



BNY MELLON

# POWERING GLOBAL INVESTMENTS

Barclays Global Financial Services Conference 2014

**Gerald Hassell**

Chairman and Chief Executive Officer

September 9, 2014

# 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: continued growth in investment management and investment services fees; abatement of net maturities in corporate trust; high revenue margin fees; relative operating margin improvement; upside to higher short-term interest rates; capital plans and position; the benefits of a combined investment management and investment services and long-term growth potential; run rate savings of continuous process improvements; gain and savings associated with the sale of One Wall Street; client technology solutions and business excellence plans; positioning for earnings growth and outperformance; commitment to expense reduction; compliance with regulatory requirements; and financial flexibility; 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 Annual Report on Form 10-K for the year ended December 31, 2013 (the “2013 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 September 9, 2014, 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 adjusted 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 adjusted measures are contained in the Corporation’s reports filed with the SEC, including the 2013 Annual Report and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Investments Company for the World

## Strategically Well Positioned for Outperformance

<p><b>Twin Engines of Growth</b></p> <ul style="list-style-type: none"> <li>— Investment Services</li> <li>— Investment Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Largest global custodian with \$28.5T in AUC/A</li> <li>■ \$1.6T in AUM -- one of three largest Asset Managers owned by the eight U.S. G-SIB peers</li> </ul>
<p><b>Annuity Fee Revenue Stream</b></p>	<ul style="list-style-type: none"> <li>■ Fee revenue – 79% of total revenue</li> <li>■ Growth with minimal credit risk or need for incremental capital</li> </ul>
<p><b>Continuous Process of Expense Management</b></p>	<ul style="list-style-type: none"> <li>■ Staffing, real estate footprint, technology, procurement and corporate services</li> </ul>
<p><b>High Payout while maintaining Strong Capital / High Ratings</b></p>	<ul style="list-style-type: none"> <li>■ Estimated Basel III Common Equity Tier 1 Ratio of 10%<sup>1</sup></li> <li>■ Credit ratings ranked among highest in G-SIB peer group</li> <li>■ 2013 total payout ratio of 83% -- top quartile versus CCAR Banks</li> </ul>
<p><b>Positioned for earnings growth</b></p>	<ul style="list-style-type: none"> <li>■ Investing in organic growth</li> <li>■ Continuing to aggressively manage costs</li> <li>■ Poised to benefit as markets return to normal conditions</li> </ul>

<sup>1</sup> Fully phased-in advanced approach at June 30, 2014. This represents a Non-GAAP measure. See Appendix for reconciliation.

Additional disclosure regarding this measure and other Non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).

# The Investments Company for the World

## Expertise Across the Investment Lifecycle



NOTE: See additional disclosures in Appendix.

# The Investments Company for the World

## Global Market Leadership

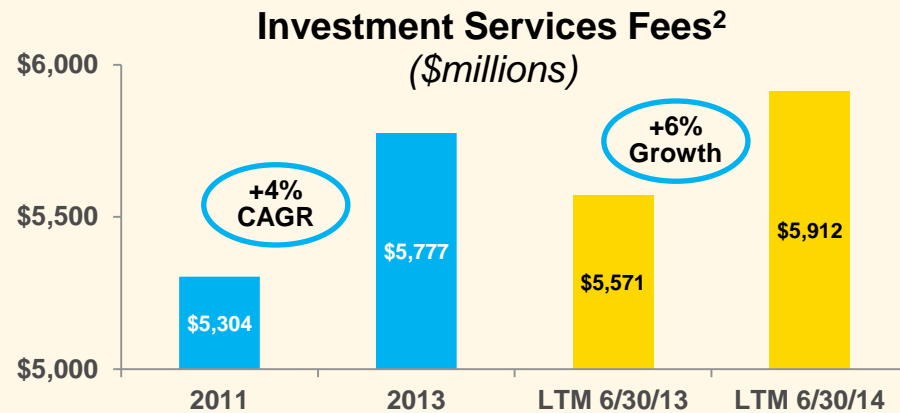
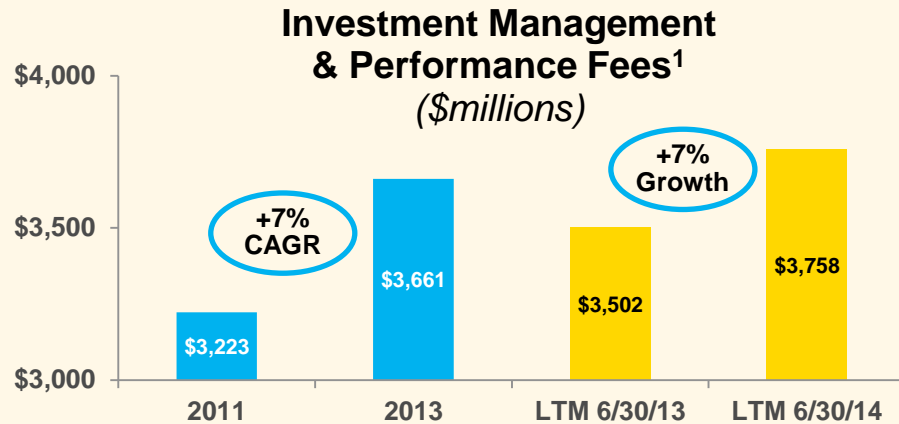
Consolidated Revenue of ~\$14.8B and Pretax Income of ~\$3.5B – LTM 6/30/14\*

Investment Services (36% non-U.S. revenue)			Revenue: ~\$10.0B Pretax Income: ~\$2.8B
<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 the breadth of Investment Services
<b>Depository Receipts</b>	#1 in market share (~60%)		
Investment Management (46% non-U.S. revenue)			Revenue: ~\$4.0B Pretax Income: ~\$1.0B
<b>Asset Management</b>	Top 10 global asset manager	<b>Wealth Management</b>	#7 U.S. wealth manager

\* Consolidated revenue and pretax income include the Other segment.  
 Pretax income for Investment Services and Investment Management exclude amortization of intangible assets. See Appendix for revenue and pretax income reconciliation.  
 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. See Appendix for additional details regarding these rankings.

LTM = last twelve months

# Continued Fee Income Growth



<sup>1</sup> Investment Management fees are Non-GAAP adjusted: excludes the impact of money market fee waivers.

<sup>2</sup> Investment Services fees are Non-GAAP adjusted: excludes Issuer Services, Securities Lending fees and the impact of money market fee waivers.

See Appendix for reconciliation. Additional disclosure regarding these measures and other Non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).

## Performance Drivers\*

- AUM, +40%
  - Net AUM inflows of \$188B
  - Higher market values

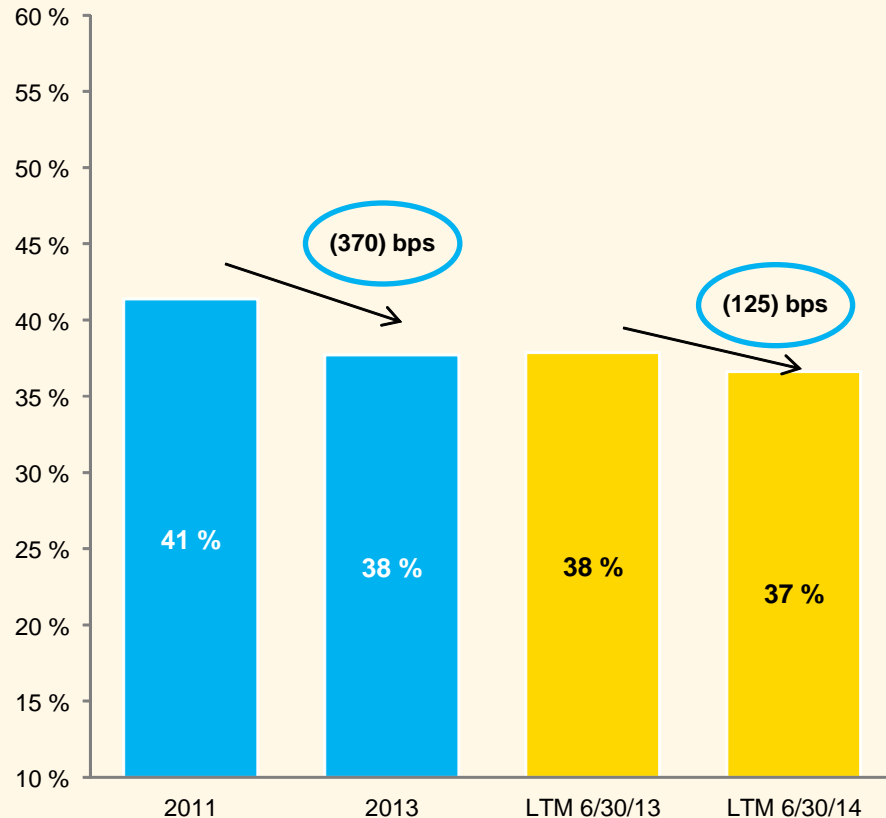
## Performance Drivers\*

- Higher core Asset Servicing, Clearing Services and Treasury Services fees:
  - AUC/A, + 18%
  - Continued new AUC/A wins
  - Growth in Global Collateral Services
  - Average long-term mutual funds assets, +80%; global DARTs volume, +13%
  - Higher market values
  - Higher payment volumes

\* Growth rates reflect growth between 12/31/10 and 6/30/14.

