Liquidity, Capital and Financial Outlook

Todd Gibbons
Chief Financial Officer

BNY Mellon’s business model, generating recurring fees and significant capital with low credit risk.

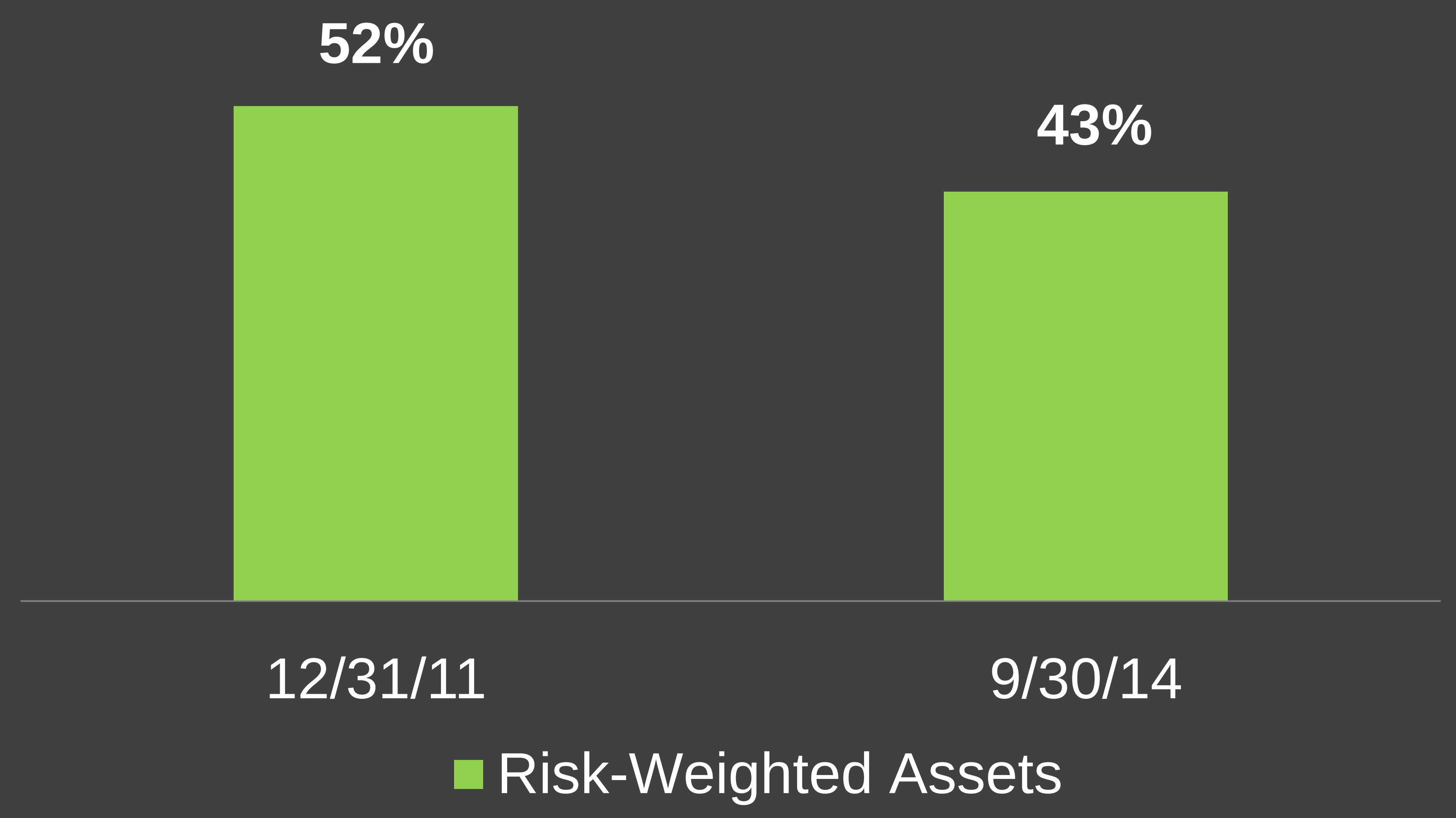
Financial priorities

- Maintaining a strong balance sheet: excellent credit quality, significant liquidity and strong capital
- Complying with new liquidity standards and optimizing net interest margin
- Complying with new capital standards and deploying excess capital effectively
- Managing ongoing regulatory requirements
- Growing EPS and return on tangible common equity

