

# MAXIMIZING RETURNS AND CREATING VALUE

Citi Global Financial Conference 2014

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Chairman, Asia Pacific

November 20, 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: positioning for earnings growth; investments in organic and revenue growth opportunities; aggressively managing costs and impact and upside of normalizing conditions; enterprise expense savings; continuous process improvements; actions to drive value for clients and shareholders; regulatory environment; capital generation and deployment; dividends and share repurchases; financial goals in the current environment and normalizing environment on an operating basis; 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 November 20, 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. 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 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 September 30, 2014, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Investments Company for the World – Driven by Twin Engines of Growth

# Investments Company for the World

## Twin Engines of Growth

- Investment Services
- Investment Management

- Largest investment services provider
- Leading market positions in every servicing business
- Leading global custodian with \$28.3T in AUC/A
- \$1.65T in AUM – sixth largest global asset manager; one of three largest asset managers owned by the eight U.S. G-SIB peers

## Revenue

- Fee revenue – 83% of total revenue (3Q14)
- Growth with minimal credit risk or need for incremental capital

## Expense

- Staffing, real estate footprint, technology, procurement and corporate services

## Capital

- Estimated fully phased-in Basel III Common Equity Tier 1 Ratio of 10.2%<sup>1</sup>
- Credit ratings ranked among highest in G-SIB peer group
- 2013 total payout ratio of 83% – top quartile versus CCAR Banks

## Earnings

- Investing in organic growth
- Aggressively managing costs
- Poised to benefit as markets return to normalized conditions

<sup>1</sup> Fully phased-in Advanced Approach at September 30, 2014. This represents a non-GAAP measure. See Appendix for reconciliation. Additional disclosure regarding non-GAAP measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Expertise Across the Investment Lifecycle

## Who We Are

Investment Management

Revenue: ~\$4.1B  
Pre-tax Income: ~\$1.1B

Investment Services

Revenue: ~\$10.0B  
Pre-tax Income: ~\$2.8B

We deliver expertise at each stage of the investment lifecycle

Assets

Create   Clear & Settle   Distribute   Hold   Trade   Manage   Restructure   Service

NOTE: Financials for Investment Management and Investment Services reflect last twelve months through 9/30/14 and exclude amortization of intangible assets. Revenue and pretax income are non-GAAP measures. See Appendix for a reconciliation.

# Expertise Across the Investment Lifecycle

## Who We Serve



**75**  
Central Banks, whose assets make up over 90% of global central bank reserves

**66%**  
of the Top 1,000 Pension and Employee Benefit Funds

**80%**  
of Fortune 500 Companies

**76%**  
of the Top 100 Endowments

**50%**  
of the Top 200 Life/Health Insurance Companies

**50%**  
of the Top 50 Universities

NOTE: See additional disclosures in Appendix.



# Our Presence in Asia-Pacific

**12 Countries, 16 Offices and  
12,400+ Employees**



> \$1T Assets under Custody / Administration<sup>1</sup>

> \$100B Assets under Management<sup>1</sup>

> 55% market share of sponsored DR programs in Asia<sup>1</sup>

#1 overall corporate trust service provider, globally<sup>2</sup>

# 1 custodian versus Peer Group – Asia Pacific in Global Custody Survey<sup>3</sup>

Best in Collateral Management and Securities Lending in Asia<sup>4</sup>

Best US Dollar Cash Management Services in Asia<sup>5</sup>

Global growth centers in Chennai and Pune, India

<sup>1</sup> As of 30 Sep. 2014, based on BNY Mellon's estimates.

<sup>2</sup> Thomson Reuters, Dealogic, Clearstream and Asset-Backed Alert, First Half, 2014