# Although the Macro Environment Has Been Challenging...

## Decline in High-Margin Revenue<sup>1</sup> as a Percent of Total Revenue



## Performance Drivers

### Issuer Services

- Lower Corporate Trust fees
- Decline of structured debt markets
  - Continued maturities of high value structured debt securitizations
  - Net maturities impact expected to abate in 15 to 21 months

### Net Interest Revenue and Money Market Fee Waivers

- Impacted by market rates and narrower spreads (NIR)

### Foreign Exchange

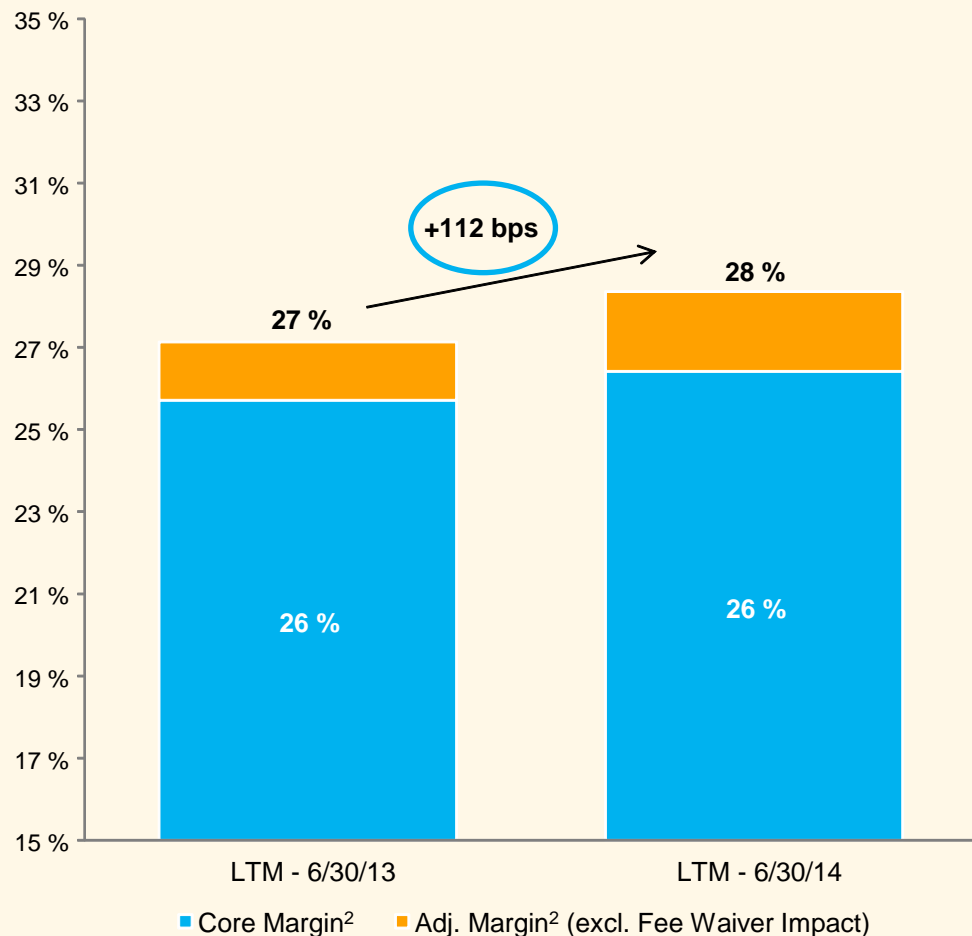
- Lower volumes and volatility

### Securities Lending

- Continuing low short-term interest rates and lower volumes

<sup>1</sup> High-margin revenue share represents high-margin revenue as a percentage of GAAP revenue, adjusted for one-time items. High-margin revenue is Non-GAAP adjusted and consists of foreign exchange revenue & other trading, net interest revenue, performance fees, securities lending fees, investment & other income, issuer services fees, net securities gains/losses, and adjusted for one-time items. See Appendix for reconciliation. Additional disclosure regarding this measure and other Non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).

# ... Delivered Operating Margin Improvement



## Performance Drivers

- LTM operating margin improved over 110 bps through both revenue growth and expense actions
  - In 2Q14, expenses<sup>1</sup> declined 2% sequentially and 4% year-over-year
- We will continue aggressive, but prudent actions to drive performance:
  - Rationalizing our staffing and automating processes; \$120MM severance charge taken in 2Q14 and over \$100MM in expected annual expense savings
  - Sale of One Wall Street resulted in \$345MM pre-tax gain and reduction of ~750,000 square feet in New York City
  - Consolidating custody and fund accounting platforms
  - Developing a common architecture and insourcing application development to reduce costs

<sup>1</sup> Total noninterest expense is Non-GAAP adjusted and excludes amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives.

<sup>2</sup> “Core” denotes GAAP figures adjusted for: net securities gains (losses), accretion discount, FTE adj., intangible amortization, M&I, litigation & restructuring expense, provision for credit losses and other one-time items. “Adj. Margin” denotes Core margin figures adjusted for money market fee waivers associated revenue / expenses.

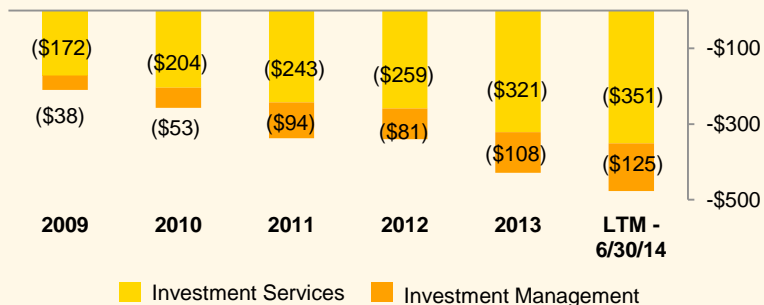
See Appendix for reconciliations. Additional disclosure regarding these measures and other Non-GAAP adjusted measures is available in the Corporation’s reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).



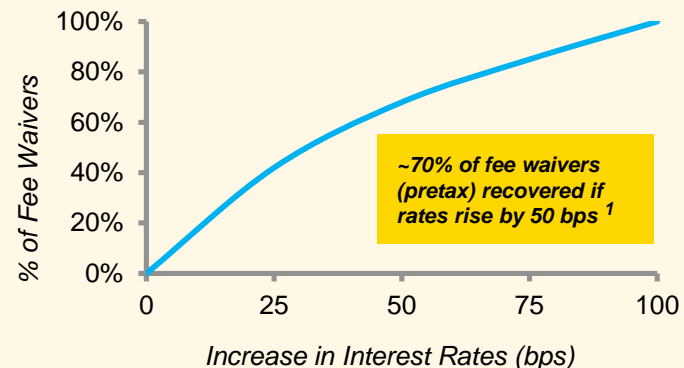
# Significant Further Upside to Higher Short-Term Interest Rates

(\$ millions)