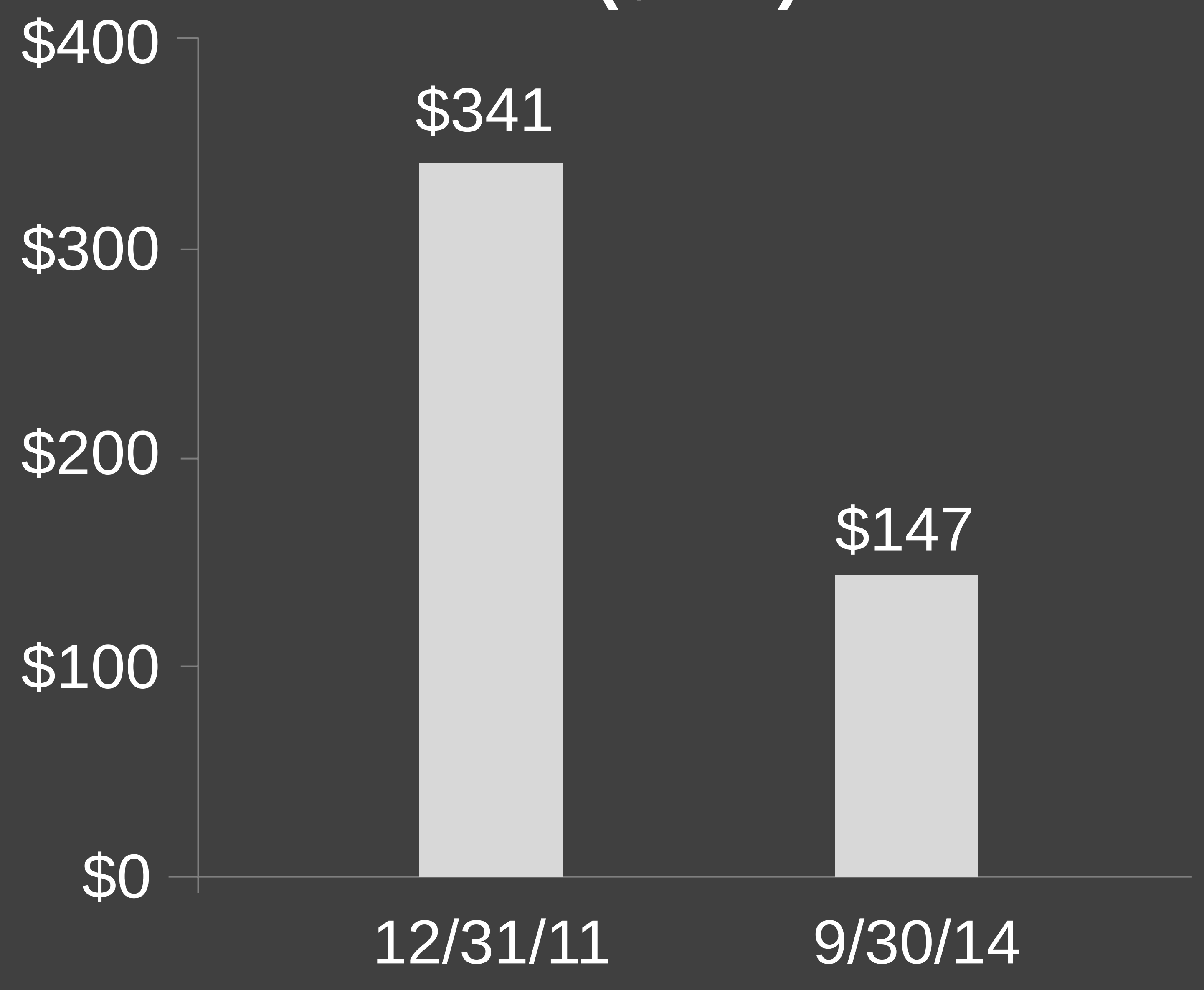
Expanding operating margins and driving earnings growth

Balance Sheet – Excellent Asset Quality

Risk-Weighted Assets as a Percentage of Balance Sheet Assets (%)



Nonperforming Assets ($MM)



Provision for Credit Losses ($MM)			
2011	**2012**	**2013**	**YTD-9/30/14**
$1	($80)	($35)	($49)

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Managing to Final Liquidity Coverage Ratio Rule

On Track to Meet Requirements

U.S. banks with >$250B in assets subject to full U.S. LCR starting in 2015[1]

LCR rules were finalized in Sept. 2014

Requires sufficient high quality liquid assets (“HQLA”) to offset regulatory-defined stressed net outflows over a 30-day liquidity horizon

Stressed outflow assumptions for each deposit type based on regulatory definitions

- Higher outflow assumptions for certain deposits make them less valuable

80% ratio required by Jan. 2015 and 100% by Jan. 2017

Restructuring deposit base to maximize value

Optimizing balance sheet to comply and generate earnings in both flat and normalized rate environments

1 Also includes banks with >$10B of international exposure. Other >$50B banks required to comply with modified LCR by 2016.

Managing to Final Liquidity Coverage Ratio Rule – Current

Regulatory and Internal Models Guide Investment Options

Yes — **Funding Sources – Stable Funding per LCR** — **No**

Invest in Non-HQLA

LCR Stable Funding: $167B

- Core Deposits
- Long-Term Debt & Equity

Assets: $154B (Yield: 150 bps)

- Securities
- Loans
- Interbank Placements
- Munis

Invest in HQLA

LCR Short-Term Funding: $151B

- Non-Core Deposits
- Commitment Outflows
- Other Cash Outflows

Assets: $164B (Yield: 70 bps)

- Qualifying Sovereigns
- Agencies
- Central Banks
- Other HQLA

Estimated LCR 100+%
(as of 9/30/14)[1]

NOTE: For illustrative purposes only. Both assets and liabilities are net of non-interest earning assets; yields are approximate. Estimated LCR is based on our interpretation of the final U.S. LCR rules published on Sept. 3, 2014 and on the application of these rules to BNY Mellon's businesses as currently conducted. These ratios are necessarily subject to, among other things, our ongoing review of the applicable rules, further implementation guidance from regulators, the development of market practices and standards and any changes BNY Mellon may make to its businesses. Consequently, these ratios remain subject to ongoing review and revision and may change based on these or other factors.

1 LCR is a non-GAAP measure calculated by dividing HQLA assets by net cash outflows over a 30-day hypothetical liquidity stress scenario.