<sup>3</sup> R&M Global Custody.net 2013

<sup>4</sup> Triple A Asset Servicing Awards, *The Asset*, 2014

<sup>5</sup> Ranked by Asia Money Cash Management Poll, 2014





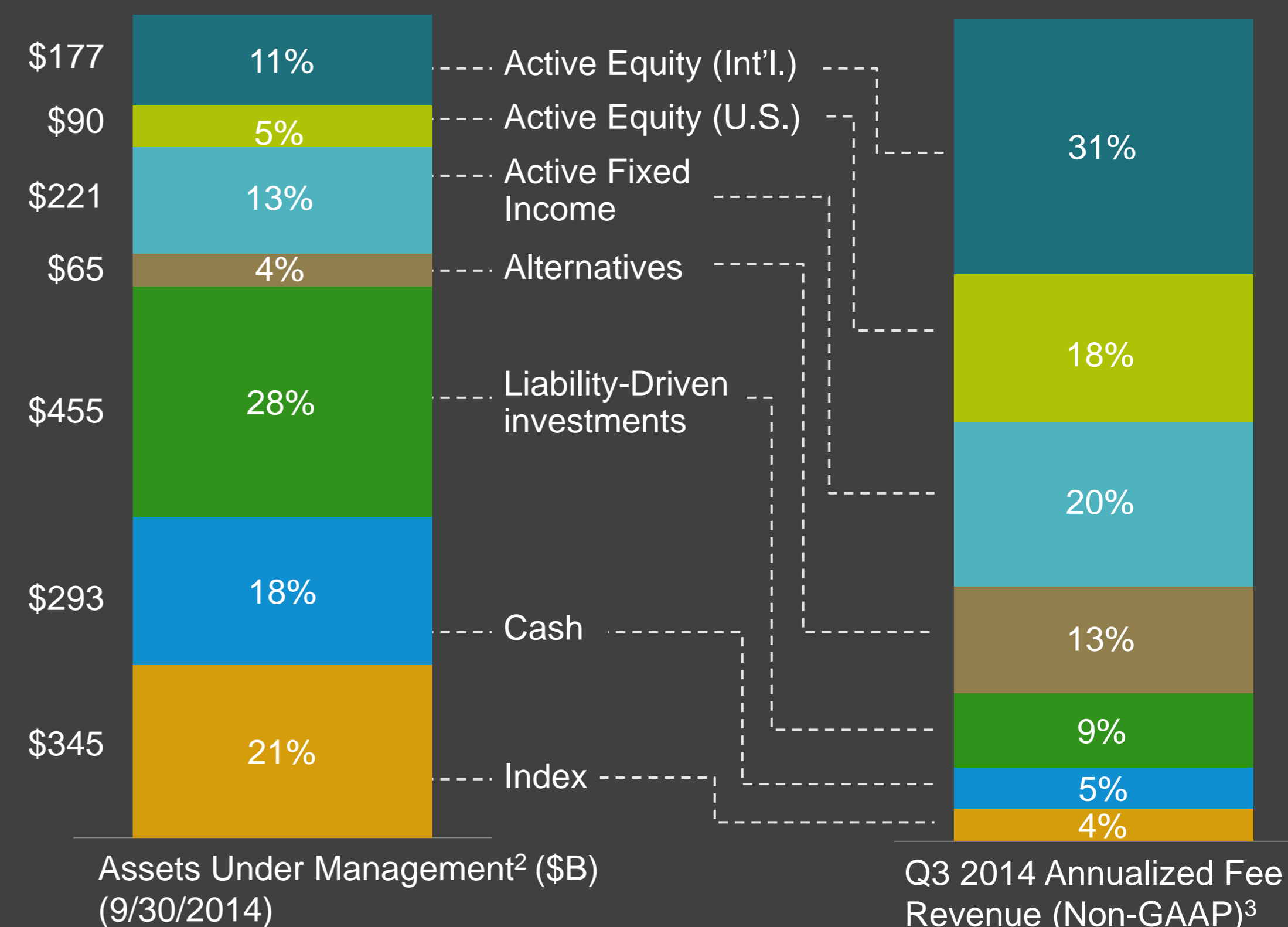


# Market-Leading, Diversified Asset Management Business

## Sixth Largest Asset Manager in the World<sup>1</sup>

Rank	Manager	AUM (\$B)
1	BlackRock	\$4,324
2	Vanguard Group	\$2,753
3	State Street Global Advisors	\$2,345
4	Fidelity Investments	\$2,160
5	J.P. Morgan Asset Management	\$1,598
<b>6</b>	<b>BNY Mellon</b>	<b>\$1,583</b>
7	PIMCO	\$1,535
8	Capital Group	\$1,339
9	Deutsche Asset & Wealth Mgmt	\$1,289
10	Prudential Financial	\$1,107
11	Amundi	\$1,072
12	Goldman Sachs	\$1,042
13	Northern Trust Asset Mgmt	\$884
14	Franklin Templeton	\$879
15	Wellington	\$834

## Highly Diversified Business



<sup>1</sup> Pensions and Investments as of December 31, 2013.

<sup>2</sup> LDI includes Overlay.

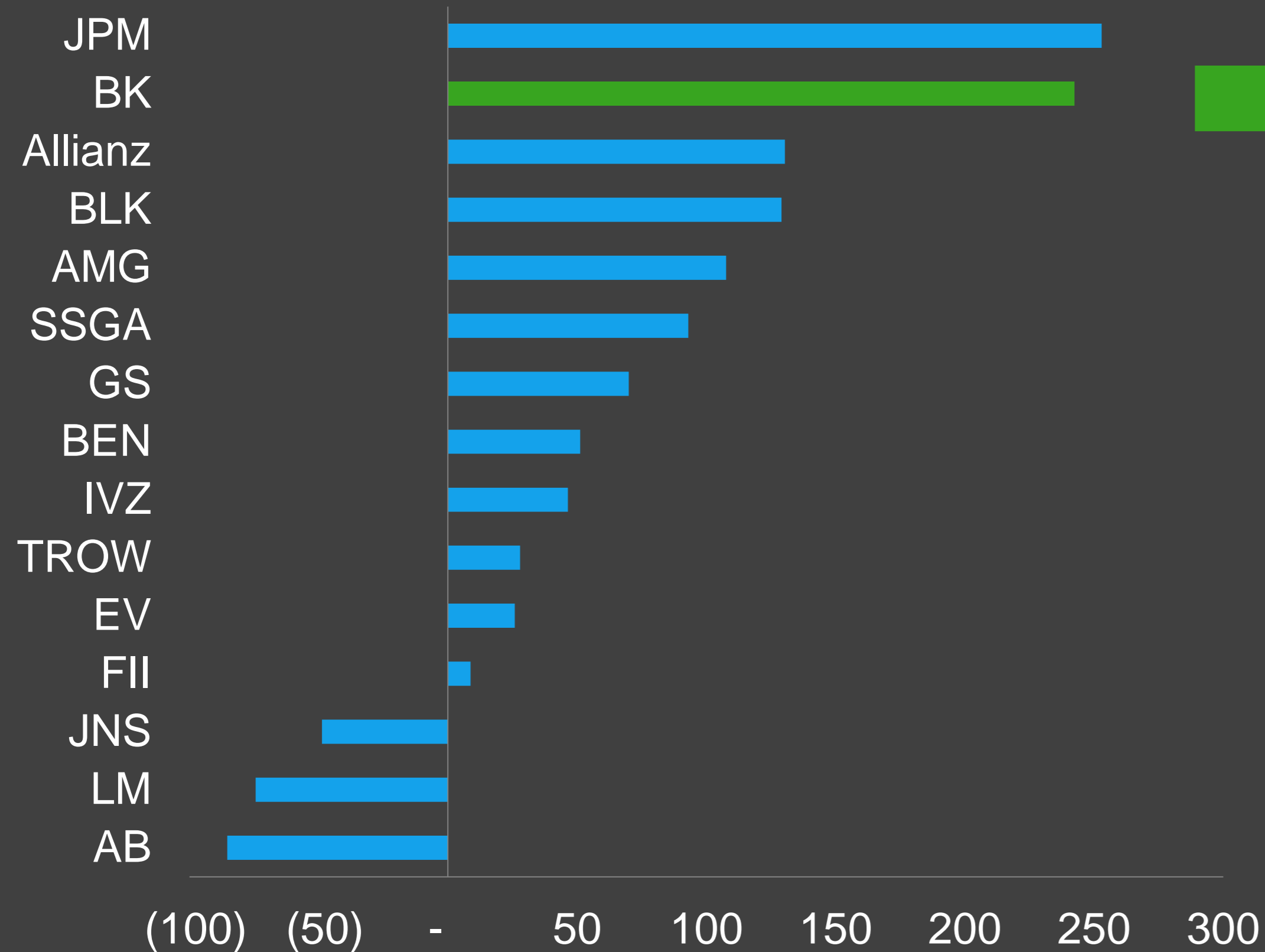
<sup>3</sup> Fee Revenue reflects annualized net recurring revenue based on annualizing Q3 2014 Investment management fees and distribution fees, net of distribution expense. Additional disclosure regarding this measure and other non-GAAP adjusted measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).



