DRIVING OPERATIONAL EXCELLENCE

CREDIT SUISSE
FINANCIAL SERVICES FORUM 2013

Presented by:
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Ed Watson, Chief Operations Officer

February 13, 2013
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”) technology strategy and platform; operational excellence initiatives, including statements regarding business operations, technology and corporate services initiatives, projected program savings and annualized targeted savings; 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 2011 Annual Report on Form 10-K for the year ended December 31, 2011, the “2011 Annual Report”, the Quarterly Reports on Form 10-Q for the quarters ended June 30, 2012 and September 30, 2012 and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”). Such forward-looking statements speak only as of February 13, 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 2011 Annual Report and the 8-K filed on January 16, 2013, available at www.bnymellon.com.
## By the Numbers

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>13,000</strong></td>
<td>IT professionals globally</td>
</tr>
<tr>
<td>~15-20%</td>
<td>Percent of annual Non-interest Expense invested in Technology</td>
</tr>
<tr>
<td><strong>$5.9T</strong></td>
<td>U.S. dollars and securities processed daily</td>
</tr>
<tr>
<td>&gt;100MM</td>
<td>Number of retail accounts serviced</td>
</tr>
<tr>
<td><strong>200,000</strong></td>
<td>Professionals accessing our portals daily</td>
</tr>
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</table>

## Industry Recognition

<table>
<thead>
<tr>
<th>Award</th>
<th>Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FTF News Technology Innovation Awards, 2012</strong></td>
<td>• Best IT Initiative for Hedge Fund Operations</td>
</tr>
<tr>
<td></td>
<td>• Service Provider of the Year</td>
</tr>
<tr>
<td></td>
<td>• Best Enterprise-Wide Outsourcing Solution</td>
</tr>
<tr>
<td><strong>American Financial Technology Awards</strong></td>
<td>• 2012 Best IT Team</td>
</tr>
<tr>
<td></td>
<td>• Five other BNY Mellon IT Teams named finalists in various categories</td>
</tr>
<tr>
<td><strong>2012 Financial World Innovation Award</strong></td>
<td>• <em>BNY Mellon Connect</em> Platform</td>
</tr>
<tr>
<td><strong>Global Investor/ISF Global Custody Survey, 2012</strong></td>
<td>• BNY Mellon ranked #1 versus its peer group* - Internet / Workstation Product</td>
</tr>
<tr>
<td><strong>InvestmentNews Survey - Adviser Technology Trends, 2012</strong></td>
<td>• #1 portfolio management product - Albridge Wealth Reporting™ (Albridge Solutions)</td>
</tr>
<tr>
<td></td>
<td>• #1 industry app used by advisers - Pershing’s NetX360 for iPad®</td>
</tr>
</tbody>
</table>

*Peer Group = State Street, JPMorgan, Northern Trust and Citibank

IT = Information Technology
Driving Operational Excellence
HISTORY OF DELIVERING TECHNOLOGY ENABLED SOLUTIONS

FIRST TO EXECUTE SECURITIES INSTRUCTIONS THROUGH INTERNET
- First to launch internet-based work station for brokers and advisors
- Among first to launch internet-based retail trading
- Leveraged tri-party technology to automate U.S. municipal deposit collateral management
- First to outsource using new technology platform versus lift-out approach

LAUNCHED FIRST MOBILE SECURITIES PROCESSING APPLICATIONS

FIRST BANK IN THE US TO INSTALL A COMPUTER (‘56), AND THEN TO AUTOMATE TELLER STATIONS (60’S)
- Led industry in automated trading
- Created digitized signatures to verify checks enabling growth in money market
- Inaugural member of SWIFT network
- Among the first to install ATMs

1970’s & earlier

PIONEERED ONLINE TRADING ON PRODIGY, ONLINE SERVICE PREDATING INTERNET
- First tri-party repo trade with Goldman Sachs, enabled by tri-party technology