Managing to Final Liquidity Coverage Ratio Rule – Flat Environment

Portfolios Designed to Meet Liquidity, Capital and Interest Rate Risk Management Requirements

Non-HQLA Assets - $154B
LCR Stable Funding - $167B

		Total Yield
Fixed	Securities Mortgages Loans	3.1%
Floating	Securities Loans Interbank Placements	1.0%
Yield		1.4%

HQLA Assets - $164B
LCR Runoff Funding - $151B

		Total Yield
Fixed	Treasuries / Qualifying Sovereigns Agency RMBS / Debentures Qualifying Corporates	1.2%
Floating	Federal Reserve Deposits	0.25%
	EUR Central Bank Deposits	(0.20%)
	GBP Central Bank Deposits	0.50%
	JPY Central Bank Deposits	0.10%
	Yield Subtotal	0.20%
Yield		0.7%

NIM (as of 9/30/14) 94 bps

NOTE: Yields are approximate; EUR central bank deposit rate is as of 9/4/2014.

Managing to Final Liquidity Coverage Ratio Rule

Tactical Actions We are Taking

	Allocating a portion of interbank placements to HQLA Reducing low-yielding non-HQLA - Munis, ABS, low-yielding loans Increasing high-yielding non-HQLA - CLOs, mortgage loans, leveraged loans Increasing HQLA duration
Liabilities	Adjusting EUR deposit rates downward Optimizing composition of deposit base

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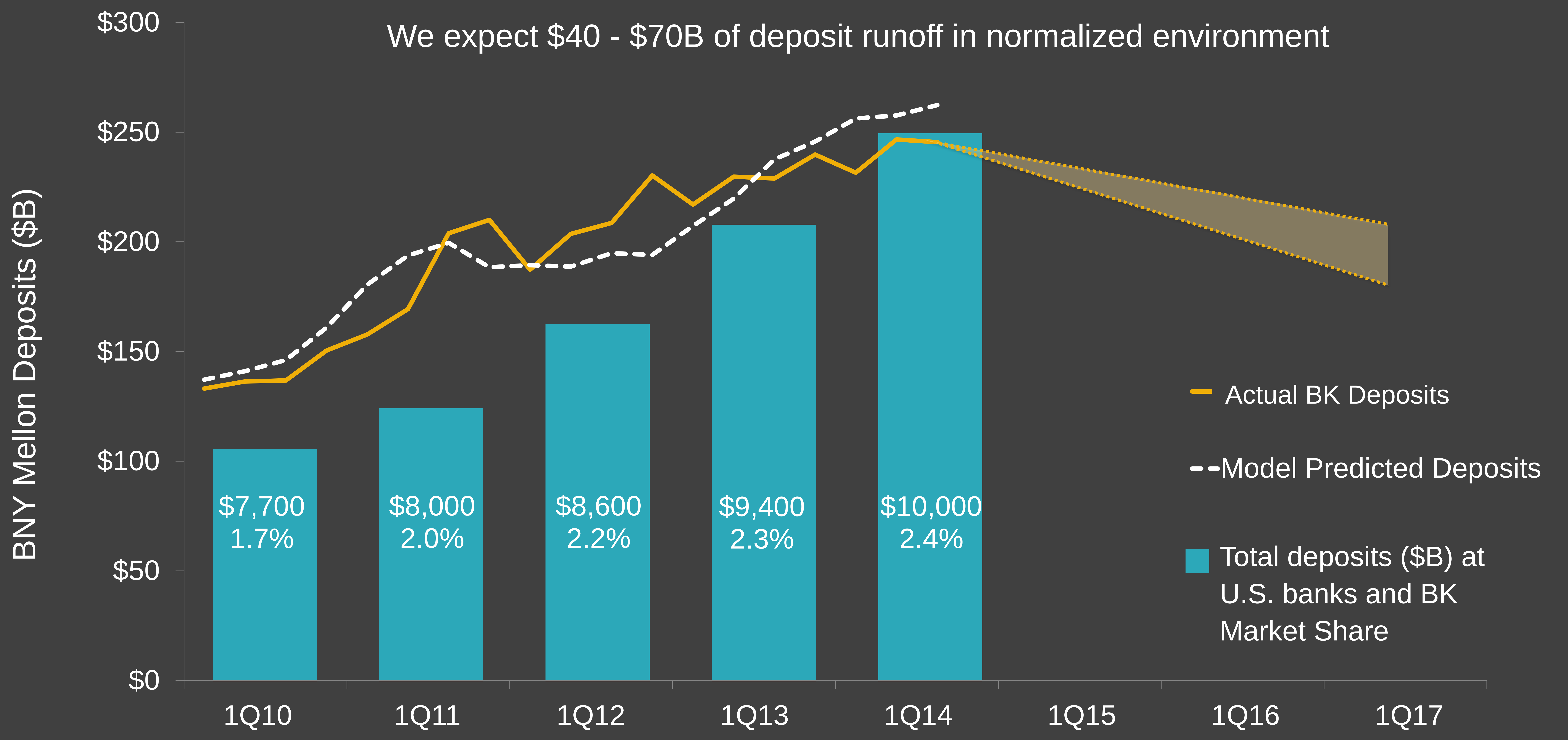
Our Deposit Base has Strong Sensitivity to Monetary Policy and Rates



NOTE: Actual results may vary materially. Please refer to the cautionary statement.

