



BNY MELLON

# TRANSFORMING FOR SUCCESS: CONTINUOUS VALUE CREATION

Bank of America Merrill Lynch Banking & Financial Services Conference 2013

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November 12, 2013

# The Investments Company for the World

## Leading Servicer and Manager of Global Financial Assets

(Combined Revenue of ~\$13.9B and Pretax Income of ~\$4.0B)\* – LTM 9/30/13

### Investment Services (35% non-U.S. revenue)

<b>Asset Servicing</b>	Largest global custodian ranked by Assets Under Custody / Administration	<b>Corporate Trust</b>	#1 Global corporate trust service provider
<b>Alternative Investment Services</b>	#3 fund administrator	<b>Treasury Services</b>	Top 5 in U.S.D. payments
<b>Broker-Dealer Services</b>	#1 (U.S.), growing globally	<b>Global Markets</b>	Client driven trading
<b>Pershing</b>	#1 clearing firm U.S., U.K., Ireland, Australia	<b>Global Collateral Services</b>	Leveraging global custody leadership
<b>Depository Receipts</b>	#1 in market share (~60%)		

### Investment Management (46% non-U.S. revenue)

<b>Asset Management</b>	Top 10 global asset manager	<b>Wealth Management</b>	#8 U.S. wealth manager
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\* Totals exclude the Other segment. Pretax income excludes amortization of intangible assets. See Appendix for revenue and pretax income reconciliation. LTM = Last twelve months  
 Rankings reflect BNY Mellon's size in the markets in which it operates and are based on internal data as well as BNY Mellon's knowledge of those markets.  
 For additional details regarding these rankings, see Appendix and / or pages 23-24 of our Form 10-Q for the quarter ended September 30, 2013, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

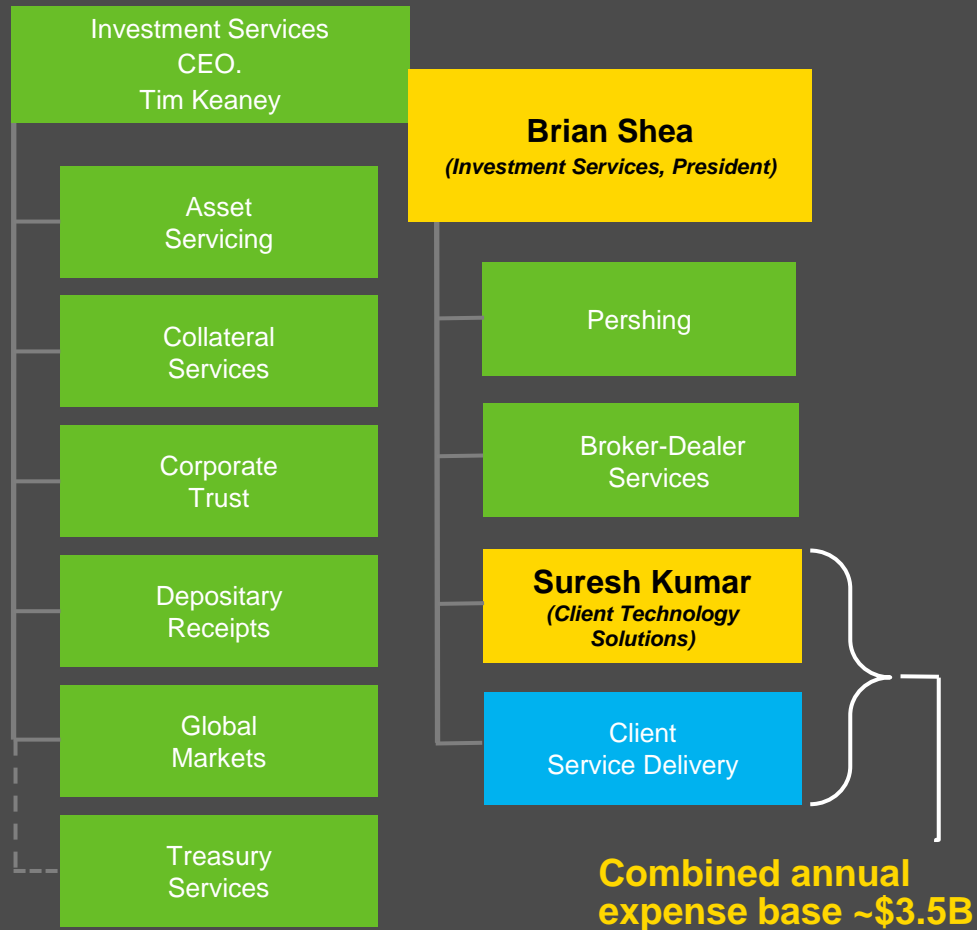
# The Investments Company for the World

## The Investment Lifecycle



\* Securities transactions are effected, where required, only through registered broker-dealers.