### Money Market Fee Waivers\* Pretax Trend

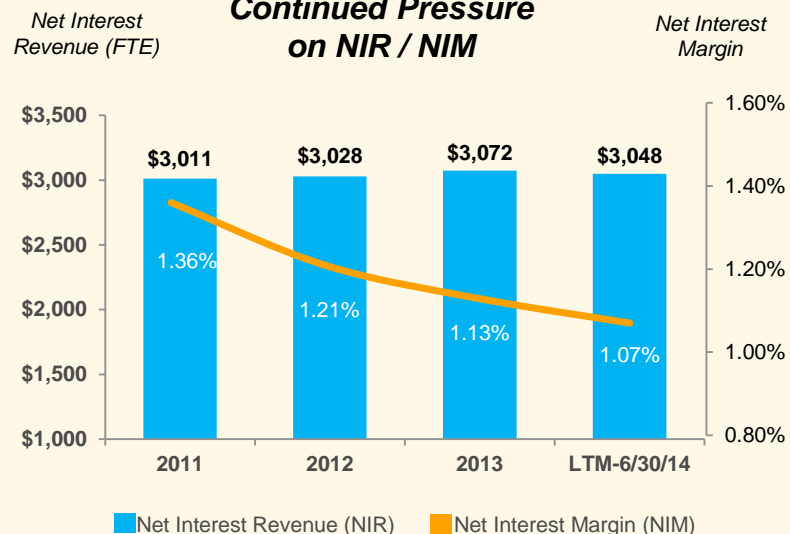


### Rapid Recovery of Fee Waivers With Rising Short-Term Interest Rates

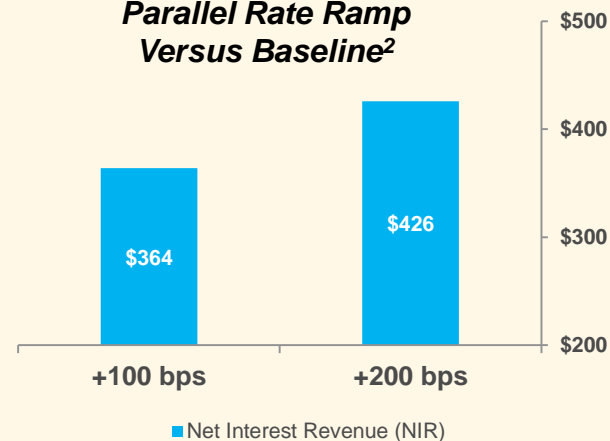


**Opportunity for  
Significant Upside**

### Continued Pressure on NIR / NIM



### Net Interest Revenue Sensitivity Parallel Rate Ramp Versus Baseline<sup>2</sup>



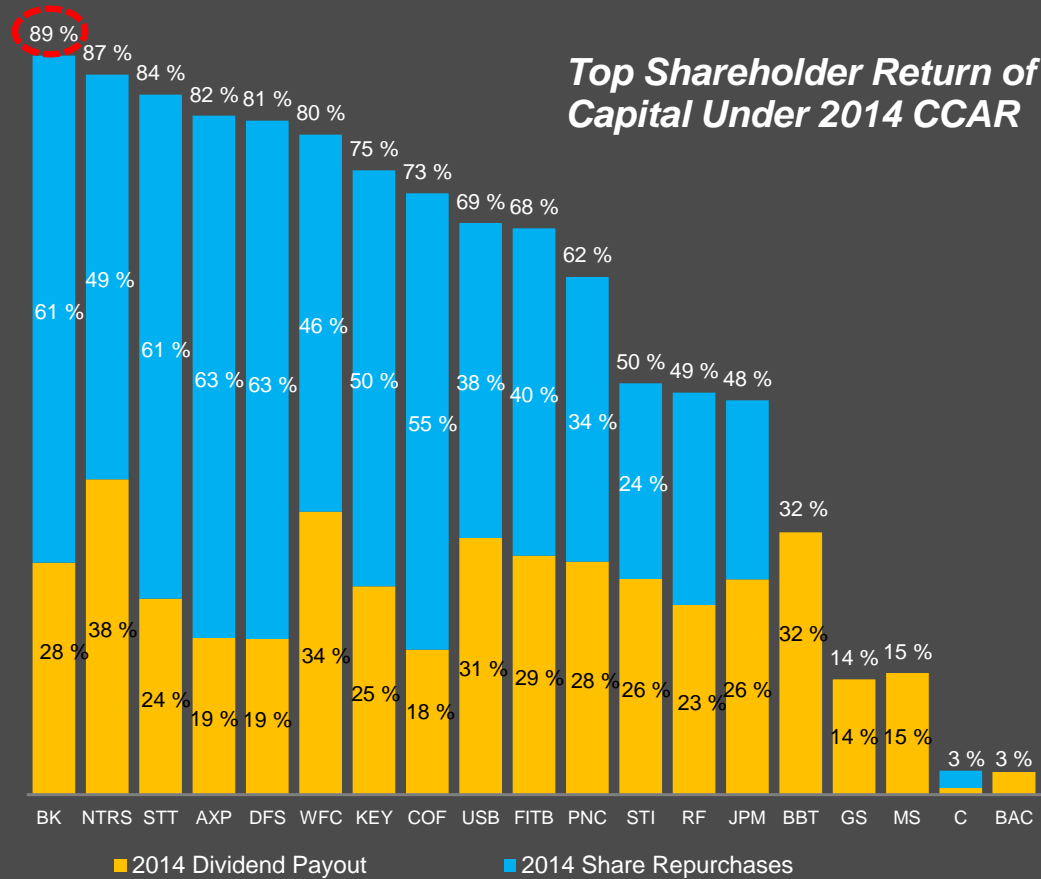
\* Represents the pretax income impact from money market fee waivers; includes an estimated impact to related compensation expense.

<sup>1</sup> Assumes no change in client behavior.

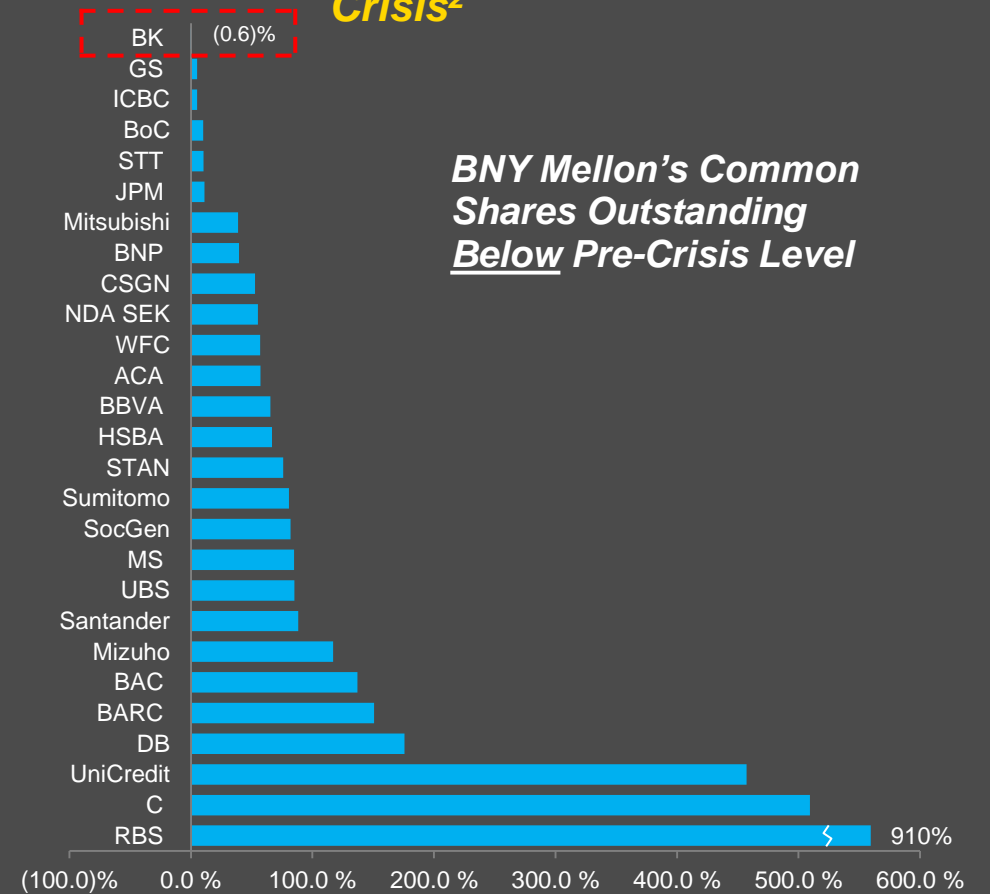
<sup>2</sup> Both short-term and long-term rates move in four equal quarterly increments. See Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Strong Capital Position and Capital Return

## 2014 CCAR Total Payout<sup>1</sup>



## Common Share Count Change Since Pre-Crisis<sup>2</sup>



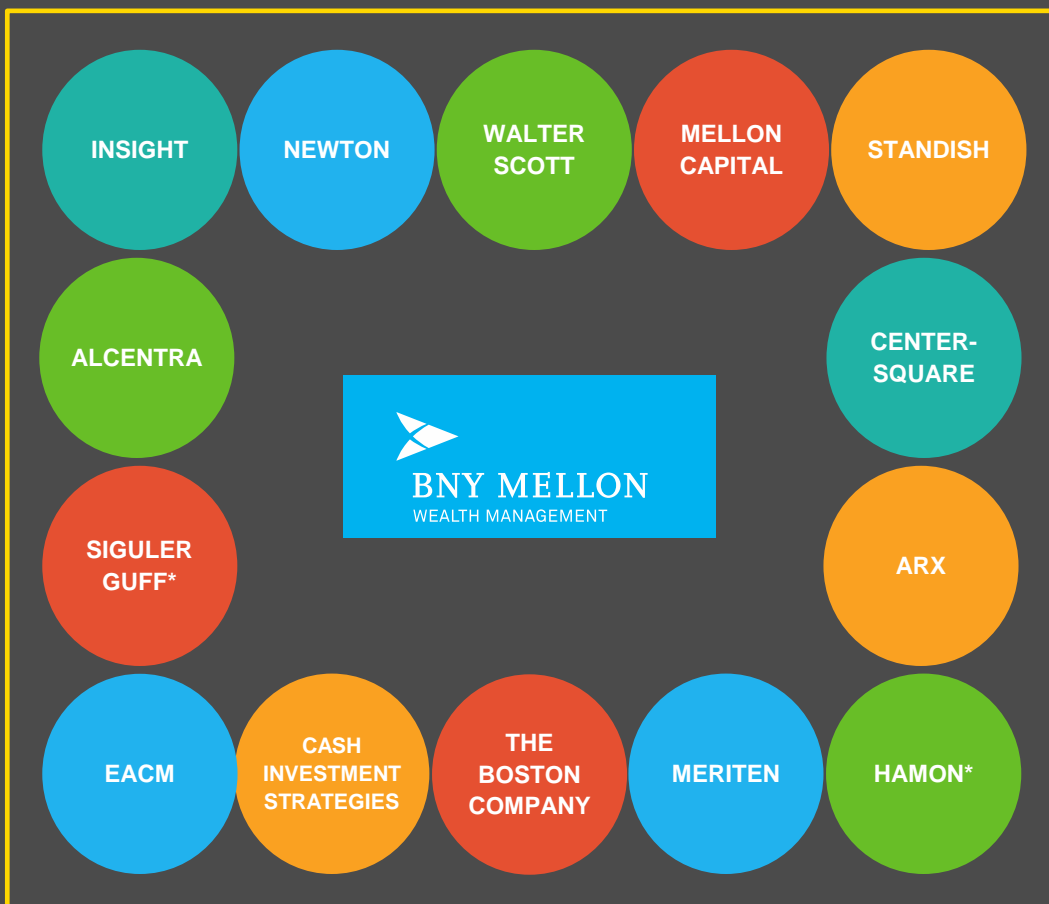
SOURCE: Federal Reserve – Dodd-Frank Act Stress Test (DFAST) 2014: Supervisory Stress Test Methodology and Results; payout as a percentage of 2014E IBES Net Income as of 3/26/14, repurchases net of equity due to employee compensation with 2014 amount assumed to be equal to 2013 amount.

