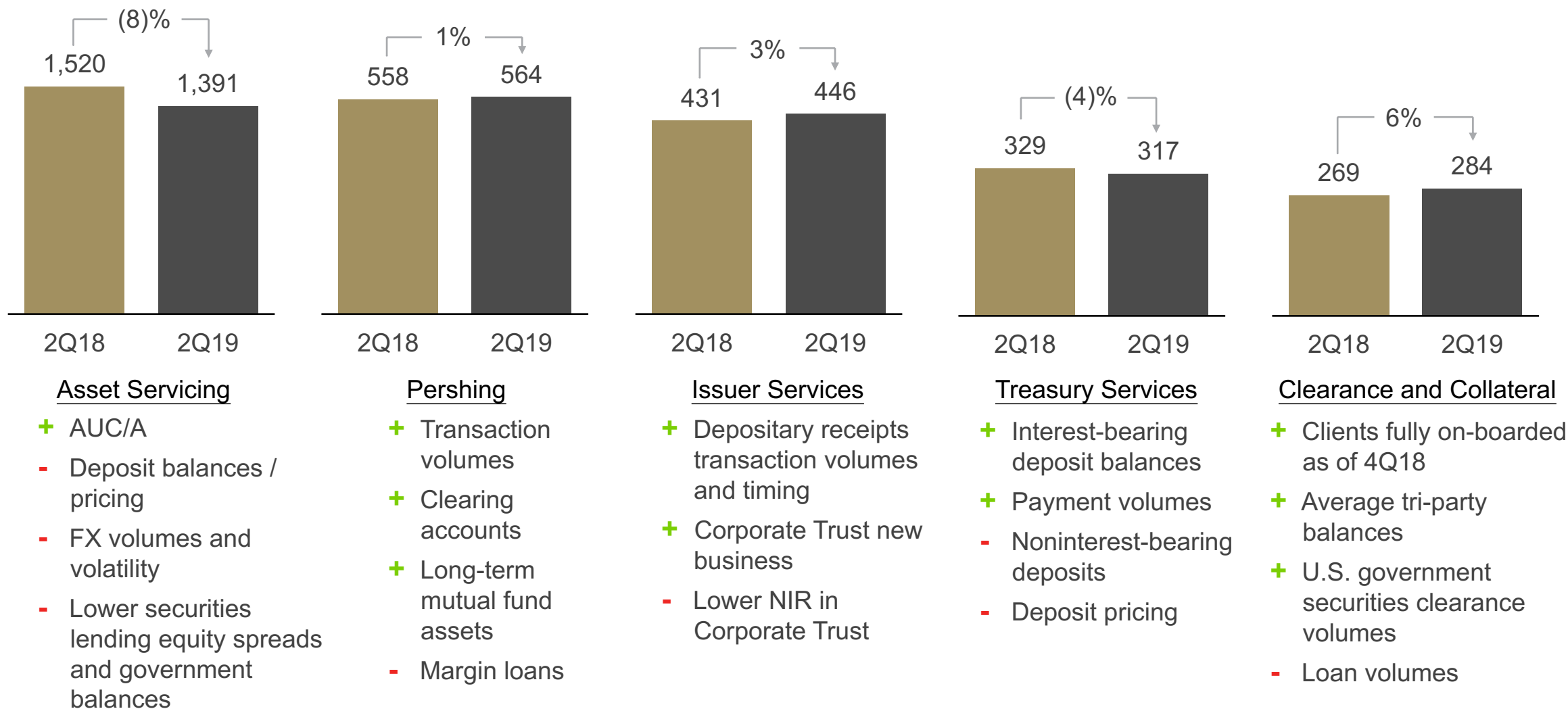
year-over-year

- Asset Servicing, down 8% on lower net interest revenue, lower foreign exchange and securities lending revenue, lower client activity and the unfavorable impact of a stronger U.S. dollar
- Pershing, up 1% on higher client assets and volumes, partially offset by lower net interest revenue
- Issuer Services, up 3% on higher fees in Depository Receipts and Corporate Trust, partially offset by lower net interest revenue in Corporate Trust
- Treasury Services, down 4% on lower net interest revenue
- Clearance and Collateral Management, up 6% on growth in clearance volumes and collateral management, partially offset by lower net interest revenue
- AUC/A of \$35.5 trillion, up 6% primarily reflecting higher market values and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar

Note: See page 14 for corresponding footnotes in Appendix. N/M - not meaningful; bps - basis points

Investment Services - Revenue Drivers

(\$ millions)



Investment Management

Financial Highlights (\$ millions)	2Q19	Growth vs.	
		1Q19	2Q18
Total revenue by line of business:			
Asset Management	\$618	(3)%	(12)%
Wealth Management	299	(1)	(5)
Total revenue by line of business	917	(2)	(10)
Provision for credit losses	(2)	N/M	N/M
Noninterest expense	654	(2)	(6)
Income before taxes	\$265	(1)%	(17)%
Pre-tax operating margin	29%	40 bps	(226) bps
Pre-tax operating margin – (non-GAAP) ^(a)	32%	65 bps	(245) bps

Key Metrics (\$ millions unless otherwise noted)

Average loans	\$16,322	—%	(4)%
Average deposits	14,615	(8)	3
Wealth Management client assets ^(bn) ^(b)	257	2%	1%
Changes in AUM ^(bn) : ^(c)		1Q19	2Q18
Beginning balance of AUM	\$1,841	\$1,722	\$1,868
Net inflows (outflows):			
Equity	(2)	(4)	(3)
Fixed income	(4)	3	(4)
Liability-driven investments	1	5	2
Multi-asset and alternative investments	1	(4)	(3)
Index	(22)	(2)	(7)
Cash	2	2	(11)
Total net (outflows) inflows	(24)	—	(26)
Net market impact	42	103	17
Net currency impact	(16)	16	(53)
Divestiture/Other	—	—	(1)
Ending balance of AUM	\$1,843	\$1,841	\$1,805

Note: See page 14 for corresponding footnotes in Appendix. N/M - not meaningful; bps - basis points

Second Quarter 2019 – Financial Highlights

Performance Commentary

year-over-year

- Asset Management, down 12% primarily reflecting the change in AUM which was impacted by the cumulative outflows since 2Q18, partially offset by higher market values. Also reflects the unfavorable impact of U.S. dollar and the impact of divestitures and hedging activities
- Wealth Management, down 5% on lower net interest revenue, partially offset by higher market values
- Noninterest expense, down 6% primarily reflecting lower staff expense, the favorable impact of a stronger U.S. dollar and lower distribution and servicing expense
- AUM of \$1.8 trillion, up 2% on higher market values, partially offset by the unfavorable impact of a stronger U.S. dollar and net outflows

Other Segment

(\$ millions)	2Q19	1Q19	2Q18
Fee revenue	\$34	\$29	\$40
Net securities gains	7	1	1
Total fee and other revenue	41	30	41
Net interest (expense)	(40)	(30)	(35)
Total revenue	1	—	6
Provision for credit losses	(2)	(2)	(6)
Noninterest expense	39	61	81
(Loss) before taxes	\$(36)	\$(59)	\$(69)

Performance Commentary

year-over-year

- Fee revenue, net securities gains and net interest expense are primarily related to corporate treasury and other investment activity, including hedging activity which offsets between fee revenue and net interest expense
- Noninterest expense decreased reflecting lower staff expense and the expenses associated with relocating our corporate headquarters, of which \$12 million was recorded in 2Q18



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Appendix

Footnotes

2Q19 Financial Results - Page 2

- (a) Reflects net income applicable to common shareholders.
- (b) Quarterly returns are annualized. See the Appendix for reconciliation of this non-GAAP measure.

Financial Highlights - Page 4

- (a) Operating leverage is the rate of increase (decrease) in total revenue less the rate of increase (decrease) in total noninterest expense.

Capital and Liquidity, Page 5

- (a) Regulatory capital ratios for June 30, 2019 are preliminary. For our CET1, Tier 1 capital and Total capital ratios, our effective capital ratios under the U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches, which for the periods included was the Advanced Approaches.
- (b) Quarterly results are annualized.
- (c) Quarterly returns are annualized. See the Appendix for reconciliation of this non-GAAP measure.
- (d) Non-GAAP information, for all periods presented, excludes goodwill and intangible assets, net of deferred tax liabilities. See the Appendix for reconciliation of this non-GAAP measure.