# Aligning Investment Services, Client Service Delivery and Client Technology Solutions...



## Benefits

- Vertically integrates Investment Services businesses
- Aligns Investment Services, Client Service Delivery and Client Technology Solutions
- Expedites integrated client solutions across investment lifecycle
- Enhances efficiency and expense management

...to Create Value for Clients and Shareholders

# High Level Goals for Investment Services, Client Service Delivery and Client Technology Solutions



# Investing in Growth, Delivering Cross-Business Solutions and Organizing Around Clients

## Growth Initiatives

- Global Collateral Services
- Investment Management retail and retirement market distribution
- Global Markets and Capital Markets expansion
- Wealth Management expansion
- European Central Securities Depository

## Cross-Business Client Solutions

- Intermediary Private Banking solutions
- Global wealth management platform
- Asia Pacific managed account solution
- Liquidity DIRECT solution for asset managers
- Capital Markets' investment choices
- Prime Brokerage and Prime Custody automation

## Organizational Alignment Initiatives

- Enterprise client management by market segments
- Business development teams for European broker-dealers
- RIA Custody services for integrated bank and brokerage solutions
- Principal trading businesses
  - Fixed income
  - Equity
  - Foreign exchange

# Driving Operational Excellence

## Transforming Client Service Delivery, Technology and Corporate Services

	Selected Accomplishments	Total Gross Savings	
		2012	2015 Target
<b>Client Service Delivery</b>	<ul style="list-style-type: none"> <li>✓ Leveraging global delivery centers</li> <li>✓ Re-engineering and automation</li> <li>✓ Combining common functions</li> </ul>	\$238MM	\$415-\$450MM
<b>Client Technology Solutions</b>	<ul style="list-style-type: none"> <li>✓ Simplifying infrastructure</li> <li>✓ Rationalizing business applications</li> <li>✓ Insourcing IT application development</li> </ul>	\$82MM	\$135-\$145MM
<b>Corporate Services</b>	<ul style="list-style-type: none"> <li>✓ Executing an enhanced global procurement process</li> <li>✓ Consolidating offices and reducing real estate portfolio</li> </ul>	\$77MM	\$100 - \$105MM
		<b>\$397MM</b>	<b>\$650 - \$700MM<sup>1</sup></b>