# Industry-Leading Flows

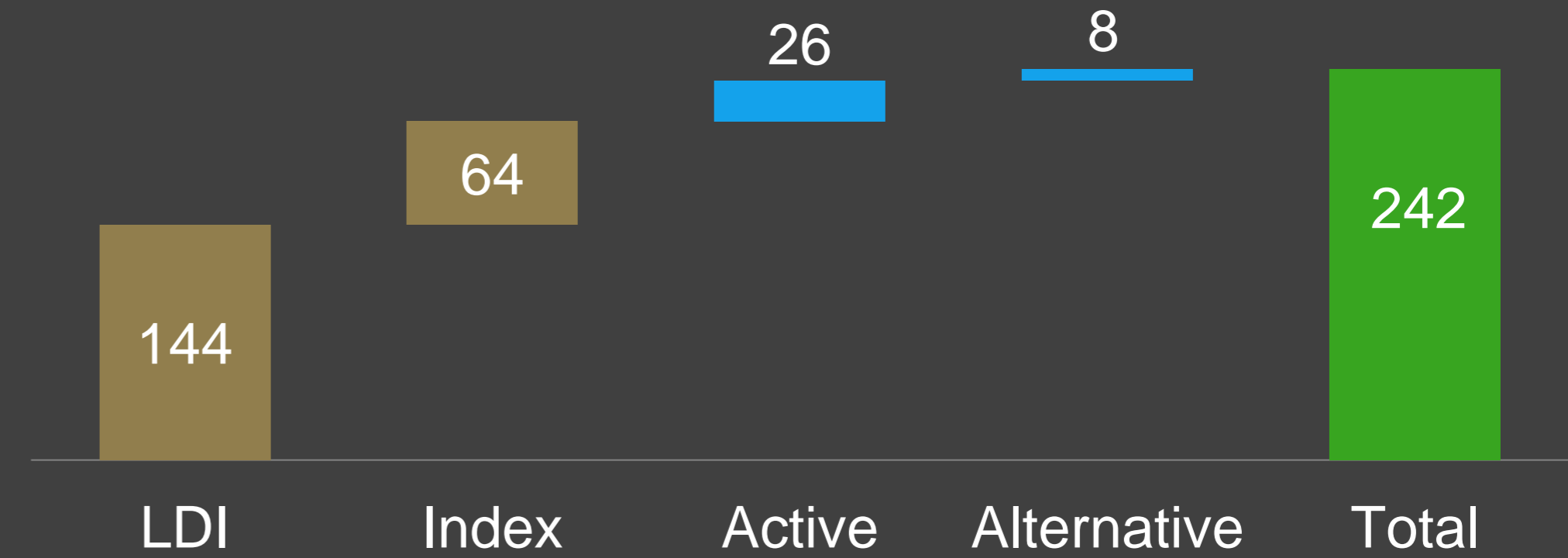
## Industry-Leading Flows

LT Asset Flows: Q1 2011 - Q2 2014 (\$B)<sup>1</sup>



## Flows Across a Variety of Asset Classes

LT Asset Flows: Q1 2011 - Q2 2014 (\$B)<sup>2</sup>



## Clarifying the Impact of Success in LDI and Index

	All Long-Term Assets		Ex. LDI / Index Total Growth (Flow + Market) 2Q 2014
	2011	2Q 2014	
Mgmt Fee Revenue (MM) <sup>3</sup>	2,454	2,891	<b>+156</b>
Avg. AUM (B) <sup>4</sup>	904	1,303	993
Revenue / AUM (bps)	27.2	22.2	<b>27.5</b>

<sup>1</sup> Derived from company filings through 2Q 2014 and may not be comparable to BNY Mellon's calculation. <sup>2</sup> LDI includes currency and overlay flows. <sup>3</sup> Reflects management fees and distribution fees, net of distribution expense. <sup>4</sup> Average AUM reflects the average of reported quarter-end AUM.

We are the world's largest  
investment servicer,  
connected to the world's largest  
investments company.



# Global Leadership in Investment Services

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

<p>Asset Servicing Leading global custodian and alternatives administrator</p>	<p>Corporate Trust #1 global service provider</p>
<p>U.S. Government Clearing #1 (U.S.), growing globally</p>	<p>Depository Receipts #1 global provider</p>
<p>Clearing Services #1 clearing firm (U.S., U.K., Ireland and Australia)</p>	<p>Treasury Services Top 5 in U.S.D. payments</p>
<p>Markets and Collateral Services</p>	
<p>Client Service Delivery</p>	
<p>Client Technology Solutions</p>	

### Strategic Goals

- Highest value provider
- Industry service quality and productivity leader
- Industry technology leadership

<sup>1</sup> See Appendix for additional details regarding these rankings.