Managing to Final Liquidity Coverage Ratio Rule

Tactical Actions We are Taking

Assets

- Allocating a portion of interbank placements to HQLA
- Reducing low-yielding non-HQLA
  - Munis, ABS, low-yielding loans
- Increasing high-yielding non-HQLA
  - CLOs, mortgage loans, leveraged loans
- Increasing HQLA duration

Liabilities

- Adjusting EUR deposit rates downward
- Optimizing composition of deposit base

+

Expected deposit run-off in normalized environment

LCR 100+%

NIM

Flat Environment*

95 – 100 bps

Normalized Environment

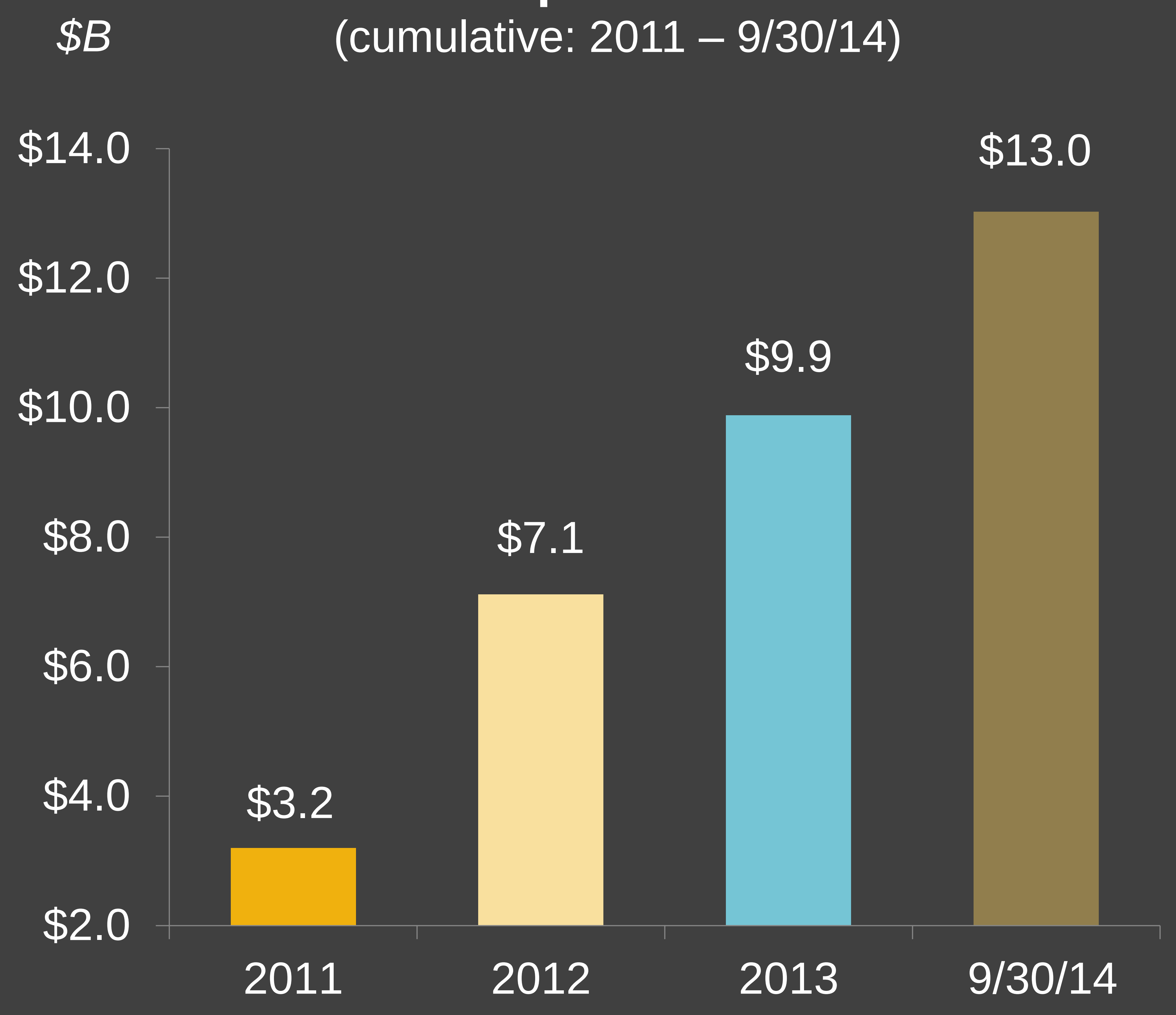
125 – 150 bps

NOTE: For illustrative purposes only. Both assets and liabilities are net of non-interest earning assets; yields are approximate. Estimated LCR is based on our interpretation of the final U.S. LCR rules published on Sept. 3, 2014 and on the application of these rules to BNY Mellon's businesses as currently conducted. These ratios are necessarily subject to, among other things, our ongoing review of the applicable rules, further implementation guidance from regulators, the development of market practices and standards and any changes BNY Mellon may make to its businesses. Consequently, these ratios remain subject to ongoing review and revision and may change based on these or other factors. LCR is a non-GAAP measure.