1 Expect to achieve this target by year-end 2013

# Transforming for Success Strategy

## Enhancing Shareholder Value Beyond Operational Excellence

### Business Excellence

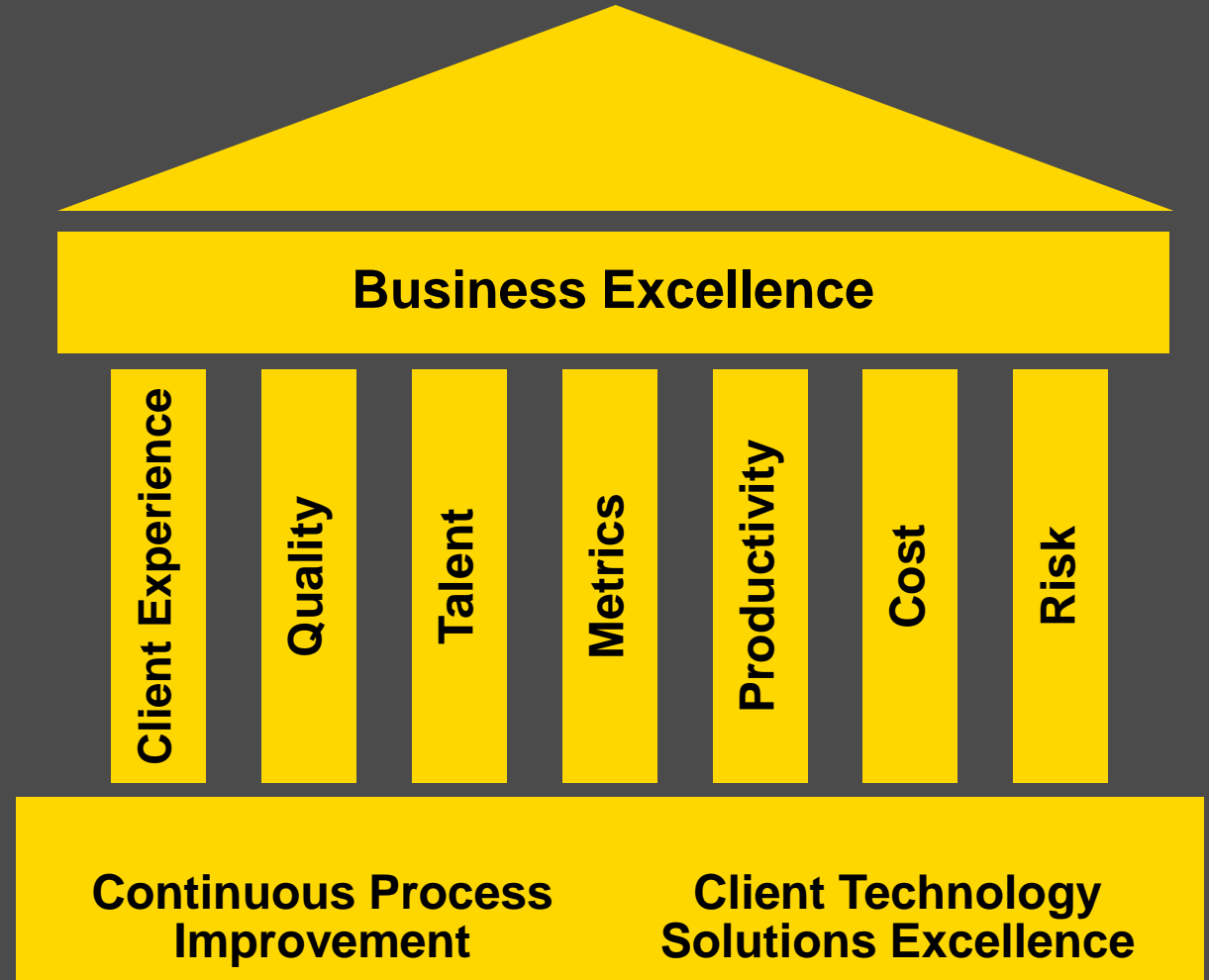
Maximizing the performance of our existing businesses

### Continuous Process Improvement

Improving client and employee productivity and quality, while reducing risk and costs

### Client Technology Solutions Excellence

Delivering technology as a strategic asset





# Business Excellence Plan

## Maximizing Investment Services Business Performance

<b>Asset Servicing</b>	<b>Broker-Dealer Services</b>	<b>Collateral Services</b>	<b>Corporate Trust</b>	<b>Depository Receipts</b>	<b>Global Markets</b>	<b>Pershing</b>	<b>Treasury Services</b>
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### Portfolio Management

- Business portfolio
- Investment products, services and technology portfolio
- Client portfolio

### Expense Management

- People-related expenses
- Vendor-related expenses
- Other discretionary expenses

### Process Management

- Technology prioritization
- Quality management
- Cross business client solutions and business alignment
- Revenue capture

...to Create Value for Clients and Shareholders

# Continuous Process Improvement Plan

## Mission

Increase client and employee productivity and enhance service quality, while reducing risk and cost

## Analysis

- Identify manual processes
- Measure straight-through processing (STP) rates
- Identify cost pools
- Baseline and benchmark existing unit and process costs



## Action Plan

- Automate or reengineer non-standard or manual processes
- Leverage decision science to increase client STP rates
- Create horizontal Centers of Excellence
- Empower global process owners

# Client Technology Solutions Excellence

## Strategic Priorities Aligned to Deliver on Our Goals

### Goals

Highest Value  
Provider of  
Investment  
Services Globally

Recognized  
Industry Service &  
Quality Leader

Financial  
Services Industry  
Technology  
Leader

### Run the Business

Deliver service and project  
management excellence

Deliver more value and increase  
return on technology investment

Become the industry IT risk  
management leader

Drive accountability and continuous  
improvement

Partner with business to reengineer  
for continuous process  
improvement

### Change the Business

Improve client experience and  
productivity

Improve employee experience,  
productivity & knowledge

Innovate to deliver value

Deploying a world class common  
technology architecture

Develop talent with technical and  
business knowledge

# Client Technology Solutions Excellence

## Deploying a World Class Common Technology Architecture

### Simplify

Reduce complexity, re-use common services, tailor user experiences

### Empower

Equip developers with required tools and services to improve productivity

### Innovate

Embrace emerging technologies to create new solutions and revenue sources

### Benefits

#### Common Portals

BNY Mellon  
Connect

Client Service  
Delivery

Digital  
Workplace

APIs<sup>1</sup>  
Marketplace

#### Application Development & Data Management

Common Services

Data Services

Business Services

#### Data Center As A Service

Standardize

Virtualize

Cloud Enable

- Improved client and employee
  - Experience
  - Productivity
- Leveraged Private Cloud and virtualization for faster time to market
- Fewer applications through consolidation
- Improved service level at lower costs
- Leveraged Big Data to generate insights