FIRST TO EXECUTE INTERNATIONAL WIRES DIRECTLY THROUGH FED TERMINAL
- Developed Prime Custody, enabled by STP
- First to launch professional mobile applications for financial advisors
- Among first to launch global delivery center for software development - iNautix India

ATM = Automated Teller Machine  SWIFT = Society for Worldwide Interbank Financial Telecommunication  STP = straight-through-processing
Driving Operational Excellence

OUR TECHNOLOGY STRATEGY

- Listen to our clients to enhance their experience
- Develop a unified platform leveraging our service-oriented technology architecture
- Maintain a sound and secure infrastructure
- Innovate, innovate, innovate
- Optimize technology cost
- Enable operational excellence
Driving Operational Excellence
LISTENING TO CLIENTS – INTERNAL AND EXTERNAL

- Gain qualitative insight by listening to clients’ goals and observing behaviors
- Validate by leveraging technology to monitor actual behaviors (e.g. features adoption)
- Use findings to improve clients’ experience and offer new solutions
- Make internal clients part of the equation

Source: The User Is Always Right, Steve Mulder, 2007
Our Strategic Product Platform

OPTIMIZED USER SOLUTIONS, MULTIPLE CHANNELS, ONE PLATFORM

Target State

- From: Standalone solutions for different user groups and product segments
- To: One platform supporting optimized user solutions and multiple channels
- Achieving:
  - Better client experience
  - Lower time to market
  - Lower cost
  - Increased productivity
  - Better quality
  - Increased resiliency
  - Ability to leverage in global markets

API = Application Programming Interface
GCS = Global Collateral Services
Underlying Technology Architecture

PLATFORM-AS-A-SERVICE BUILT ON TOP OF OUR PRIVATE CLOUD

**BNY Mellon Delivery Common Services**

- Common application services provide enterprise functionality for a consistent delivery across business line
- Information Delivery-File Transfer, Reporting, e-Delivery, Portal Services
- Inquiry Management
- Business Analytics
- Security Services
- System Services – Logging, Monitoring, Alerting

**Platform as a Service**

- BNY Mellon Open Source Hosting Stack
- Automated application deployment and provisioning, resilient partition oriented architecture
- Application Server
- Web Content Portal
- Operating System
- Software Build Automation
- Web Server

**Infrastructure as a Service**

- BNY Mellon Private Elastic Cloud
- Blade Servers
- Provisioning Stack
- SAN Storage
- Network, Load Balancing, Firewall

- Complete stack of infrastructure, platform and application common services for assembling our business solutions
- Private cloud technology
- Open source platform stack
- Full suite of services to lower cost, reduce time to market, and improve user experience
- Consistent service levels and capabilities across business lines

SAN = Storage Area Network
State of the Art Infrastructure Solutions
ENSURING BUSINESS CONTINUITY

Financial Institution Hurricane Sandy Benchmarking*
Rating 1 - 2.5 (low - good)

- A critical role in disaster recovery and business continuity planning
- Continuous testing and preparation

* Third-party (vendor) assessment of performance of technical infrastructure in each of four areas, rated from 1 (low) to 2.5 (good)

WAN = Wide Area Network
More Innovation
LEVERAGING NEW TECHNOLOGIES

Cloud
- Growing our private cloud
- Adopting cloud-enabled, service-oriented platform
- Faster access to data and improved search capabilities
- Mining business data to gain business insight (TimeLab)
- Business analytics - tracking manual transactions
- Clients analytics - capturing client interactions
- Fraud detection, compliance analysis, and monitoring

Big Data
- Expanding anytime, anywhere access to all our client solutions
- Building the digital workspace - anytime, anywhere productivity for our employees

Mobile
- Focusing on pervasive computing
Lowering Technology Cost of Ownership
CONTINUOUS IMPROVEMENT THROUGH FINANCIAL TRANSPARENCY