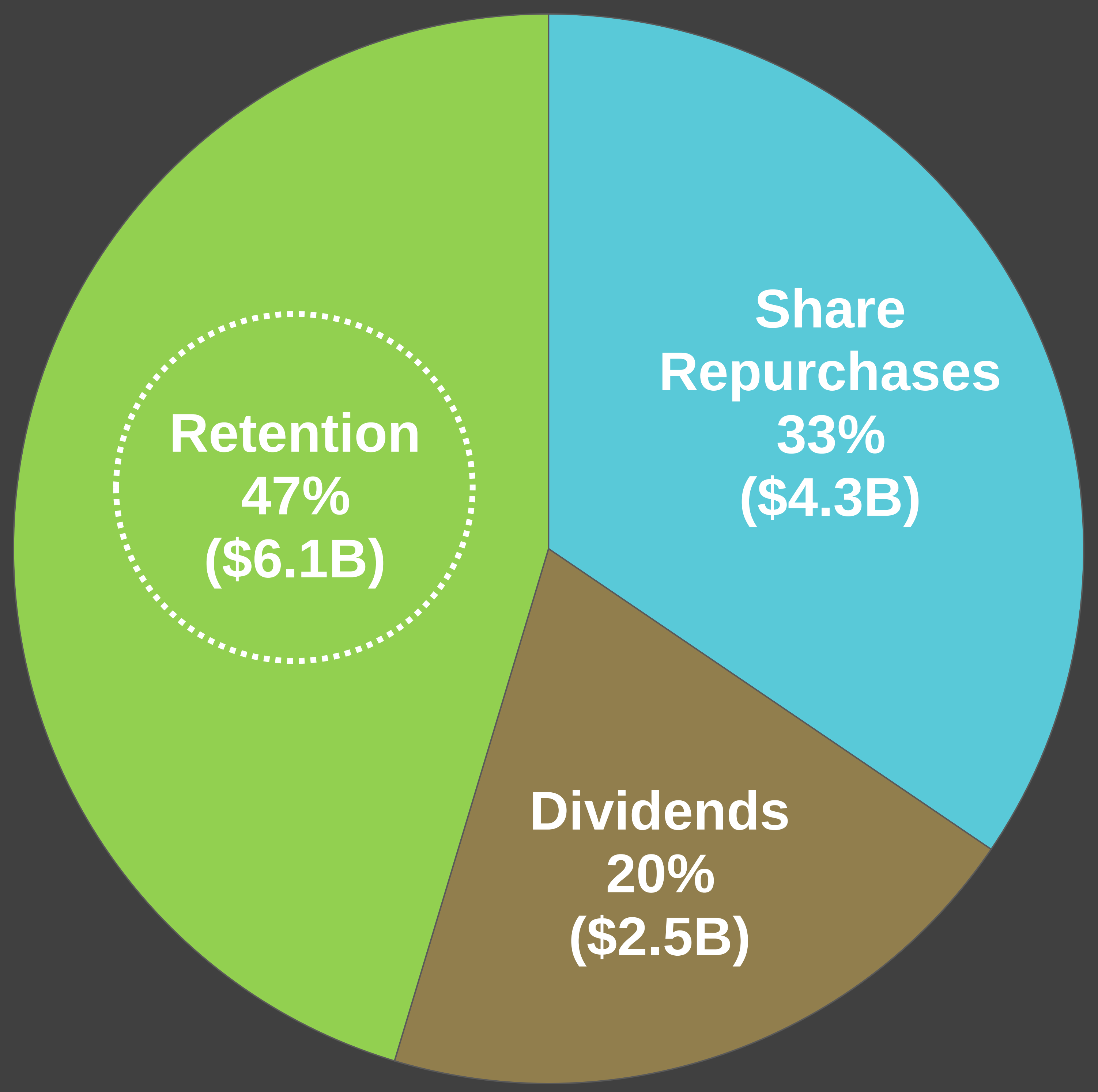
*Includes 4Q14 Planned Actions

Strong Capital Generation: Disciplined Deployment

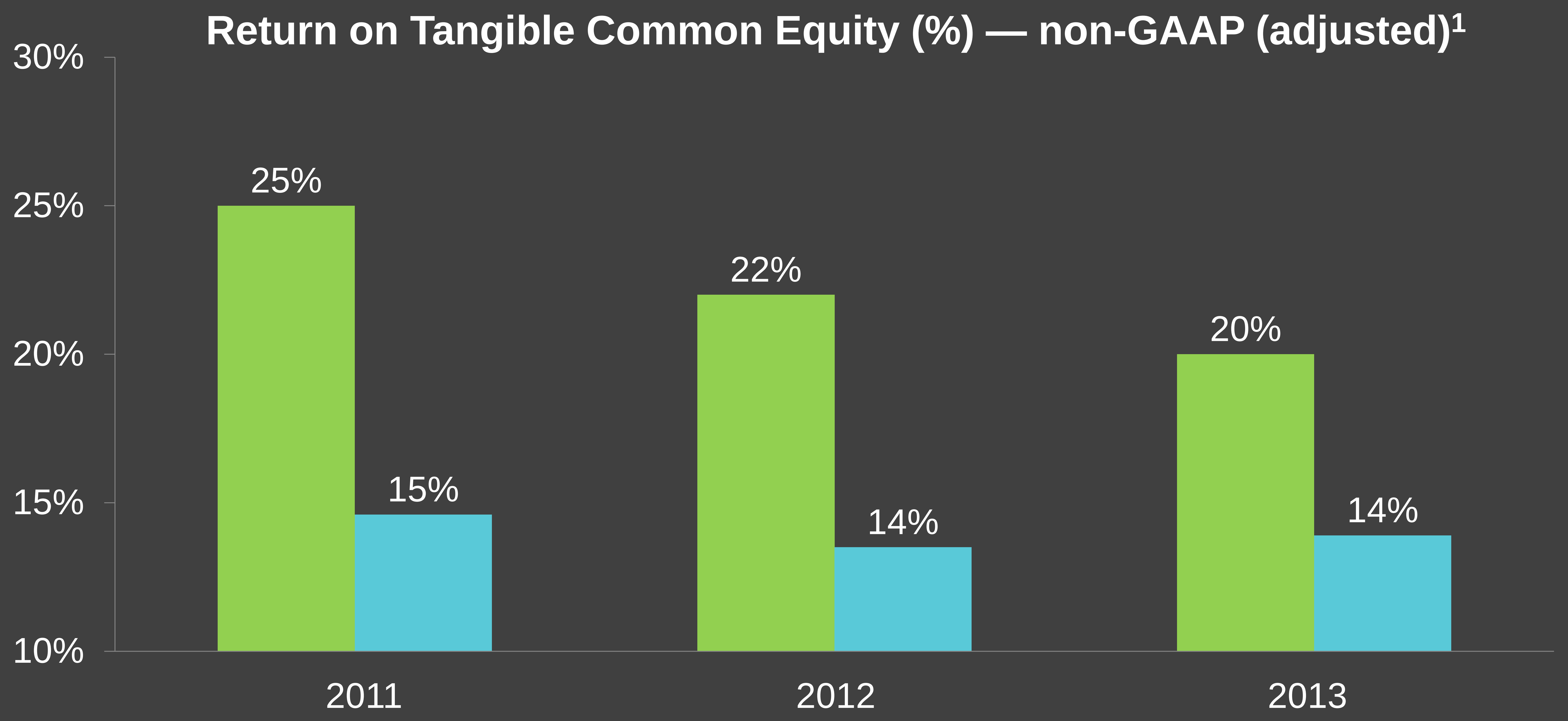
Gross Capital Generation
(cumulative: 2011 – 9/30/14)