# Global Regulatory Change Impacts Costs and Creates Opportunity

## Select U.S. Regulations:

- Comprehensive Capital Analysis and Review
- Stress Testing (CCAR/DFAST)
- Total Loss Absorbing Capacity
- Supplementary Leverage Ratio
- Liquidity Coverage Ratio
- Tri-Party Repo Reform
- Net Stable Funding Ratio
- Recovery and Resolution Plans
- FATCA
- Cost Basis Reporting

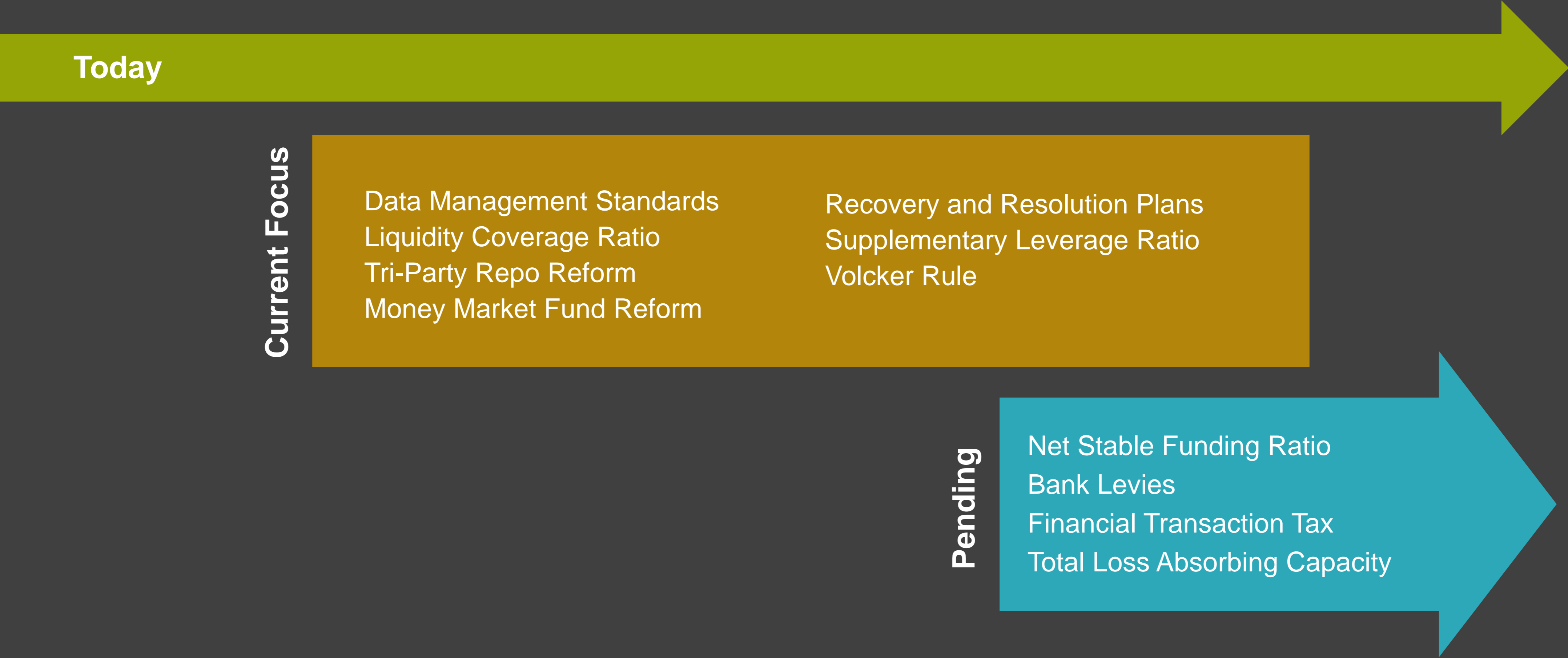
## Select European Regulations:

- Alternative Investment Fund Managers Directive
- European Market Infrastructure Regulation
- Data Management Standards
- Securities Finance Reform
- Target2 Securities
- Markets in Financial Instruments Directive
- Central Securities Depository Regulation
- Financial Transaction Tax
- Bank Levies



# Regulatory Change Drives Costs, Capital and Liquidity Requirements

Selected Regulatory Change Initiatives



# Transformation Process Drives Productivity for Clients and Shareholders

## Transforming for Success Process



\$500MM+

### Provides Funding for:

- Revenue growth initiatives
- Expense reduction initiatives
- Regulatory change
- Improved operating margin

NOTE: Enterprise expense savings in relation to estimated expenses through 2017.

# Actions to Drive Value for Clients and Shareholders

## Business Excellence

- Maximizing business performance
- Managing the portfolio, expenses and processes
- Creating cross-business value

## Corporate Services

- Consolidating offices and reducing real estate portfolio
- Enabling location strategy
- Vendor management



## Continuous Process Improvement

- Improving our client and employee productivity and quality, reducing risk and cost
- Driving global process ownership
- Re-engineering and automating manual processes