**Metrics**
- Adopt measurements-driven improvement culture
- Invest in IT financial analytics
- Lower infrastructure unit cost by optimizing usage and leveraging new technologies
- Expand service-oriented architecture to create and use common services across businesses
- Pursue vendor strategy to:
  - Reduce run-rate of hardware and software spend
  - Insource a portion of application development to retain knowledge and captive structure to generate cost advantage

**Supply**

**Demand**
- Shift investments from “lights on” to “strategic priorities”
- Work with businesses to reduce infrastructure consumption

IT = Information Technology
Driving Operational Excellence

TECHNOLOGY ENABLES OPERATIONAL EFFICIENCIES

Business Process Management (BPM)

- Operational excellence through:
  - Operational efficiencies
  - Improved user experience
  - Cost optimization
  - Risk mitigation

- Example: Enterprise Client Inquiry
  - One simplified business process for all businesses in the firm
  - Reduced overall operating costs for Client inquiry technology
  - Tracking client activities and actions across all businesses
DRIVING OPERATIONAL EXCELLENCE

Presented by Ed Watson
Driving Operational Excellence

**STRATEGY**

*Drive Operational Excellence to support BNY Mellon business objectives/priorities.*

<table>
<thead>
<tr>
<th>Cost/Productivity</th>
<th>Quality/Client Satisfaction</th>
<th>Control</th>
</tr>
</thead>
</table>

**ENABLERS**

**People**
- Right people in right seats
- Capability and capacity management
- Key skills

**Technology**
- Common technology platforms
- “Leverageable” skills
- Reduce reliance on subject matter experts through automation

**Financials Management Framework**
- Process level cost transparency
- Benefit realization & performance metrics

**OBJECTIVES**

Deliver results across the three dimensions of Clients, Employees, and Shareholders.

**Clients**
- Higher customer satisfaction
- Increase brand loyalty
- Deeper wallet penetration
- More client referrals
- A client-focused organization

**Employees**
- Increase employee engagement
- Managerial accountability
- A performance culture
- Employees being empowered
- A culture of continuous process improvement

**Shareholders**
- Increase shareholder value
Driving Operational Excellence
COMMON TECHNOLOGY PLATFORMS AS AN ENABLER

Future state infrastructure will enable increased straight-through-processing, enhanced control, and operational efficiencies
Driving Operational Excellence
FINANCIAL TRANSPARENCY AS KEY MANAGEMENT TOOL

Continue to drive to an activity based costing model that enables us to:
✓ Understand Operations and Technology costs embedded throughout the operational process
✓ Optimize utilization of our scarce resources (i.e. dollars and human capital)
✓ Enable fact-based decisions
✓ Identify risks and opportunities – through metrics, trend, and data analysis
✓ Proactive and efficient management of the business (*manage the numbers, don’t let the numbers manage us*)

**ILLUSTRATIVE**

<table>
<thead>
<tr>
<th>Volume: Number of payments</th>
<th>12 Month Averages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>1,333,501</td>
</tr>
<tr>
<td>STP Rate</td>
<td>87%</td>
</tr>
<tr>
<td>Productivity</td>
<td>8275</td>
</tr>
<tr>
<td>STP Unit Cost</td>
<td>0.17</td>
</tr>
<tr>
<td>Exc Unit Cost</td>
<td>1.38</td>
</tr>
<tr>
<td>Total Unit Cost</td>
<td>0.33</td>
</tr>
<tr>
<td>Client SLAs</td>
<td>95%</td>
</tr>
<tr>
<td>Aged Items</td>
<td>475</td>
</tr>
</tbody>
</table>
Driving Operational Excellence
SIGNIFICANT ACCOMPLISHMENTS TO DATE