<sup>1</sup> Information regarding our peers' payout ratios is derived from their public filings.

<sup>2</sup> Represents G-SIBs: Pre-crisis defined as of 9/30/07, share count as of 6/30/07 in cases where data undisclosed as of 9/30/07; current data as of 9/3/14; SNL Financial (share count data).

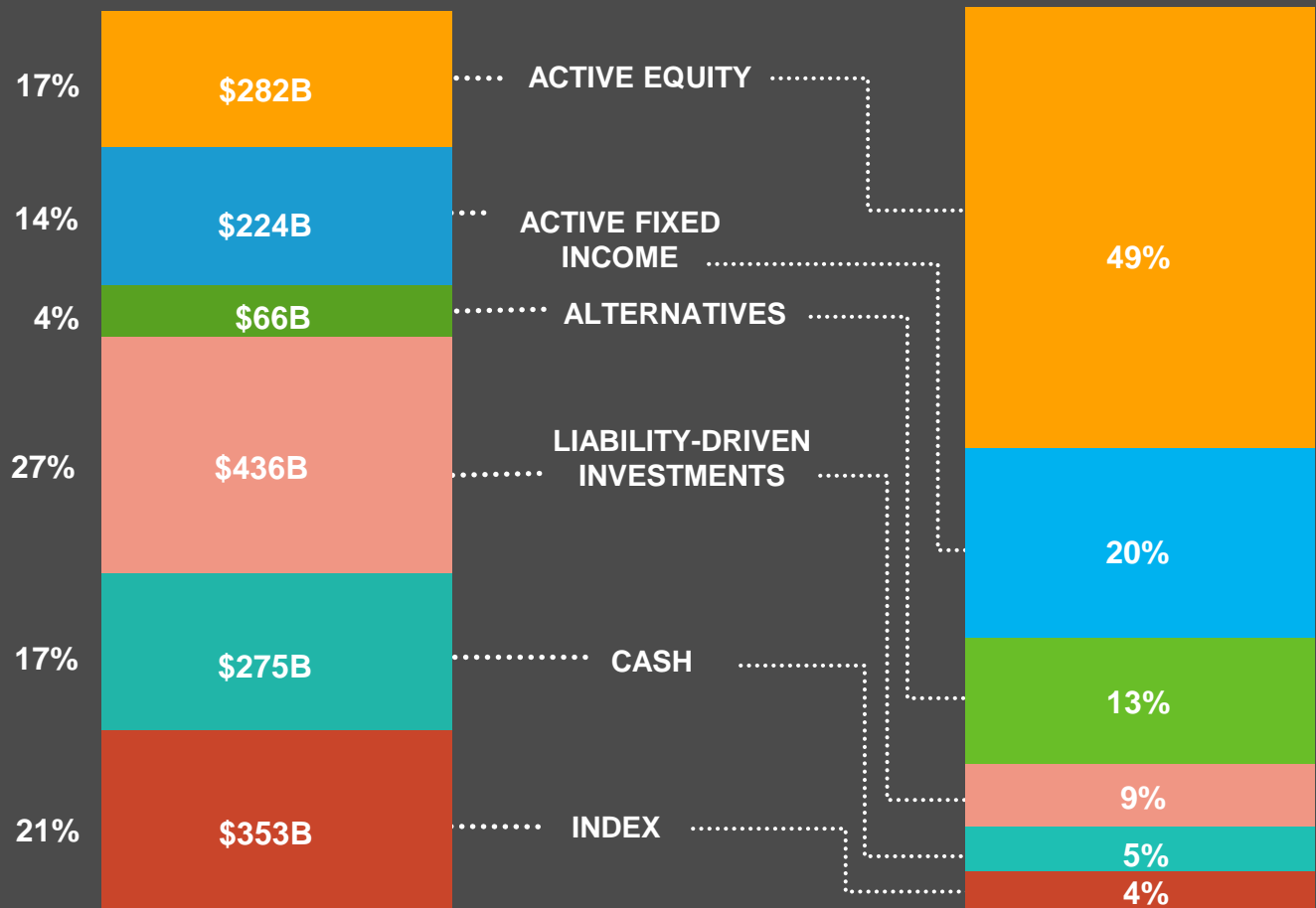
# Investment Management – Diverse AUM and Fee Mix

## Multi-Boutique Model & Wealth Management



ASSETS UNDER MANAGEMENT<sup>1</sup>  
\$1.6 trillion (6/30/2014)

FEE REVENUE (Non-GAAP)<sup>2</sup>  
\$3.1 billion



<sup>1</sup> LDI AUM includes Overlay assets.

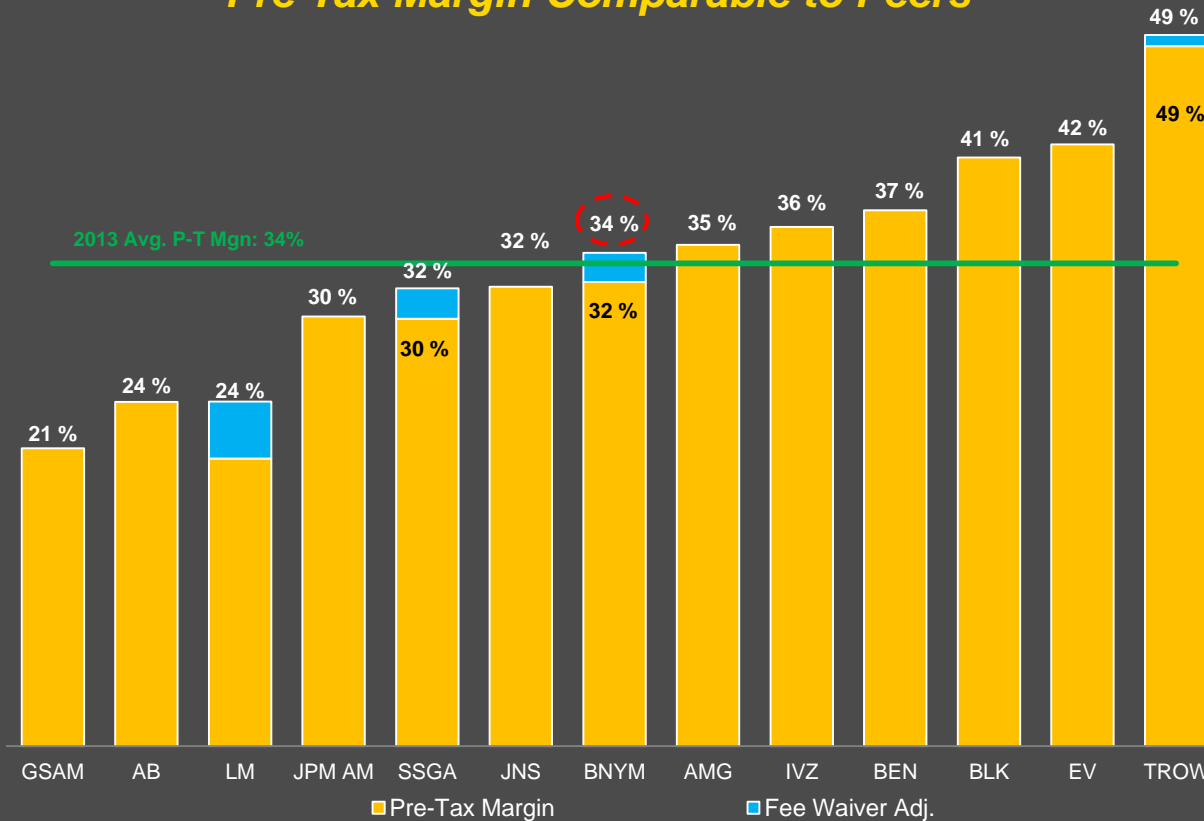
<sup>2</sup> Fee revenue is calculated as follows: Total 2Q14 Investment management fees, distribution fees and transfer fees, net of distribution expense, annualized. See Appendix for fee revenue reconciliation. Additional disclosure regarding this measure and other Non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).

\* Minority ownership or joint venture. See additional Investment Management disclosures in Appendix.