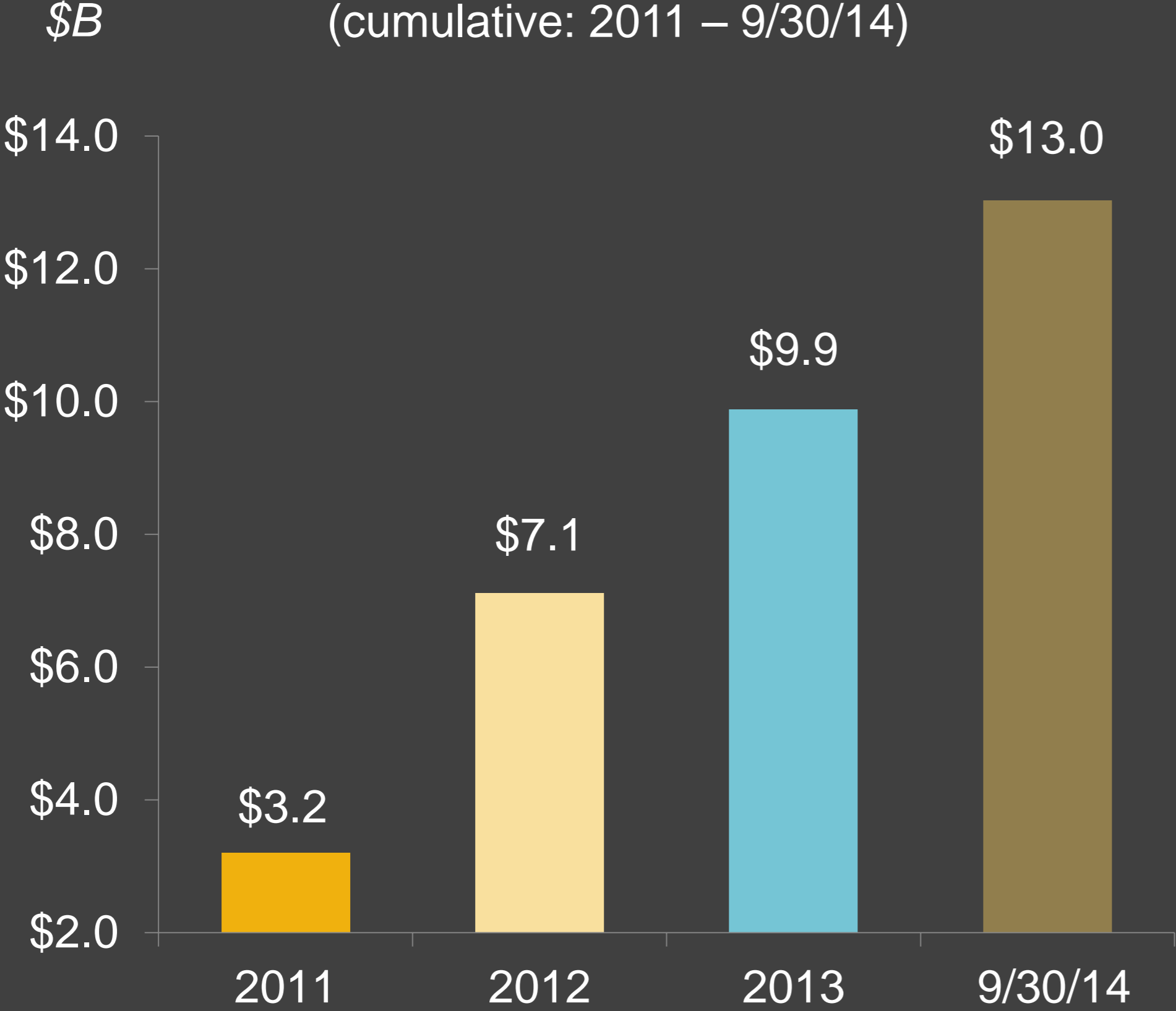
## Client Technology Solutions Excellence

- Insourcing application development
- Simplifying infrastructure, rationalizing business applications
- Driving higher return on technology investment