<sup>1</sup> API: Application Programming Interface

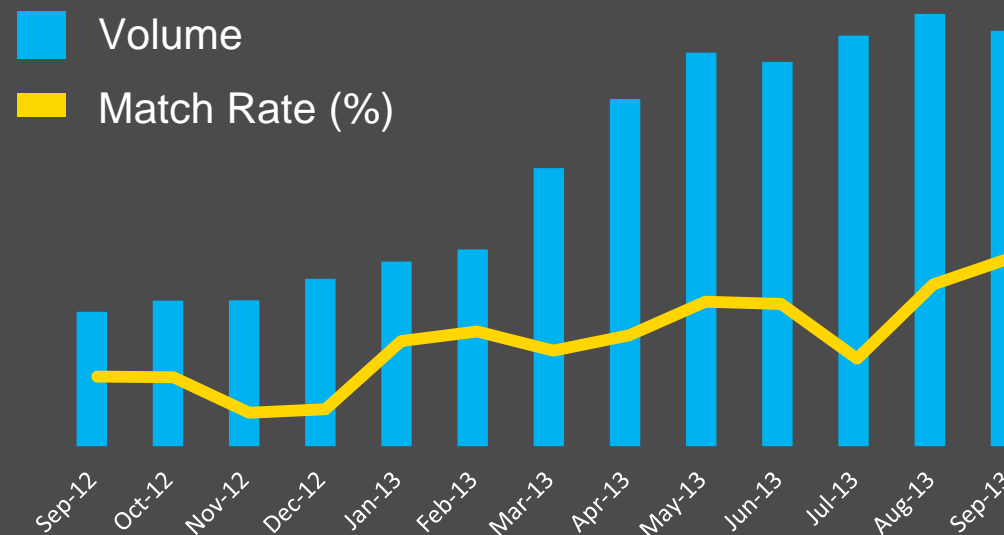
# Client Technology Solutions Excellence

## Partner with Business to Drive Continuous Process Improvement

### Accelerating Change

- Creating common service to expedite continuous process improvement
- Leveraging data analytics to identify process improvement opportunities
- Improving processes by eliminating waste
  - Reengineering
  - Expanding use of automation
- Implementing process improvements in the following areas:
  - Reconciliation
  - Transfer Agency process
  - Cash Processing
  - Loan Servicing
  - Billing

### Accomplishment: Reconciliation Center of Excellence



- Increased volume in common service by 209%
- Insight from data analytics drove 5% annual match rate improvement
- Center of Excellence has reduced average cost by 7%

# Client Technology Solutions Excellence

## Strategically Investing In Talent

### Ongoing Activities

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#### Developing Talent Pipeline

- Expanding relationships with tier 1 schools to recruit top talent
- Developed in-house application development training program
- Created “BK University” to improve training and knowledge development

#### Optimizing Development Cost

- Streamlining development lifecycle to improve effectiveness
- Achieving “right-mix” of resources to serve a global audience
- Co-locating critical roles with business to improve coordination

#### Increasing Global Knowledge Management

- Standardizing tools to share information globally
- Actively transferring domain knowledge between business and technology
- Enabling access to leading-edge industry information