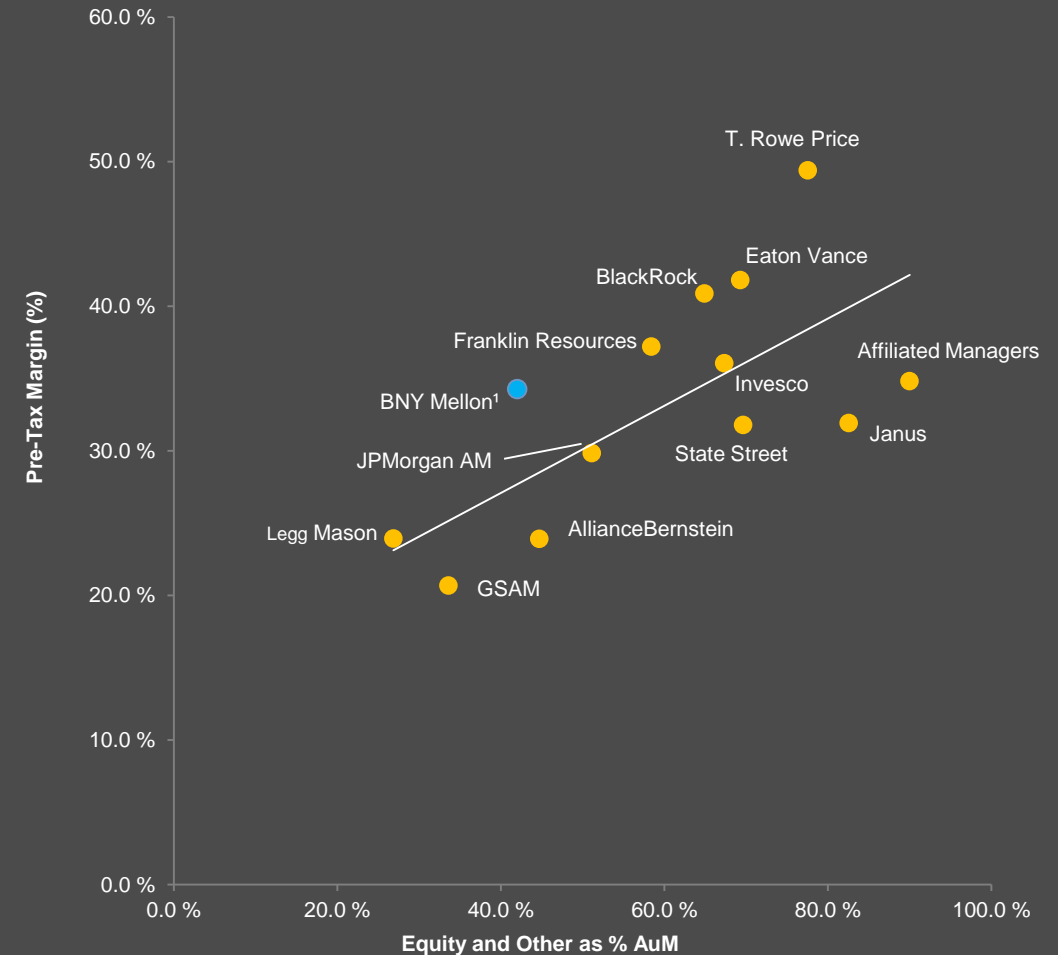
# Investment Management – Strong Margins

- Strong Investment Management margin on par with peers
- Taking into account AUM mix, BNY Mellon's performance is above the line

## Pre-Tax Margin Comparable to Peers



## 2013 AUM Mix vs. Pre-Tax Margin<sup>1</sup>



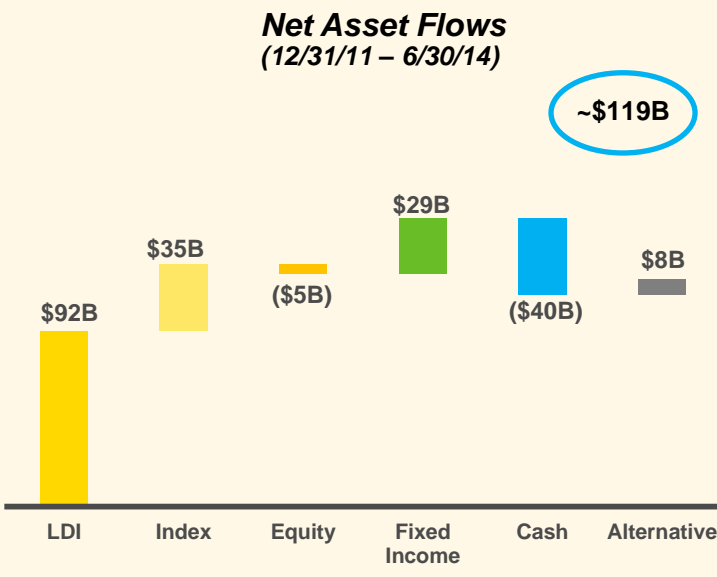
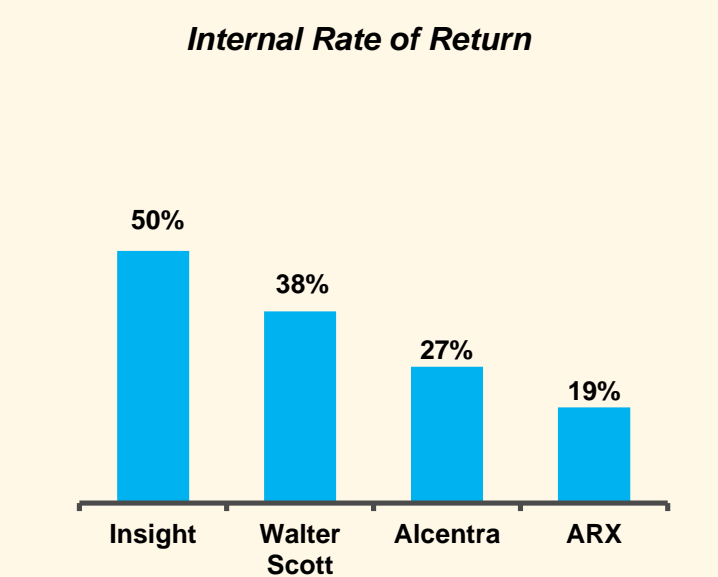
NOTE: Pre-tax margins adjusted to exclude amortization expense with revenues net of distribution expense, and non-recurring items where applicable. Average excludes BNY Mellon.

<sup>1</sup> Adjusted to exclude money market fee waivers for BNY Mellon and all peers, where applicable and disclosed.

\* Information regarding our peers is derived from their public filings and may not be directly comparable to BNY Mellon's calculations.