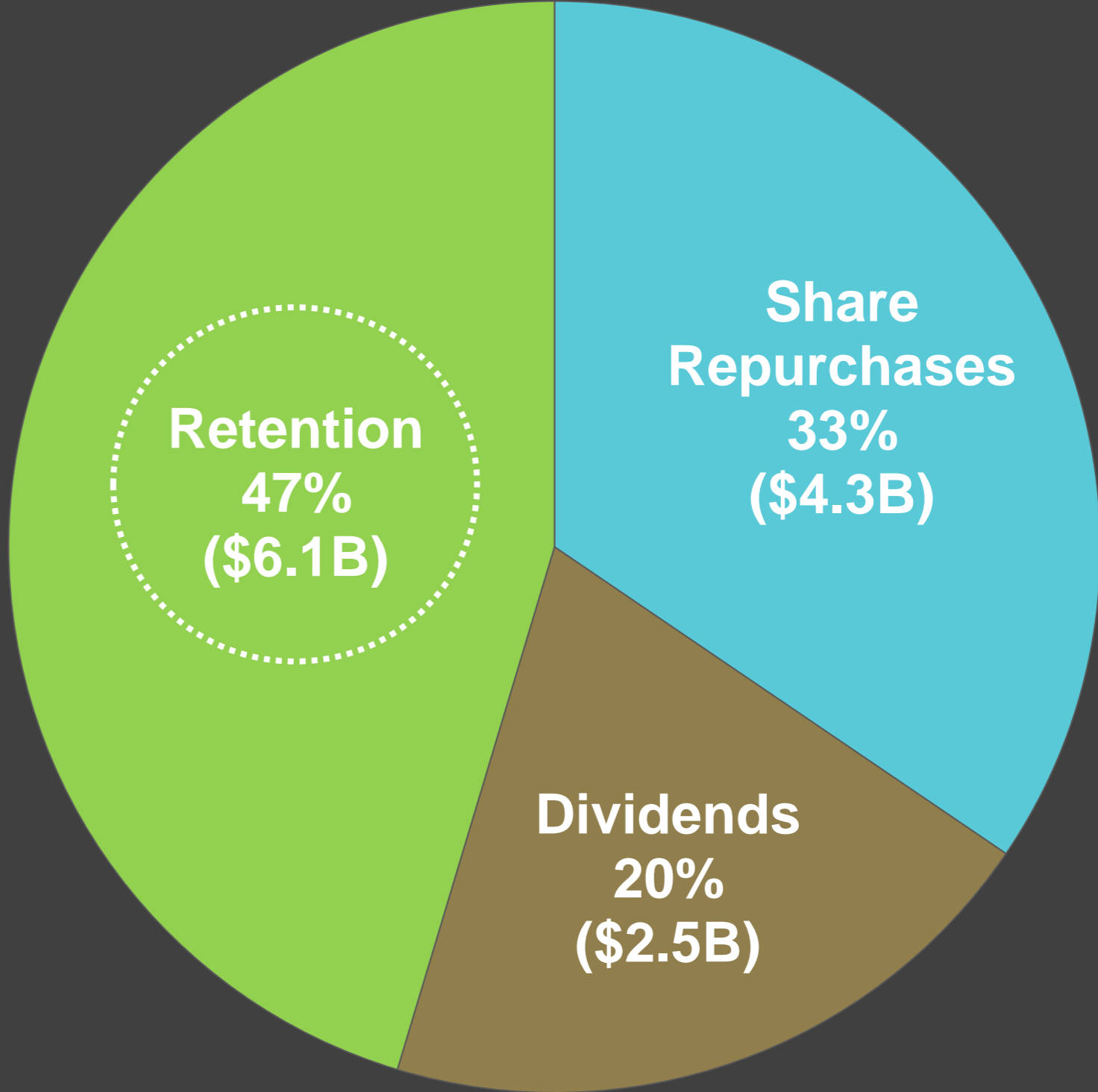


# Strong Capital Generation: Disciplined Deployment

**Gross Capital Generation**  
(cumulative: 2011 – 9/30/14)

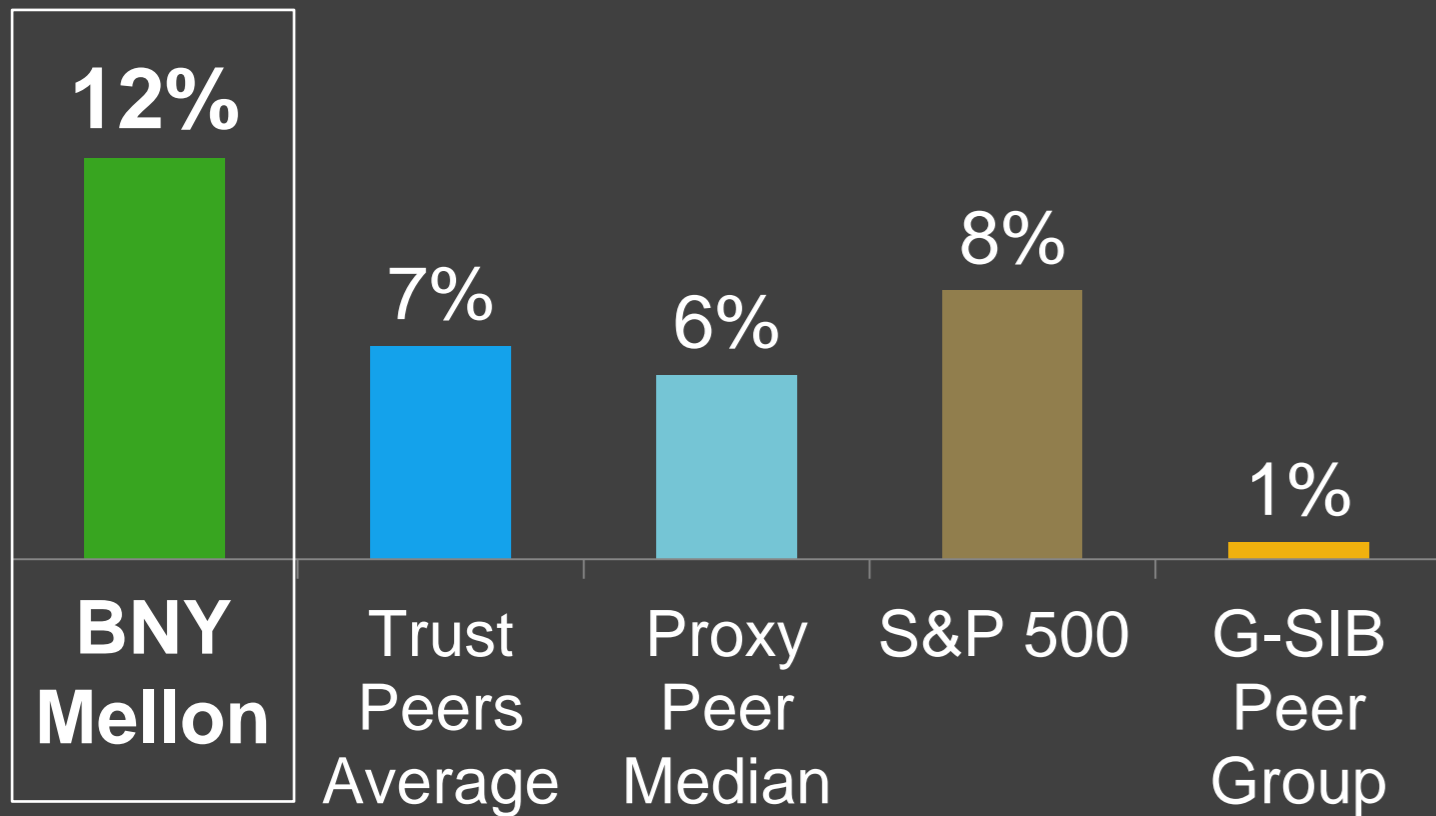


**Capital Deployment**  
(cumulative: 2011 – 9/30/14)

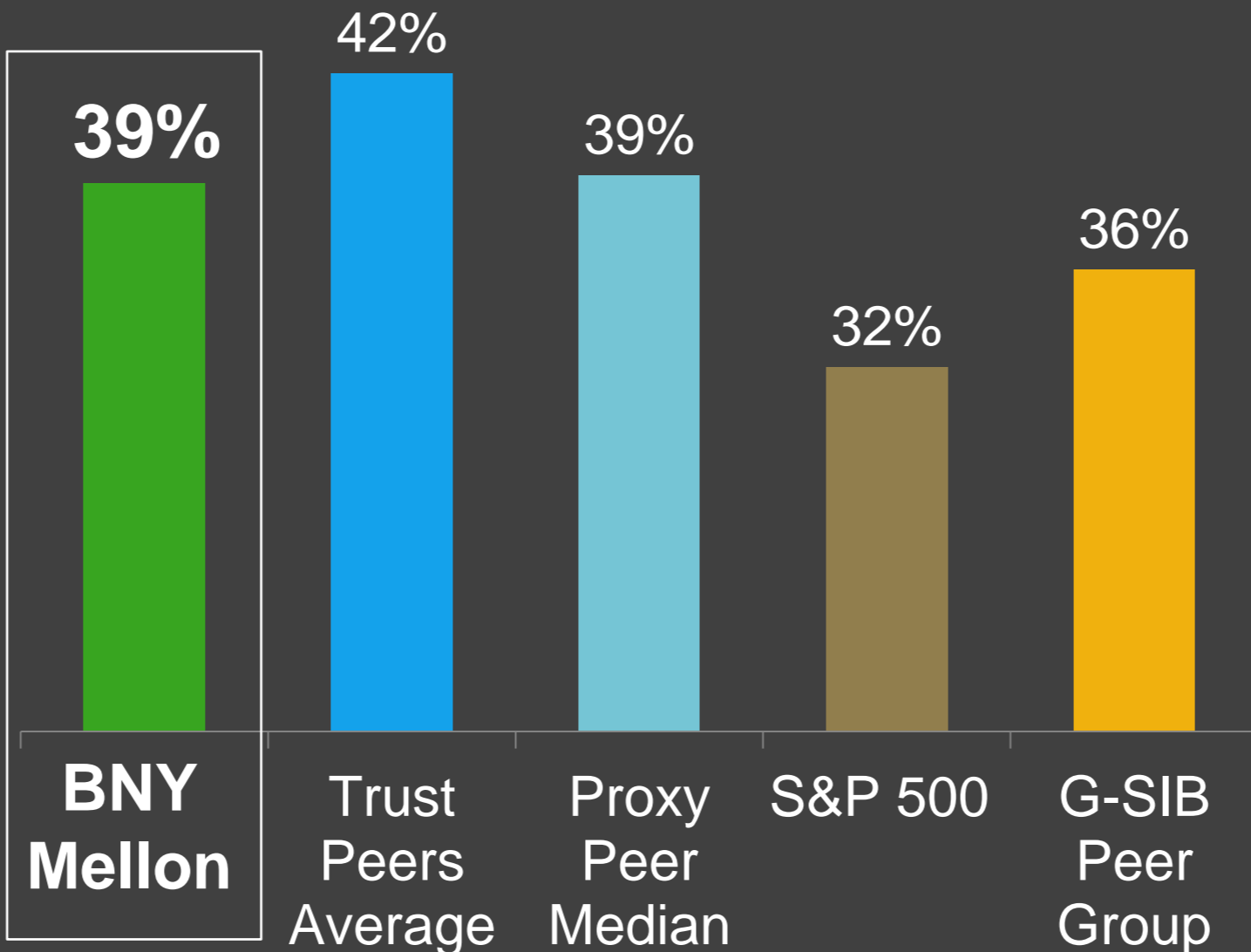


# Generating Strong Shareholder Returns

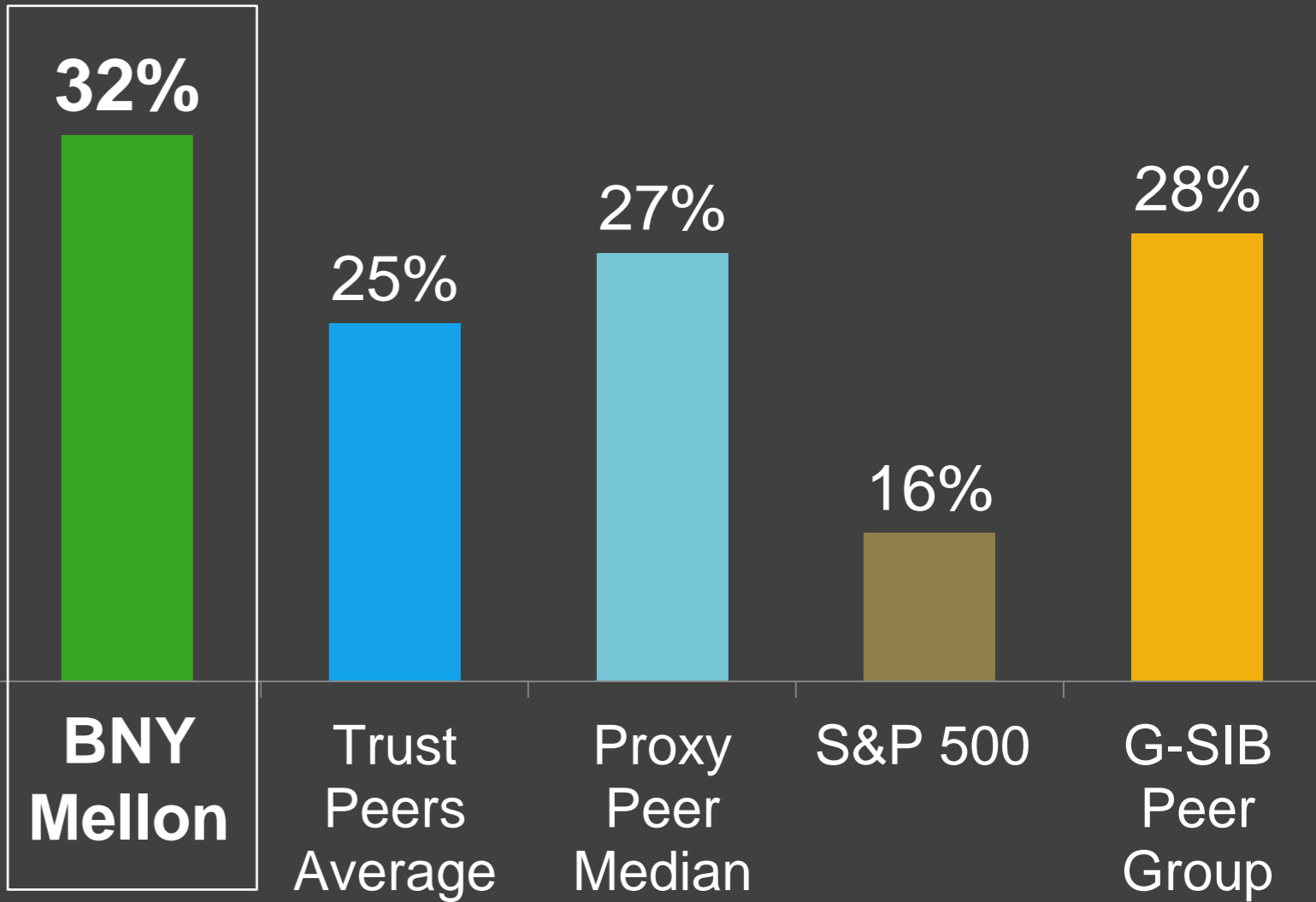
YTD – 9/30/2014



2013 Total Shareholder Return



2012 Total Shareholder Return



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.

# Financial Goals – Operating Basis: 2015 Through 2017

	Flat	Normalizing
Revenue Growth <sup>1</sup>	3.5 – 4.5%	6 – 8%
EPS Growth <sup>1</sup>	7 – 9%	12 – 15%
Return on Tangible Common Equity	17 – 19%	20% – 22%
<b>Assumptions</b>	NIM: 95 - 100 bps Operating margin: 28 – 30% Environment: no deterioration in volatility, volume, short-term interest rates	NIM: 125 - 150 bps Operating margin: 30 – 32%

100% payout ratio

Execution on expense and revenue initiatives

Equity market, +5% p.a.

Reasonable regulatory outcomes

Deposits, money market balances and fee waivers recovery as modeled

<sup>1</sup> Represents compound annual growth rates (CAGR).

NOTE: Financial projections are reflected on a non-GAAP basis - excludes merger and integration, restructuring and litigation expenses and other non-recurring items. Additional disclosure regarding non-GAAP measures is available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations). Actual results may vary materially, Please refer to the cautionary statement.