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



Operating Environment and Regulatory Requirements Have Impacted Return on Capital



ROTCE – Est. 2017

Flat Environment

17 – 19%

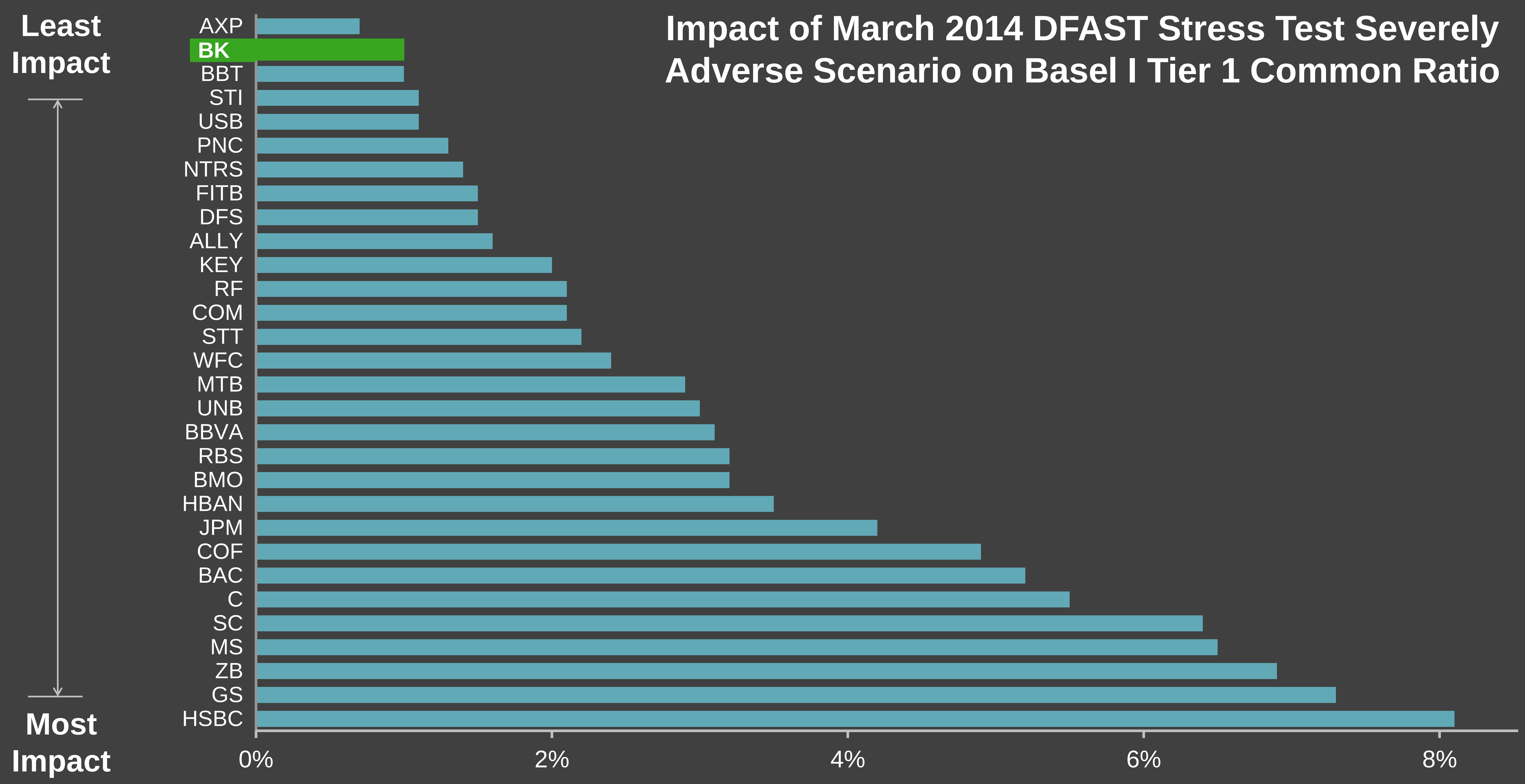
Normalized Environment

20 – 22%

NOTE: Peer data obtained from SNL Financial. For 9/30/14, Peer Median ROTCE data unavailable. See Appendix for Peer Group. Actual results may vary materially. Please refer to the cautionary statement