# Client Technology Solutions Excellence

## Executing Our Application Development Strategy

### Why Insource

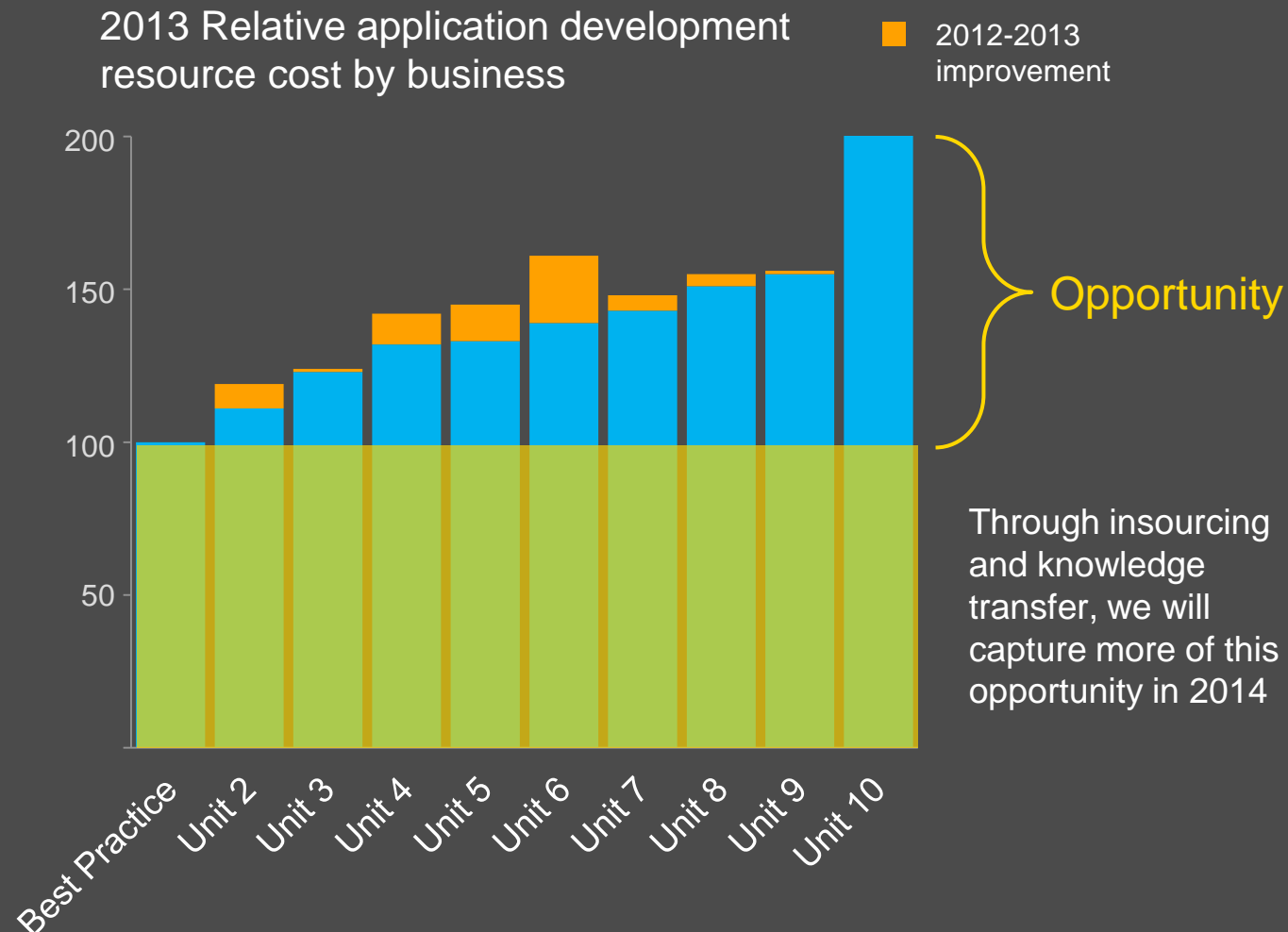
- Development talent is a strategic asset
- India-based application development center
  - 13-year history of success (*iNautix*)
  - Highest industry rated IT development standard (*CMM Level 5*)
  - Top quartile performance assessment<sup>1</sup>

### Benefits

- Maintain intellectual property
- Business collaboration / co-location
- Faster to market
- Improve developer productivity
- Cost advantage