# Summary

**Leveraging the power of our franchise through our twin engines of growth**

**Creating solutions and value for our clients**

**Executing on a continuous improvement process – offsetting costs and funding strategic initiatives**

**Delivering earnings growth and strong capital generation, enabling**

- **Investment in our businesses**
- **Dividend increases**
- **Share repurchases**



**BNY MELLON**

# Appendix



## Business – Revenue and Pretax Income

<i>Revenue</i> (\$MM)	4Q13	1Q14	2Q14	3Q14	LTM 9/30/14
Investment Management	\$ 1,061	\$ 970	\$ 1,036	\$ 1,003	\$ 4,070
Investment Services	2,470	2,477	2,513	2,588	10,048

<i>Pretax Income</i> (\$MM)	4Q13	1Q14	2Q14	3Q14	LTM 9/30/14
Investment Management	\$ 301	\$ 277	\$ 202	\$ 276	\$ 1,056
Investment Services	648	699	689	753	2,789

NOTE: Pretax metrics for Investment Services and Investment Management exclude the impact of intangible amortization.

# Investment Management Financial Goals (2015-2017)

	Flat	Normalizing
Revenue	5 – 7 %	8 – 10 %
Pretax Income	8 – 10 %	12 – 14 %

NOTE: Excludes intangible amortization.

# Investment Services Financial Goals (2015-2017)

	Flat	Normalizing
Revenue	3 – 4 %	4 – 6 %
Pretax Income	4 – 6 %	10 – 12 %

NOTE: Excludes intangible amortization.

# Estimated Fully Phased-In Basel III CET1 Ratio - Non-GAAP

(\$MM)	9/30/14
Total Tier 1 capital	\$ 21,015
Adjustments to determine estimated fully phased-in Basel III CET1:	
Deferred tax liability – tax deductible intangible assets	—
Intangible deduction	(2,388)
Preferred stock	(1,562)
Trust preferred securities	(162)
Other comprehensive income (loss) and net pension fund assets:	
Securities available-for-sale	578
Pension liabilities	(675)
Net pension fund assets	—
Total other comprehensive income (loss) and net pension fund assets	(97)
Equity method investments	(92)
Deferred tax assets	—
Other	6