# Investment Management & Investment Services

## Combined Platform Continues to Drive Performance

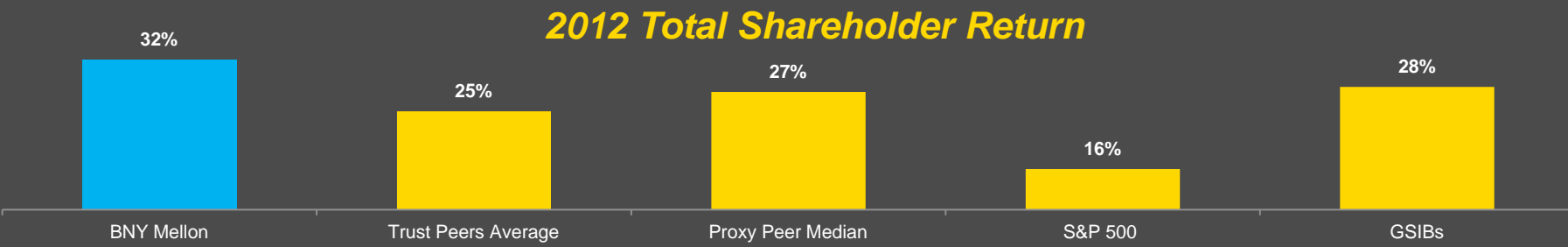
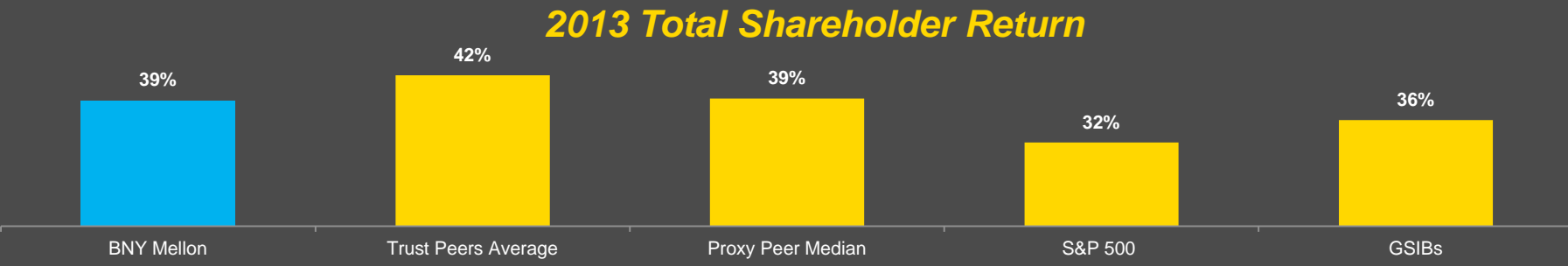
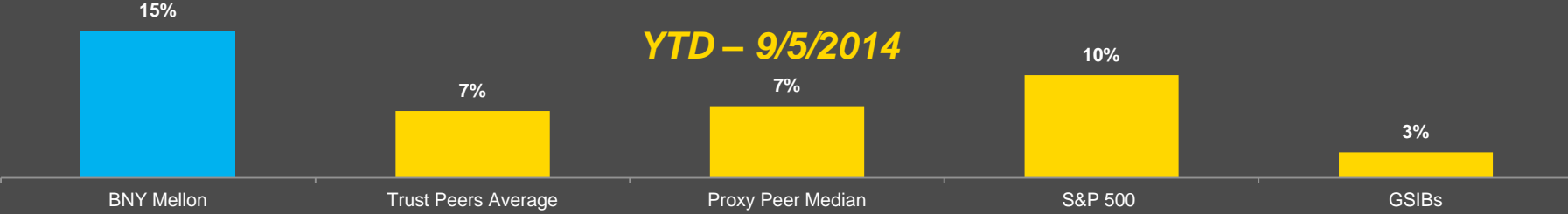
Investment Management Central to BNY Mellon's Franchise	Asset Flows Enhanced by BNY Mellon's Platform	Acquisitions Thriving Under BNY Mellon's Ownership																										
<ul style="list-style-type: none"> <li>Highly successful contributor to earnings</li> <li>Minimal balance sheet usage</li> <li>Positive to BNY Mellon's credit ratings and stress test performance</li> <li>Corporate brand and excellent credit ratings are attractive to large, sophisticated investors</li> <li>Strong long-term growth potential</li> </ul>	<p><b>Net Asset Flows</b> (12/31/11 – 6/30/14)</p>  <table border="1"> <caption>Net Asset Flows (12/31/11 – 6/30/14)</caption> <thead> <tr> <th>Category</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>LDI</td> <td>\$92B</td> </tr> <tr> <td>Index</td> <td>\$35B</td> </tr> <tr> <td>Equity</td> <td>(\$5B)</td> </tr> <tr> <td>Fixed Income</td> <td>\$29B</td> </tr> <tr> <td>Cash</td> <td>(\$40B)</td> </tr> <tr> <td>Alternative</td> <td>\$8B</td> </tr> <tr> <td><b>Total</b></td> <td><b>~\$119B</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><b>Liability-Driven Investments (LDI)</b> <ul style="list-style-type: none"> <li>Strong financial position of Holding Company parent is attractive to client base</li> </ul> </li> <li><b>Index and money market products</b> <ul style="list-style-type: none"> <li>Attractive cross-selling opportunities for Investment Services' clients</li> </ul> </li> </ul>	Category	Amount	LDI	\$92B	Index	\$35B	Equity	(\$5B)	Fixed Income	\$29B	Cash	(\$40B)	Alternative	\$8B	<b>Total</b>	<b>~\$119B</b>	<p><b>Internal Rate of Return</b></p>  <table border="1"> <caption>Internal Rate of Return</caption> <thead> <tr> <th>Acquisition</th> <th>Internal Rate of Return</th> </tr> </thead> <tbody> <tr> <td>Insight</td> <td>50%</td> </tr> <tr> <td>Walter Scott</td> <td>38%</td> </tr> <tr> <td>Alcentra</td> <td>27%</td> </tr> <tr> <td>ARX</td> <td>19%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Successfully leveraging BNY Mellon's capabilities</li> </ul> <p>NOTE: Represents estimated internal rate of return of large acquisitions (&gt;\$100MM), since acquisition through 12/31/13.</p>	Acquisition	Internal Rate of Return	Insight	50%	Walter Scott	38%	Alcentra	27%	ARX	19%
Category	Amount																											
LDI	\$92B																											
Index	\$35B																											
Equity	(\$5B)																											
Fixed Income	\$29B																											
Cash	(\$40B)																											
Alternative	\$8B																											
<b>Total</b>	<b>~\$119B</b>																											
Acquisition	Internal Rate of Return																											
Insight	50%																											
Walter Scott	38%																											
Alcentra	27%																											
ARX	19%																											

# Continuing to Strengthen Our Franchise

Organizational Realignment	
<b>Curtis Arledge</b>	<ul style="list-style-type: none"><li>• CEO Investment Management</li><li>• Markets Group<ul style="list-style-type: none"><li>– Global Markets</li><li>– Global Collateral Services</li><li>– Prime Services</li></ul></li></ul>
<b>Brian Shea</b>	<ul style="list-style-type: none"><li>• CEO Investment Services</li><li>• Head of Client Service Delivery and Client Technology Solutions</li></ul>
Enhancing Our Board	
<b>Jeffrey Goldstein</b> <i>(April 2014)</i>	<ul style="list-style-type: none"><li>• Significant finance, banking, government, economics, global markets and corporate strategy experience</li></ul>
<b>John Hinshaw</b> <i>(Sep. 2014)</i>	<ul style="list-style-type: none"><li>• Proven technology leader having served in progressively more complex, global technology roles across several different industries</li></ul>

New Role

# Strong Shareholder Returns



Performance (%)	YTD
BNY Mellon	15%
Trust Peers Average	7
Proxy Peer Median	7
S&P 500	10
G-SIB Peer Group	3

NOTE: G-SIB Peer Group includes: HSBC, JPM, BARC, BNP, C, DBK, BAC, CSGN, GS, ACA, MTU, MS, RBS, UBS, Bank of China, BBVA, ICBC, MFG, NDA, SAN, GLE, STAN, STT, SMFG, UCG, WFC. Proxy Peers include: BLK, SCHW, BEN, JPM, MS, NTRS, PNC, PRU, STT, USB, WFC.

# Investments Company for the World

## Strategically Well Positioned for Outperformance

<p><b>Twin Engines of Growth</b></p> <ul style="list-style-type: none"> <li>— Investment Services</li> <li>— Investment Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Largest global custodian with \$28.5T in AUC/A</li> <li>■ \$1.6T in AUM -- one of three largest Asset Managers owned by the eight U.S. G-SIB peers</li> </ul>
<p><b>Annuity Fee Revenue Stream</b></p>	<ul style="list-style-type: none"> <li>■ Fee revenue – 79% of total revenue</li> <li>■ Growth with minimal credit risk or need for incremental capital</li> </ul>
<p><b>Continuous Process of Expense Management</b></p>	<ul style="list-style-type: none"> <li>■ Staffing, real estate footprint, technology, procurement and corporate services</li> </ul>
<p><b>High Payout while maintaining Strong Capital / High Ratings</b></p>	<ul style="list-style-type: none"> <li>■ Estimated Basel III Common Equity Tier 1 Ratio of 10%<sup>1</sup></li> <li>■ Credit ratings ranked among highest in G-SIB peer group</li> <li>■ 2013 total payout ratio of 83% -- top quartile versus CCAR Banks</li> </ul>
<p><b>Positioned for earnings growth</b></p>	<ul style="list-style-type: none"> <li>■ Investing in organic growth</li> <li>■ Continuing to aggressively manage costs</li> <li>■ Poised to benefit as markets return to normal conditions</li> </ul>

<sup>1</sup> Fully phased-in advanced approach at June 30, 2014. This represents a Non-GAAP measure. See Appendix for reconciliation.

Additional disclosure regarding this measure and other Non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com](http://www.bnymellon.com).





BNY MELLON

# APPENDIX

# Reconciliation Schedule

## Business - Revenue and Pretax Income

REVENUE \$ MILLION	3Q13	4Q13	1Q14	2Q14	LTM 6/3014
INVESTMENT SERVICES	2,568	2,470	2,477	2,513	10,028
INVESTMENT MANAGEMENT	949	1,061	970	1,036	4,016
<b>CONSOLIDATED TOTAL</b>	<b>\$ 3,783</b>	<b>\$ 3,611</b>	<b>\$ 3,647</b>	<b>\$ 3,745</b>	<b>\$ 14,786</b>
PRETAX INCOME \$ MILLION					
INVESTMENT SERVICES	803	648	699	689	2,839
INVESTMENT MANAGEMENT	260	301	277	202	1,040
<b>CONSOLIDATED TOTAL</b>	<b>\$ 1,002</b>	<b>\$ 728</b>	<b>\$ 926</b>	<b>\$ 811</b>	<b>\$ 3,467</b>

\* Consolidated totals include the Other segment. Pretax metrics for Investment Services and Investment Management exclude the impact of intangible amortization.