### Opportunity

2013 Relative application development resource cost by business



1. McKinsey & Company Benchmarking

# Client Technology Solutions Excellence

## Drive Accountability and Continuous Improvement

Established quantifiable goals and metrics



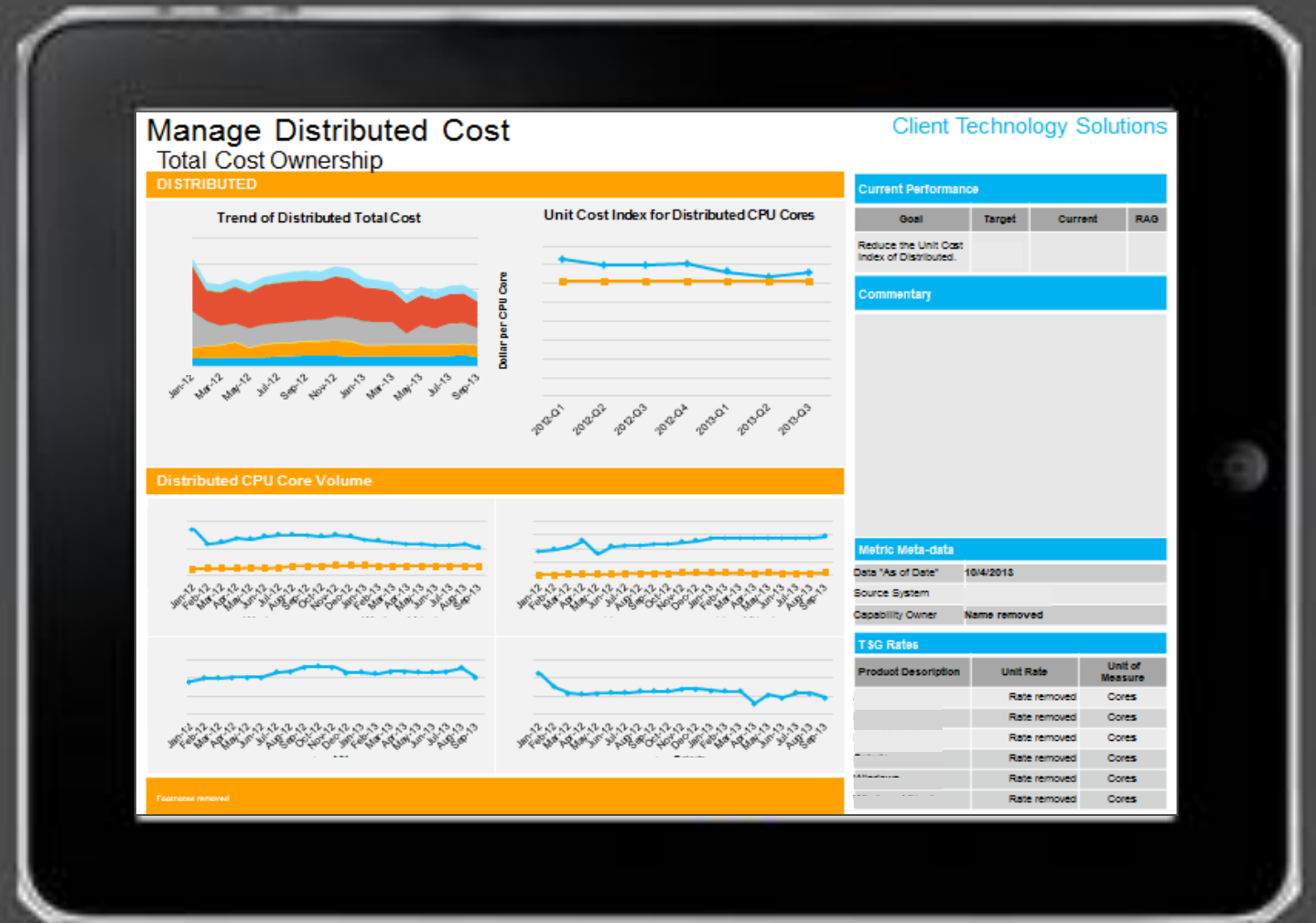
Developed cascading scorecards



Regularly monitor performance



Tying incentives to performance



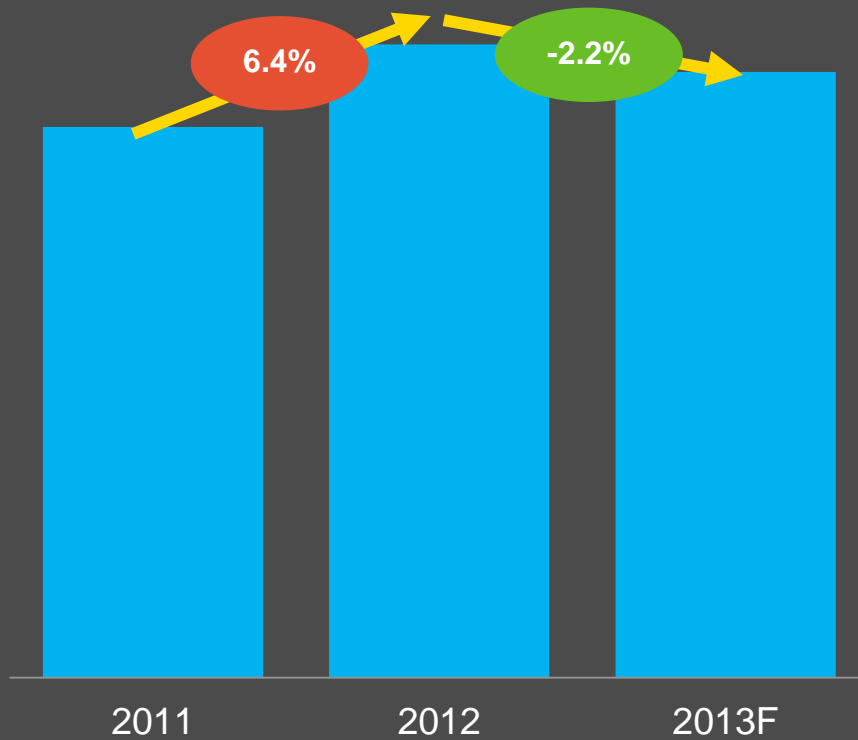