Total estimated fully phased-in Basel III CET1	\$ 16,720
<u>Under the Standardized Approach:</u>	
Estimated fully phased-in Basel III risk-weighted assets – Non-GAAP	\$ 154,272
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP <sup>2</sup>	10.8%
<u>Under the Advanced Approach:</u>	
Estimated fully phased-in Basel III risk-weighted assets	\$ 164,088
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP <sup>1</sup>	10.2%

<sup>1</sup> Beginning with June 30, 2014, risk-based capital ratios include the net impact of including the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods.



# 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

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 U.S.D. 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	Sixth largest global asset manager Source: <i>Pensions &amp; Investments</i> , December 2013
Wealth Management	Seventh largest U.S. wealth manager Source: <i>Barron's</i> , Sept 2013
Collateral Management (2014) & Fixed Income Lender (2014) – First Place	Source Global Investor/ISF
Securities Lending (2013) and Collateral Optimization (2014) – Roll of Honor	Source: Global Custodian
Best Forecast, Best FX Research and World's Best FX Provider (2014)	Source: Global Finance

# Disclosures

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- 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.
- Meriten Investment Management GmbH does not offer services in the U.S It was formerly known as WestLB Mellon Asset Management KAG mbH.
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- BNY Mellon owns a 20% interest in Siguler Guff & Company, LP and certain related entities (including Siguler Guff Advisers, LLC).
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