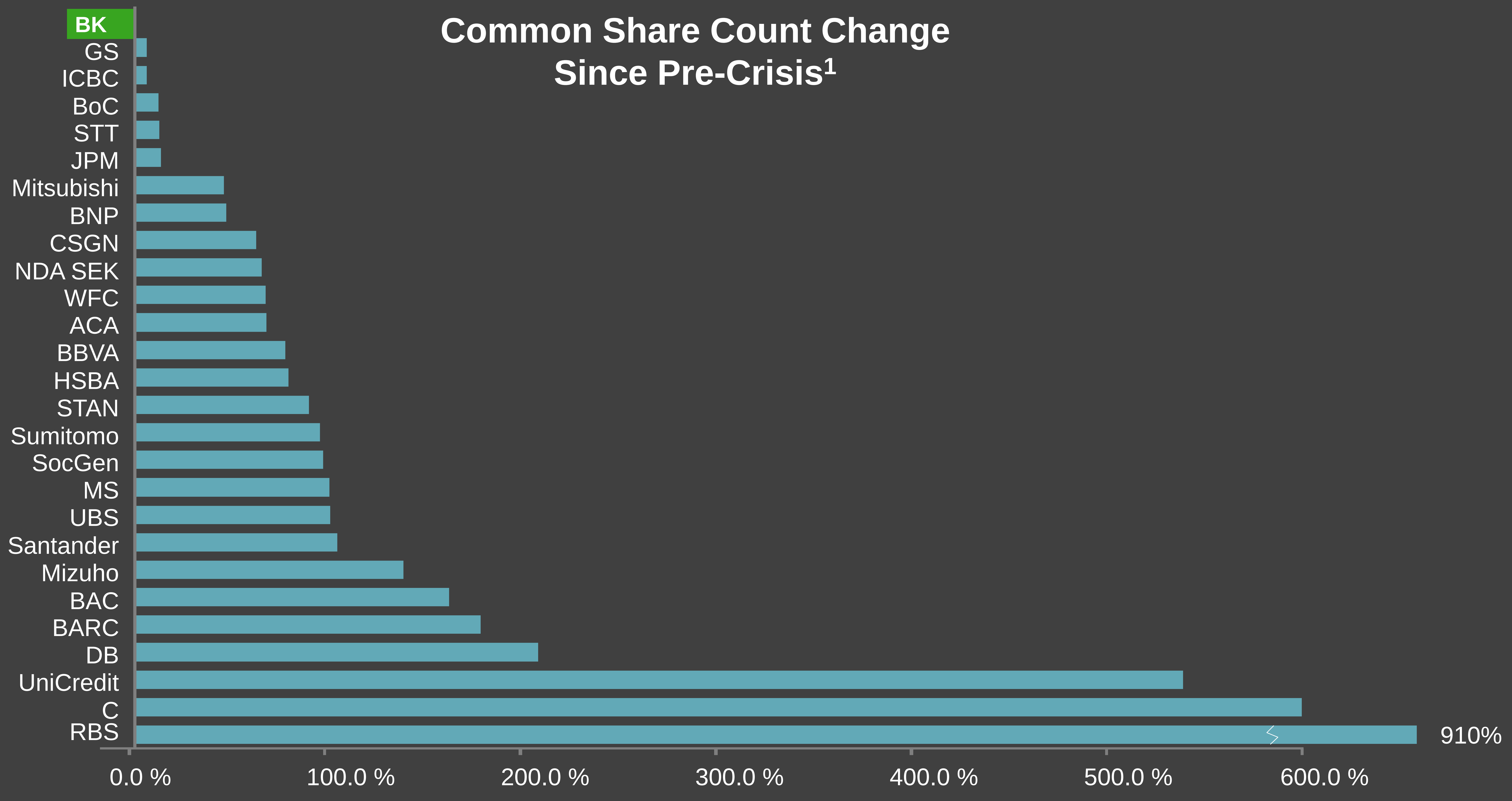
1 Represents a non-GAAP measure. See Appendix for reconciliation. Additional disclosure regarding non-GAAP measures is available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

Strong Capital Position – Well Positioned for Stress Scenarios



SOURCE: Federal Reserve – Dodd-Frank Act Stress Test (DFAST) 2014: *Supervisory Stress Test Methodology and Results.* See Appendix for additional detail.

Common Shares Outstanding Below Pre-Crisis Level



1 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).

Disciplined Capital Deployment

Dividends & Share Repurchase Goals

Total payout ratio of ~80 – 100%

- Dividends: ~25 – 30%
- Share repurchases: 55 – 70%

Generating capital of ~$560-$740MM* p.a. at a 100% payout ratio

Investment Goals

Focused on organic growth
- Business line extensions; new products; technology platforms

Acquisitions must fill a gap and enhance our core strategy

Investments in organic growth and acquisitions must exceed financial hurdles
- IRR well in excess of cost of capital

Projected returns must exceed that of repurchasing shares

NOTE: Assumes regulatory and other approvals.

* Range based on annual intangible amortization (net of tax) and employee equity benefit plans between 2011-2013.