# Reconciliation Schedule

## Investment Management & Performance Fees / Investment Services Fees (Adj.)

(\$millions) Investment Management & Performance Fees	2011	2013	LTM 6/30/13	LTM 6/30/14
Investment management and performance fees	\$2,998	\$3,385	\$3,281	\$3,449
(+) Investment management money market fee waivers	225	276	221	309
<b>Total</b>	<b>\$3,223</b>	<b>\$3,661</b>	<b>\$3,502</b>	<b>\$3,758</b>

(\$millions) Investment Services Fees (Adj.)	2011	2013	LTM 6/30/13	LTM 6/30/14
Investment services fees	\$6,499	\$6,689	\$6,523	\$6,719
(-) Issuer services fees	1,252	1,087	1,053	1,016
(-) Securities lending revenue	146	117	138	112
(+) Investment services money market fee waivers	203	292	239	321
<b>Total</b>	<b>\$5,304</b>	<b>\$5,777</b>	<b>\$5,571</b>	<b>\$5,912</b>

# Reconciliation Schedule

## High Margin Revenue as a Percent of Total Revenue

<i>(\$millions)</i> High Margin Revenue as a Percent of Total Revenue	2011	2013	LTM 6/30/13	LTM 6/30/14
<b>Total Revenue - Adjusted</b>	\$14,798	\$15,039	\$14,791	\$14,961
Foreign exchange & other trading	848	674	690	571
Net interest revenue (non-FTE)	2,984	3,009	2,950	2,980
Performance fees	93	130	115	130
Securities lending fees	183	155	179	150
Investment & other income	524	482	642	353
Issuer services fees	1,446	1,090	1,056	1,019
Securities gains/(losses)	48	141	152	101
Gain (loss) related to an equity investment (pre-tax)	-	(9)	(184)	175
<b>Total High-Margin Revenue*</b>	<b>\$6,124</b>	<b>\$5,671</b>	<b>\$5,599</b>	<b>\$5,479</b>
<b>% of Total Revenue - Adjusted</b>	<b>41%</b>	<b>38%</b>	<b>38%</b>	<b>37%</b>

\*Total High-Margin Revenue may not sum due to rounding

# Reconciliation Schedule

## Operating Margin

(\$millions)	LTM 6/30/13	LTM 6/30/14
<b>Total Revenue - GAAP</b>	\$14,975	\$14,786
<i>Net securities gains(losses)</i>	(152)	(100)
<i>Loss (gain) on equity investments &amp; asset sales</i>	(184)	175
<i>Accretible discount</i>	(237)	(194)
<i>Earnings attributable to non-controlling Interest</i>	(92)	(62)
<i>FTE adjustment</i>	59	68
<b>Core Revenue</b>	<b>\$14,369</b>	<b>\$14,673</b>
<i>Money Market Fee Waiver Revenue</i>	532	677
<b>Adjusted Core Revenue</b>	<b>\$14,900</b>	<b>\$15,350</b>
<b>Total Expense – GAAP</b>	<b>\$11,180</b>	<b>\$11,341</b>
<i>Amortization of intangible assets</i>	(370)	(313)
<i>M&amp;I, litigation &amp; restructuring</i>	(124)	(128)
<i>Admin error charge (recovery)</i>	(28)	(104)
<b>Core Expense</b>	<b>\$10,658</b>	<b>\$10,796</b>
<i>Money Market Fee waiver expense</i>	184	200
<b>Adjusted Core Expense</b>	<b>\$10,842</b>	<b>\$10,996</b>
<b>Core Pre-Tax Income</b>	<b>\$3,711</b>	<b>\$3,877</b>
<b>Core Pre-Tax Margin</b>	<b>26%</b>	<b>26%</b>
<b>Adjusted Core Pre-Tax Income</b>	<b>\$4,059</b>	<b>\$4,354</b>
<b>Adjusted Core Pre-Tax Margin</b>	<b>27%</b>	<b>28%</b>

\*Figures may not foot due to rounding

# Reconciliation Schedule

## Net Interest Margin (LTM-6/30/14)

Net Interest Margin (FTE) (\$millions)	3Q13	4Q13	1Q14	2Q14	2Q14 LTM
Net Interest Revenue (FTE)	\$787	\$781	\$744	\$736	\$3,048
Average Interest-earning Assets					\$285,519

Net Interest Margin (FTE) 1.07%

FTE - fully taxable equivalent

# Reconciliation Schedule

## Investment Management Fee Revenue Reconciliation

\$ MILLION	2Q14	
INVESTMENT MANAGEMENT FEES (EXCLUDING PERFORMANCE FEES)	\$852	
DISTRIBUTION AND SERVICING FEES	\$41	
DISTRIBUTION AND SERVICING EXPENSE	(111)	
SUBTOTAL	\$782	
TOTAL (ANNUALIZED)	X4	\$3,128



# Reconciliation Schedule

## Investment Management Operating Margin

Pre-tax Operating Margin – Investment Management (\$millions)	1Q13	2Q13	3Q13	4Q13	FY 2013
Income before taxes – GAAP	\$206	\$271	\$225	\$266	\$968
Add: Amortization of intangible assets	39	39	35	35	148
Add: Money market fee waiver	21	24	30	33	108
Add: Charge (recovery) related to investment management funds	39	(27)			12
Income before taxes excluding amortization of intangibles assets, money market fee waivers and the charge (recovery) related investment management funds – Non-GAAP	\$305	\$307	\$290	\$334	\$1,236
Total Revenue - GAAP	\$943	\$975	\$949	\$1,061	\$3,928
Less: Distribution and servicing expense	104	110	107	108	429
Less: Money market fee waivers benefiting distribution and servicing expense	36	35	38	38	147
Add: Money market fee waivers impacting total revenue	57	59	68	71	255
Total revenue net of distribution and servicing expense and excluding money market fee waivers – Non-GAAP	\$860	\$889	\$872	\$986	\$3,607
<b>Pre-tax operating margin excluding amortization of intangibles assets, money market fee waivers and the charge (recovery) related to investment management funds, and net of distribution and servicing expense – Non-GAAP<sup>1</sup></b>					<b>34%</b>

<sup>1</sup> Income before taxes divided by total revenue.

# Reconciliation Schedule

## Operating Expenses

Noninterest Expense (\$millions)	2Q14	1Q14	2Q13
Total noninterest expense – GAAP	\$2,946	\$2,739	\$2,822
Amortization of intangible assets	(75)	(75)	(93)
M&I, litigation and restructuring charges	(122)	12	(13)
Charge (recovery) related to investment management funds, net of incentives and severance expense	(109)	5	27
<b>Adjusted Noninterest Expense<sup>1</sup></b>	<b>\$2,640</b>	<b>\$2,681</b>	<b>\$2,743</b>
	<b>Adjusted Noninterest Expense</b>	<b>(2%)</b>	<b>(4%)</b>

<sup>1</sup> Represents a non-GAAP adjusted measure. Additional disclosure regarding this and other non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, including our Form 10-Q for the quarter ended June 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Reconciliation Schedule

## Estimated Common Equity Tier 1 Ratio, Fully Phased-in

<i>(\$millions)</i> Basel III Capital Components and Ratios at June 30, 2014	Fully phased-in Basel III
Common Equity	\$36,764
Goodwill and Intangible Assets	(19,925)
Net Pension Fund Assets	(106)
Equity Method Investments	(430)
Deferred Tax Assets	(17)
Other	(9)
Total Common Equity Tier 1	\$16,277
Risk-weighted Assets – Standardized Approach	\$158,168
Risk-weighted Assets – Advanced Approach	\$162,072
Estimated Basel III CET1 ratio – Standardized Approach (Non-GAAP) <sup>1</sup>	10.3%
Estimated Basel III CET1 ratio – Advanced Approach (Non-GAAP) <sup>1</sup>	10.0%

<sup>1</sup>Represents a non-GAAP adjusted measure. Additional disclosure regarding this measure and other non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, including our Form 10-Q for the quarter ended June 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

At June 30, 2014, the estimated fully phased-in Basel III CET1 ratios are based on our interpretation of the final rules released by the Board of Governors of the Federal Reserve System (the "Federal Reserve") on July 2, 2013 (the "Final Capital Rules"), which are being gradually phased-in over a multiyear period. The estimated fully phased-in Basel III CET1 ratios assume all relevant regulatory model approvals. The Final Capital Rules require approval by banking regulators of certain models used as part of risk-weighted asset calculations. If these models are not approved, the estimated fully phased-in capital ratios would likely be adversely impacted. See additional disclosures in our Form 10-Q for the quarter ended June 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Dodd-Frank Act Stress Test – Severely Adverse Scenario

## Impact on Tier 1 Common Equity Ratio

Bank Holding Company	Ticker/ Identifier	Tier 1 Common Ratio (%)			Stress Impact
		Actual Q3 2013	Ending	Minimum	
American Express Company	AXP	12.8	14.0	12.1	0.7
<b>BNY Mellon</b>	<b>BK</b>	<b>14.1</b>	<b>16.1</b>	<b>13.1</b>	<b>1.0</b>
BB&T Corporation	BBT	9.4	8.4	8.4	1.0
SunTrust Banks	STI	9.9	9.0	8.8	1.1
U.S. Bancorp	USB	9.3	8.3	8.2	1.1
PNC Financial Services Group	PNC	10.3	9.0	9.0	1.3
Northern Trust Corporation	NTRS	13.1	11.7	11.7	1.4
Discover Financial Services	DFS	14.7	13.7	13.2	1.5
Fifth Third Bancorp	FITB	9.9	8.4	8.4	1.5
Ally Financial	ALLY	7.9	6.3	6.3	1.6
KeyCorp	KEY	11.2	9.3	9.2	2.0
Regions Financial Corporation	RF	11.0	9.0	8.9	2.1
Comerica Incorporated	CMA	10.7	8.6	8.6	2.1
State Street Corporation	STT	15.5	14.7	13.3	2.2
Wells Fargo & Company	WFC	10.6	8.2	8.2	2.4
M&T Bank Corporation	MTB	9.1	6.2	6.2	2.9
UnionBanCal Corporation	UNB	11.1	8.1	8.1	3.0
BBVA Compass Bancshares	BBVA	11.6	8.5	8.5	3.1
RBS Citizens Financial Group	RBS	13.9	10.7	10.7	3.2
BMO Financial Corp.	BMO	10.8	7.6	7.6	3.2
Huntington Bancshares Incorporated	HBAN	10.9	7.4	7.4	3.5
JPMorgan Chase & Co.	JPM	10.5	6.7	6.3	4.2
Capital One Financial Corporation	COF	12.7	7.8	7.8	4.9
Bank of America Corporation	BAC	11.1	6.0	5.9	5.2
Citigroup	C	12.7	7.2	7.2	5.5
Santander Holdings USA	SC	13.7	7.3	7.3	6.4
Morgan Stanley	MS	12.6	7.6	6.1	6.5
Zions Bancorporation	ZB	10.5	3.6	3.6	6.9
Goldman Sachs Group	GS	14.2	9.2	6.9	7.3
HSBC North America Holdings	HSBC	14.7	6.6	6.6	8.1

SOURCE:  
Federal Reserve – Dodd-Frank Act Stress  
Test (DFAST) 2014: *Supervisory Stress  
Test Methodology and Results*

# Disclosures

All statistics are global and represent the minimum number of BNY Mellon client relationships in each category.