# Client Technology Solutions Excellence

## Reducing Infrastructure Expenses

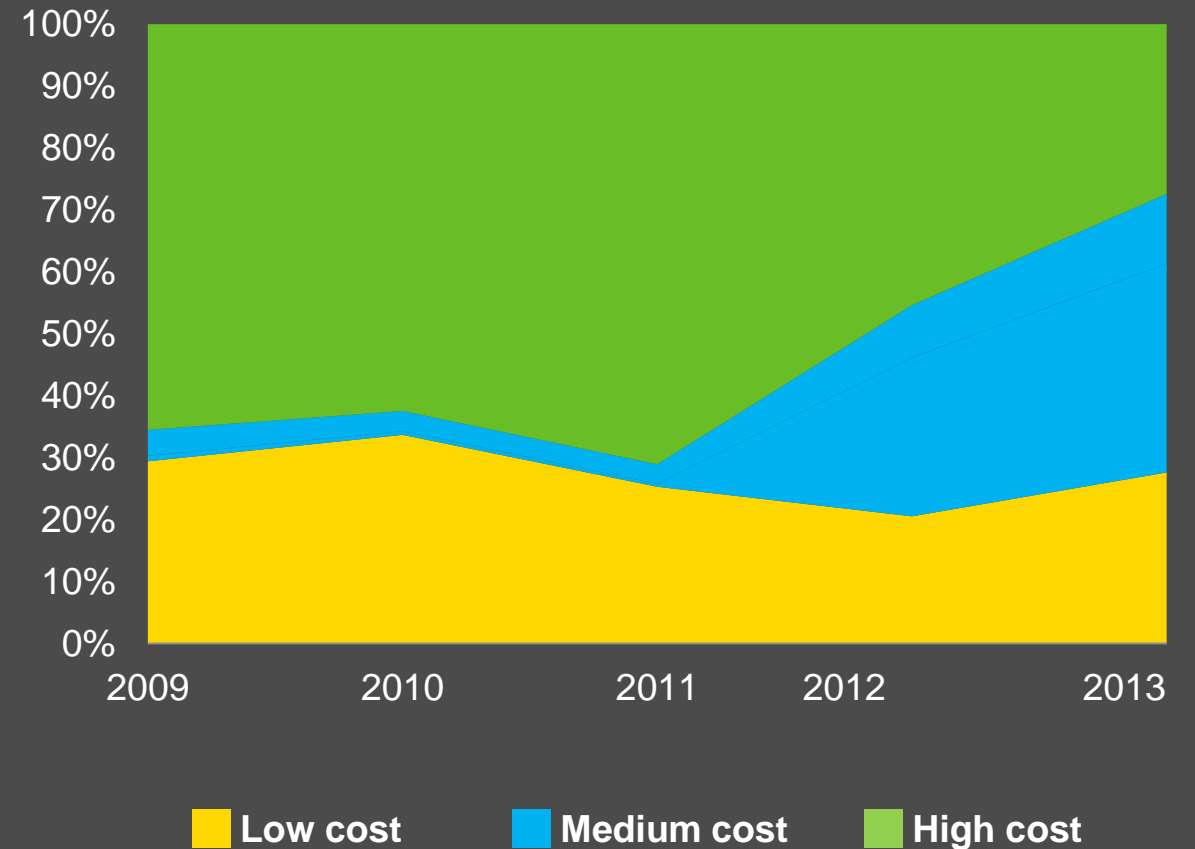
### Reducing Core Infrastructure Investment

Change in Investment



### Reducing Cost of Storage

Storage Capacity by Type



# Strengthening our Culture of Continuous Improvement Requires a Shift in Focus

## Shift Focus From:

- Project management
- Products
- Selling
- Transaction driven
- Tactical / custom
- Intuitive decisions
- Operational excellence