<table>
<thead>
<tr>
<th>Efforts Underway</th>
<th>Accomplishments To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Leverage Global Delivery Centers</td>
<td>✓ Continued global footprint positions migration, lowering operating costs as we ramped up Global Delivery Centers</td>
</tr>
<tr>
<td>• Headcount management</td>
<td>✓ Consolidated Treasury Services functions in our Pittsburgh Service Center</td>
</tr>
<tr>
<td>• Process simplification and consolidation</td>
<td>✓ Re-engineered Dreyfus and Global Fund Accounting operations</td>
</tr>
<tr>
<td>• Application simplification and consolidation</td>
<td>✓ Realized synergies by integrating our custody and clearing operations related to the Global Investment Servicing (“GIS”) acquisition.</td>
</tr>
<tr>
<td>• Technology demand management</td>
<td>✓ These accomplishments have enabled us to absorb new business and regulatory volumes</td>
</tr>
<tr>
<td>• Risk functions moved from vertical to horizontal models</td>
<td></td>
</tr>
</tbody>
</table>

...and move the dial on cost, quality and control
Driving Operational Excellence
STRATEGIC CORNERSTONES TO QUALITY SERVICE DELIVERY

Consolidate, Standardize and Scale Core Processes
- Client Onboarding, Client Inquiry tracking, SWIFT Messaging, Billing, Loan Servicing, Operational Risks and Controls, Cash Processing, Project Management, Global Footprint, Spans and Layers

Ongoing Automation
Deliver “Efficient” Operational Performance

Ensure Data Quality; Establish Shared Metrics
- Data quality standards and ownership, fact-based decision support, data architect for cross-business solutions; performance metrics (e.g. STP rates, defect repair rates, activity-based costing, etc.) and quality culture; compliance reporting

SWIFT = Society for Worldwide Interbank Financial Telecommunication
STP = straight-through-processing
## Driving Operational Excellence

### WHAT CAN YOU EXPECT...

<table>
<thead>
<tr>
<th>Cost/Productivity</th>
<th>Quality/Client Satisfaction</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase straight-through-processing rates</td>
<td>• Improve data quality to reduce operational risks with client impacts</td>
<td>• Reduce dependency on subject-matter experts</td>
</tr>
<tr>
<td>• Reduce unit cost and drive better transparency in financials</td>
<td>• Continually improve performance against client service level expectations</td>
<td>• Lower operational errors and associated costs</td>
</tr>
<tr>
<td>• Increase maturity in leveraging metrics to help manage the organization</td>
<td>• Reduce frequency, severity and time to resolve operations and technology incidents</td>
<td>• Improve the remediation of identified risks</td>
</tr>
<tr>
<td>• Expand enterprise capabilities by leveraging common technology platform and simpler infrastructure</td>
<td>• Increase consistency and reliability of output and processes</td>
<td>• Expand processes and technologies to incorporate risk management into their design</td>
</tr>
</tbody>
</table>

*Driving cultural change through continuous improvement, supported through metrics and measurement*
## Driving Operational Excellence

TRANSFORMING OPERATIONS, TECHNOLOGY & CORPORATE SERVICES

<table>
<thead>
<tr>
<th>Programs</th>
<th>Total Gross Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUSINESS OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Leveraging global delivery centers</td>
<td>2012: $238MM</td>
</tr>
<tr>
<td>✓ Re-engineering and automation</td>
<td>2015 Target: $415-$450MM</td>
</tr>
<tr>
<td>✓ Combining common functions</td>
<td></td>
</tr>
<tr>
<td><strong>TECHNOLOGY</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Simplifying infrastructure</td>
<td>2012: $82MM</td>
</tr>
<tr>
<td>✓ Rationalizing business applications</td>
<td>2015 Target: $135-$145MM</td>
</tr>
<tr>
<td><strong>CORPORATE SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Centralizing sourcing and procurement</td>
<td>2012: $77MM</td>
</tr>
<tr>
<td>✓ Optimizing global real estate footprint</td>
<td>2015 Target: $100 - $105MM</td>
</tr>
<tr>
<td>✓ Controlling shared services expenses</td>
<td>2012: $397MM</td>
</tr>
<tr>
<td></td>
<td>2015 Target: $650 - $700MM</td>
</tr>
</tbody>
</table>