- **Fortune 500** (as of 12/31/13)  
// *Fortune* magazine, May 2013; Global 500 data
- **Central Banks** (as of June 2013)  
// CIA World Factbook, IMF, annual reports
- **Pensions & EB Funds** (as of 2/26/14)  
// Reprinted with permission of Pensions & Investments, Copyright 2013 // Metric is Plan Assets, Millions (converted in thousands)
- **Endowments** (as of 2/26/14)  
// Reprinted with permission of NACUBO, Copyright 2013 // Metric is Total Market Value of Endowments, in thousands, as of FYE 2011  
// Data source used by *P&I Magazine*
- **Life & Health Insurance Companies** (as of 2/26/14)  
// Reprinted with permission of A.M. Best Company, Inc., Copyright 2013 // Metric is 2012 Total Admitted Assets, in thousands
- **QS World Universities Top 50 (of 400 listed)** (as of 12/31/2013)  
// [www.topuniversities.com/university-rankings/world-university-rankings/2013](http://www.topuniversities.com/university-rankings/world-university-rankings/2013)

# 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 December 31, 2013
Pershing: #1 U.S. clearing firm	Pershing LLC., ranked by number of broker-dealer customers Source: <i>Investment News</i> , 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
Asset Management	Eighth largest global asset manager Source: <i>Pensions &amp; Investments</i> , November 2013
Wealth Management	Seventh largest U.S. wealth manager Source: <i>Barron's</i> , Sept 2013

# Disclosures

## Important Information

- BNY Mellon Investment Management is one of the world's leading investment management organizations and one of the top U.S. wealth managers, encompassing BNY Mellon's affiliated investment management firms, wealth management organization and global distribution companies. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction.
- Products or services described herein are provided by BNY Mellon, its subsidiaries, affiliates or related companies and may be provided in various countries by one or more of these companies where authorized and regulated as required within each jurisdiction. *Certain investment vehicles may only be offered through regulated entities or licensed individuals, such as a bank, a broker-dealer or an insurance company.* However, this material is not intended, nor should be construed, as an offer or solicitation of services or products or an endorsement thereof in any jurisdiction or in any circumstance that is otherwise unlawful or unauthorized. **The investment products and services mentioned here are not insured by the FDIC (or any other state or federal agency), are not deposits of or guaranteed by any bank, and may lose value.**
- This material is not intended as an offer to sell or a solicitation of an offer to buy any security, and it is not provided as a sales or advertising communication and does not constitute investment advice. MBSC Securities Corporation, a registered broker-dealer, FINRA member and wholly owned subsidiary of BNY Mellon, has entered into agreements to offer securities in the U.S. on behalf of certain BNY Mellon Investment Management firms.
- Securities in Canada are offered through BNY Mellon Asset Management Canada Ltd., registered as a Portfolio Manager and Exempt Market Dealer in all provinces and territories of Canada, and as an Investment Fund Manager and Commodity Trading Manager in Ontario.
- The value of investments and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.
- Rankings include assets managed by BNY Mellon's investment boutiques and BNY Mellon Wealth Management. Each ranking may not include the same mix of firms.
- Unless otherwise noted, all references to assets under management (which are approximate) are as of 6/30/14. Assets under management (AUM) / overlay under management (OUM) for The Boston Company Asset Management, EACM Advisors, Mellon Capital Management Corporation and Standish Mellon Asset Management Company LLC includes assets managed by those individual firms' officers as associated persons, dual officers or employees of The Dreyfus Corporation. In addition, AUM/OUM for the following firms includes assets managed by them as non-discretionary investment manager for, or by the individual firms' officers as dual officers or employees of, The Bank of New York Mellon: The Dreyfus Corporation and its BNY Mellon Cash Investment Strategies division, The Boston Company Asset Management, LLC, CenterSquare Investment Management, Inc, Mellon Capital Management Corporation, Newton Capital Management Limited (part of The Newton Group) and Standish Mellon Asset Management Company LLC.
- Alcentra Limited, Insight Investment Management Limited, Newton Capital Management Limited, Newton Investment Management Limited and Walter Scott & Partners Limited are authorized and regulated by the Financial Conduct Authority. The registered address for Alcentra Limited is 10 Gresham Street, London, EC2V7JD, England. The registered address for Insight Investment and Newton is BNY Mellon Centre, 160 Queen Victoria Street, London, EC4V 4LA, England. The registered address for Walter Scott is One Charlotte Square, Edinburgh, EH2 4DR, Scotland.
- The Alcentra Group refers to the affiliated companies Alcentra, Ltd and Alcentra NY, LLC. AUM includes assets managed by both companies.
- BNY Mellon Cash Investment Strategies (CIS) is a division of The Dreyfus Corporation.

# Disclosures

- BNY Mellon Investment Strategy & Solutions Group (“ISSG”) is part of The Bank of New York Mellon (“Bank”). In the US, ISSG offers products and services through the Bank, including investment strategies that are developed by affiliated BNY Mellon Investment Management advisory firms and managed by officers of such affiliated firms acting in their capacities as dual officers of the Bank.
- Insight Investment Management Limited and Meriten Investment Management GmbH do not offer services in the U.S. This presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any of the firms’ services or funds to any U.S. investor, or where otherwise unlawful.
- BNY Mellon owns 90% of The Boston Company Asset Management, LLC and the remainder is owned by employees of the firm.
- BNY Mellon owns a 19.9% minority interest in The Hamon Investment Group Pte Limited, the parent company of Blackfriars Asset Management Limited and Hamon Asian Advisors Limited which both offer investment services in the U.S.
- Insight investment's assets under management are represented by the value of cash securities and other economic exposure managed for clients. Services offered in the U.S., Canada and Australia by Pareto Investment Management Limited under the Insight Pareto brand.
- Mellon Capital Management Corporation AUM includes \$4.6 billion in overlay strategies.
- Meriten Investment Management GmbH does not offer services in the U.S It was formerly known as WestLB Mellon Asset Management KAG mbH.
- The Newton Group (“Newton”) is comprised of the following affiliated companies: Newton Investment Management Limited, Newton Capital Management Limited (NCM Ltd) and Newton Capital Management LLC (NCM LLC). NCM LLC personnel are supervised persons of NCM Ltd and NCM LLC does not provide investment advice, all of which is conducted by NCM Ltd. Only NCM LLC and NCM Ltd offer services in the U.S. AUM for the Newton Group include assets managed by all of these companies (except NCM LLC). In addition, AUM for the Firm may include assets managed by the firm's officers as dual officers or employees of The Bank of New York Mellon and assets of wrap fee account(s) and high net worth client model(s) for which Newton Capital Management Limited provides advice in the form of non-discretionary model portfolios.
- BNY Mellon owns a 20% interest in Siguler Guff & Company, LP and certain related entities (including Siguler Guff Advisers, LLC).
- Securities transactions are effected, where required, only through registered broker-dealers. Pershing is the umbrella name for Pershing LLC (member FINRA, SIPC and NYSE), Pershing Advisor Solutions (member FINRA and SIPC), Pershing Prime Services (a service of Pershing LLC), Pershing Limited (UK), Pershing Securities Limited, Pershing Securities International Limited (Ireland), Pershing (Channel Islands) Limited, Pershing Securities Canada Limited, Pershing Securities Singapore Private Limited and Pershing Securities Australia Pty. Ltd. SIPC protects securities in customer accounts of its members up to \$500,000 in securities (including \$250,000 for claims for cash). Explanatory brochure available upon request or at [www.sipc.org](http://www.sipc.org). SIPC does not protect against loss due to market fluctuation. SIPC protection is not the same as, and should not be confused with, FDIC insurance. Investment products (other than deposit products) referenced in this brochure (including money market funds) are not insured by the FDIC (or any other state or federal agency), are not deposits of or guaranteed by BNY Mellon or any bank or non-bank subsidiary thereof, and are subject to investment risk, including the loss of principal amount invested.