## Shift Focus To:

- Process management
- Solutions
- Solving
- Strategy driven
- Scalable / mass customized
- Transparent, metrics-based decisions
- Business excellence

# Transforming for Success Strategy

	Potential Opportunities
<b>Operational Excellence</b>	<ul style="list-style-type: none"><li>• Building on Operational Excellence plan</li></ul>
<b>Business Excellence</b>	<ul style="list-style-type: none"><li>• Portfolio, Expense and Process management improvements</li></ul>
<b>Continuous Process Improvement</b>	<ul style="list-style-type: none"><li>• Automation of manual processes</li><li>• Reengineering processes to drive productivity</li><li>• Horizontal Centers of Excellence</li></ul>
<b>Client Technology Solutions Excellence</b>	<ul style="list-style-type: none"><li>• Simplifying infrastructure</li><li>• Rationalizing business applications</li><li>• Insourcing IT Application development</li></ul>
<b>Procurement and Other Corporate Strategies</b>	<ul style="list-style-type: none"><li>• Delivering the global location strategy</li><li>• Consolidating offices and reducing real estate portfolio</li><li>• Vendor management</li></ul>

**Expect to realize significant financial benefit over the next 3 to 4 years**

# Cautionary Statement

A number of statements in our presentations, the accompanying slides and the responses to your questions are “forward-looking statements.” These statements relate to, among other things, The Bank of New York Mellon Corporation’s (the “Corporation”) expectations regarding: our opportunities for future growth; driving a return on our investments in Client Services Delivery and Client Technology Solutions; our high level strategic goals for Investment Services, Client Service Delivery and Client Technology Solutions; our Operational Excellence Initiatives, including progress and the timeline to meet our target; our broader transformation process (Transforming for Success); and cross-business solutions and expected financial benefit; our ability to create profitability and expense savings; our business excellence plan; our continuous process improvement plan; our client technology solutions excellence plan; strategic priorities for client technology solutions; and statements regarding the Corporation's aspirations, as well as the Corporation’s overall plans, strategies, goals, objectives, expectations, 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 results 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 2012 Annual Report on Form 10-K for the year ended December 31, 2012 (the “2012 Annual Report”), and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”). Such forward-looking statements speak only as of November 12, 2013, 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.

**Non-GAAP Measures:** In this presentation we may discuss some non-GAAP measures in detailing the Corporation’s performance. 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, available at [www.bnymellon.com](http://www.bnymellon.com).



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# APPENDIX

# Reconciliation Schedule

## Business - Revenue and Pretax Income

REVENUE \$ MILLION	4Q12	1Q13	2Q13	3Q13	LTM 3Q13
INVESTMENT SERVICES	2,345	2,515	2,604	2,566	10,030
INVESTMENT MANAGEMENT	987	953	985	987	3,912
<b>TOTAL</b>					<b>13,942</b>
PRETAX INCOME \$ MILLION					
INVESTMENT SERVICES	576	718	778	800	2,872
INVESTMENT MANAGEMENT	274	249	311	290	1,124
<b>TOTAL</b>					<b>3,996</b>

\* Totals exclude the Other segment. Pretax metrics exclude the impact of intangible amortization.

LTM = last twelve months

# Disclosures

Asset Servicing: Largest global custodian ranked by Assets Under Custody and / or Administration	Source: Globalcustody.net, 2013, data as of June 30, 2013 or as otherwise noted by relevant ranked entity.
Broker-Dealer Services: #1 (U.S.), growing globally	Leading provider of U.S. Government Securities clearance services Source: Federal Reserve Bank of New York - Fedwire Securities High Volume Customer Report, March 2013
Alternative Investment Services: #3 fund administrator	Based on single manager funds and funds of hedge fund assets under administration combined. Source: HFMWeek 20th Biannual AuA Survey - June 2013
Corporate Trust: #1 Global Corporate Trust Service Provider	Source: Thomson Reuters and Dealogic, first quarter, 2013
Depository Receipts: #1 in market share (~60%)	Leader in sponsored global depository receipts programs Source - BNY Mellon. Data as of June 30, 2013
Pershing: #1 U.S. clearing firm	Pershing LLC., ranked by number of broker-dealer customers Source: Investment News, 2012
Treasury Services: Top 5 in USD payments	Fifth largest participant in CHIPS funds transfer volume Fifth largest Fedwire payment processor Source: CHIPS High Volume Customer Report, June 2013 and Fedwire High Volume Customer Report, June 2013