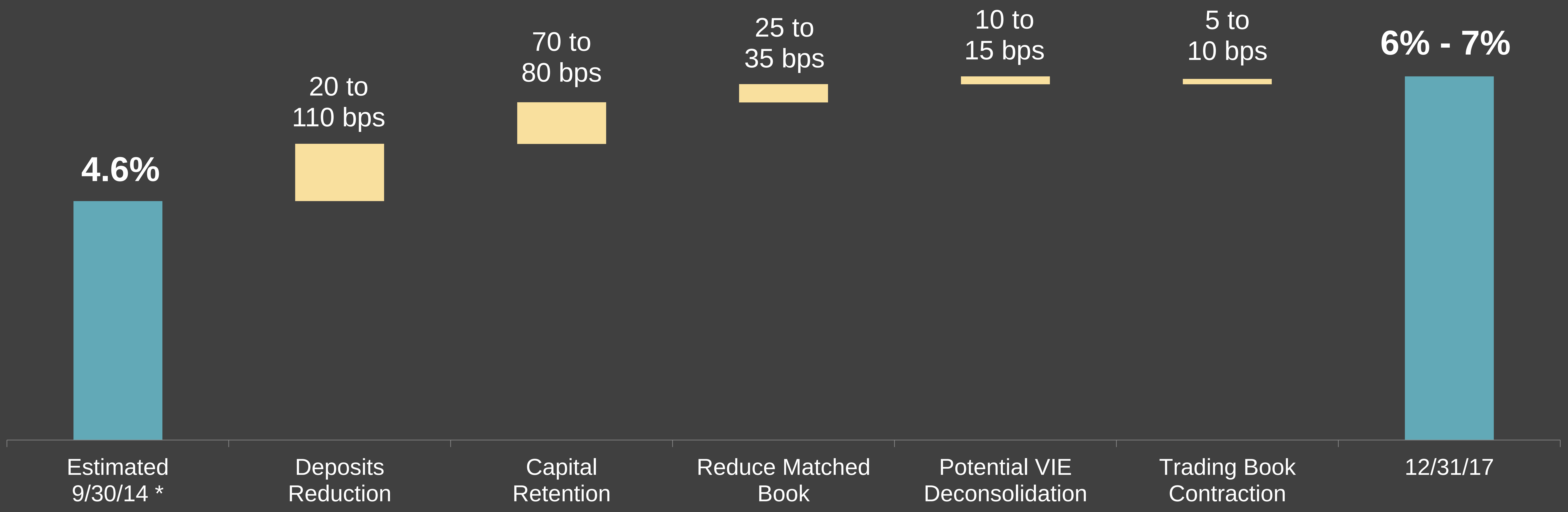
Complying with Regulatory Capital Requirements

BHC Estimated Fully Phased-in Basel III Common Equity Tier 1	Regulatory Minimum[1]	9/30/14[2]	Estimates 2015 - 2017
Standardized Approach[3]	8%	10.8%	11 – 12%
Advanced Approach[3]	8%	10.0%	

Estimated Supplementary Leverage Ratio	Regulatory Minimum[4]	9/30/14[2]	Flat Environment	Normalized Environment
Holding Company[3]	>5%	4.6%	5 – 6%	6 – 7%

1 Including buffers and surcharges, on a fully phased-in basis we may be subject to a CET1 standard of 8%, including a minimum of 4.5%, a capital conservation buffer of 2.5% and a G-SIB surcharge of 1%.
2 Preliminary.
3 These represent non-GAAP measures. See Appendix for reconciliations. Additional disclosure regarding non-GAAP measures is available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.
4 Reflects a 3% minimum and a >2% buffer. Actual results may vary materially. Please refer to the cautionary statement.

Path to SLR Compliance



Other potential incremental actions include preferred stock issuance, lowering deposit pricing and reducing unfunded commitments

NOTE: Represents Bank Holding Company. Actual results may vary materially. Please refer to the cautionary statement.

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Normalized Environment Outlook: 2015 Through 2017

External Assumptions		2015-2017 Outlook
Market Values	Equities	+4-5% annually
Interest Rates	Fed Funds *(2Q15 – 2017)*	+20-30 bps/qtr
Treasuries	2-Year 10-Year	+10-30 bps/qtr +10-20 bps/qtr
Volatility[1]		+10-20%
Market Volumes		In line with GDP
Geopolitical		In line with current state

Internal Assumptions		2015-2017 Outlook
Expenses	Core Expense Base	Impacted by revenue mix Higher occupancy costs in 2015
	Regulatory Cost	Increasing in absolute terms; rate of growth slowing
	Pension	Higher in 2015
Other	Provision	Annual loan loss provision of $10-$30MM
	Tax Rate	27%

1 Uses CBOE volatility index as a proxy. Actual results may vary materially. Please refer to the cautionary statement.

Regulatory Change Drives Costs, Capital and Liquidity Requirements

Selected Regulatory Change Initiatives

Today

Current Focus

- Data Management Standards
- Liquidity Coverage Ratio
- Tri-Party Repo Reform
- Money Market Fund Reform
- Recovery and Resolution Plans
- Supplementary Leverage Ratio
- Volcker Rule

Pending

- Net Stable Funding Ratio
- Bank Levies
- Financial Transaction Tax
- Total Loss Absorbing Capacity

Financial Goals – Operating Basis: 2015 Through 2017

	Flat	Normalized
Revenue Growth	3.5 – 4.5%	6 – 8%
EPS Growth	7 – 9%	12 – 15%
Return on Tangible Common Equity	17 – 19%	20% – 22%
Assumptions	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

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