Investment Services, Page 9

- (a) Current period is preliminary. Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.4 trillion at June 30, 2019, \$1.3 trillion at March 31, 2019 and \$1.4 trillion at June 30, 2018.
- (b) Represents the total amount of securities on loan in our agency securities lending program managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, which totaled \$64 billion at June 30, 2019, \$62 billion at March 31, 2019 and \$70 billion at June 30, 2018.

Investment Management, Page 11

- (a) Net of distribution and servicing expense. See the Appendix for reconciliation of this non-GAAP measure.
- (b) Current period is preliminary. Includes AUM and AUC/A in the Wealth Management business.
- (c) Current period is preliminary. Excludes securities lending cash management assets and assets managed in the Investment Services business.

Return on Common Equity and Tangible Common Equity Reconciliation

(\$ millions)	2Q19	1Q19	2Q18
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$969	\$910	\$1,055
Add: Amortization of intangible assets	30	29	48
Less: Tax impact of amortization of intangible assets	7	7	11
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation, excluding amortization of intangible assets – non-GAAP	\$992	\$932	\$1,092
Average common shareholders' equity	\$37,487	\$37,086	\$37,750
Less: Average goodwill	17,343	17,376	17,505
Average intangible assets	3,178	3,209	3,341
Add: Deferred tax liability – tax deductible goodwill	1,094	1,083	1,054
Deferred tax liability – intangible assets	687	690	709
Average tangible common shareholders' equity – non-GAAP	\$18,747	\$18,274	\$18,667
Return on common equity (<i>annualized</i>) – GAAP	10.4%	10.0%	11.2%
Return on tangible common equity (<i>annualized</i>) – non-GAAP	21.2%	20.7%	23.5%

Book Value and Tangible Book Value Per Share Reconciliation

(\$ millions, except common shares)	June 30, 2019	March 31, 2019	June 30, 2018
BNY Mellon shareholders' equity at period end – GAAP	\$41,533	\$41,225	\$41,505
Less: Preferred stock	3,542	3,542	3,542
BNY Mellon common shareholders' equity at period end – GAAP	37,991	37,683	37,963
Less: Goodwill	17,337	17,367	17,418
Intangible assets	3,160	3,193	3,308
Add: Deferred tax liability – tax deductible goodwill	1,094	1,083	1,054
Deferred tax liability – intangible assets	687	690	709
BNY Mellon tangible common shareholders' equity at period end – non-GAAP	\$19,275	\$18,896	\$19,000
Period-end common shares outstanding (thousands)	942,662	957,517	999,945
Book value per common share – GAAP	\$40.30	\$39.36	\$37.97
Tangible book value per common share – non-GAAP	\$20.45	\$19.74	\$19.00

Pre-tax Operating Margin Reconciliation - Investment Management Business

(\$ millions)	2Q19	1Q19	2Q18
Income before income taxes – GAAP	\$265	\$269	\$319
Total revenue – GAAP	\$917	\$939	\$1,018
Less: Distribution and servicing expense	94	91	103
Adjusted total revenue, net of distribution and servicing expense – non-GAAP	\$823	\$848	\$915
Pre-tax operating margin – GAAP ^(a)	29%	29%	31%
Pre-tax operating margin, net of distribution and servicing expense – non-GAAP ^(a)	32%	32%	35%

(a) Income before income taxes divided by total revenue.

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,” “likely,” “target,” “expect,” “intend,” “continue,” “seek,” “believe,” “plan,” “goal,” “could,” “should,” “would,” “may,” “might,” “will,” “strategy,” “synergies,” “opportunities,” “trends,” “future” 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: capital plans, strategic priorities, financial goals, organic growth, organizational quality and efficiency, investments, including in technology and product development, capabilities, revenue, expenses, cost discipline, sustainable growth, company management, deposits, interest rates and yield curves, securities portfolio, taxes, business opportunities, preliminary business metrics and regulatory capital ratios; 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”) and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”). Preliminary business metrics and regulatory capital ratios are subject to change, possibly materially, as the Corporation completes its Quarterly Report on Form 10-Q for the second quarter of 2019. All forward-looking statements speak only as of July 17, 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.

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 are available at www.bnymellon.com/investorrelations.