

Investment Services

Brian Shea

Chief Executive Officer

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

Improving client solutions, enhancing operating margins and accelerating earnings growth

Priorities

- **Extending our leadership positions in each business**
- **Leveraging entire BNY Mellon franchise to expand relationships**
- **Investing in strategic platforms for high-growth markets**
- **Increasing return on existing technology investment**
- **Complying with new regulatory requirements**
- **Delivering consistent profitable growth**

Continuously improve productivity and reduce structural costs

Global Leadership in Investment Services

BNY Mellon Investment Services¹

<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

¹ See Appendix for additional details regarding these rankings.

Diverse Revenue Streams Reduce Earnings Volatility

Shifting Future Revenue Mix Toward Recurring Fees

Recurring Fees

- Account-based
- Position-based
- Asset Levels
- Balance-based
- Technology-based

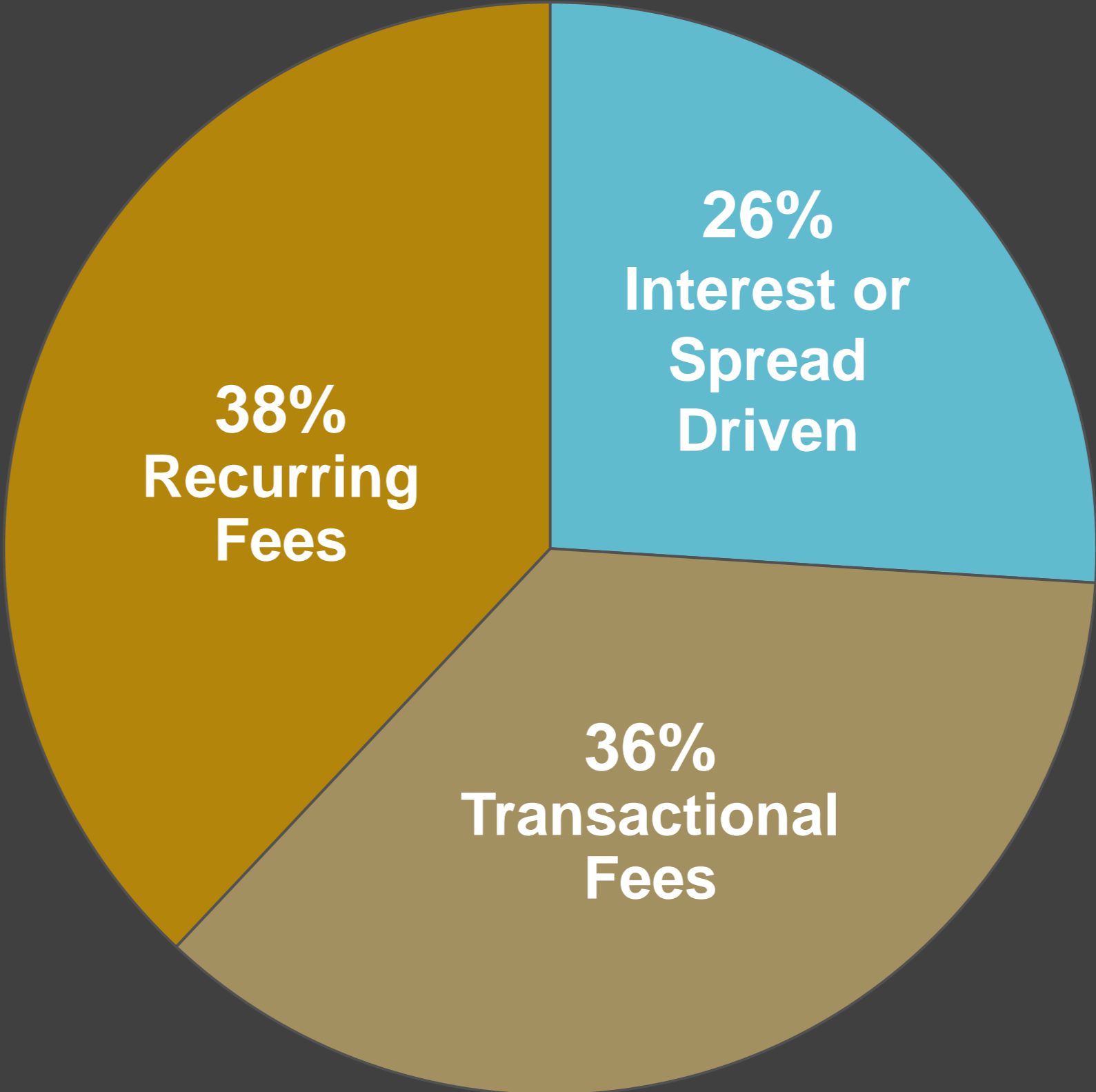
Transactional Fees

- Market Volumes
- Volatility

Interest or Spread Driven

- Interest Rates
- Capital / Liquidity

Percentage of Revenue (2013) *

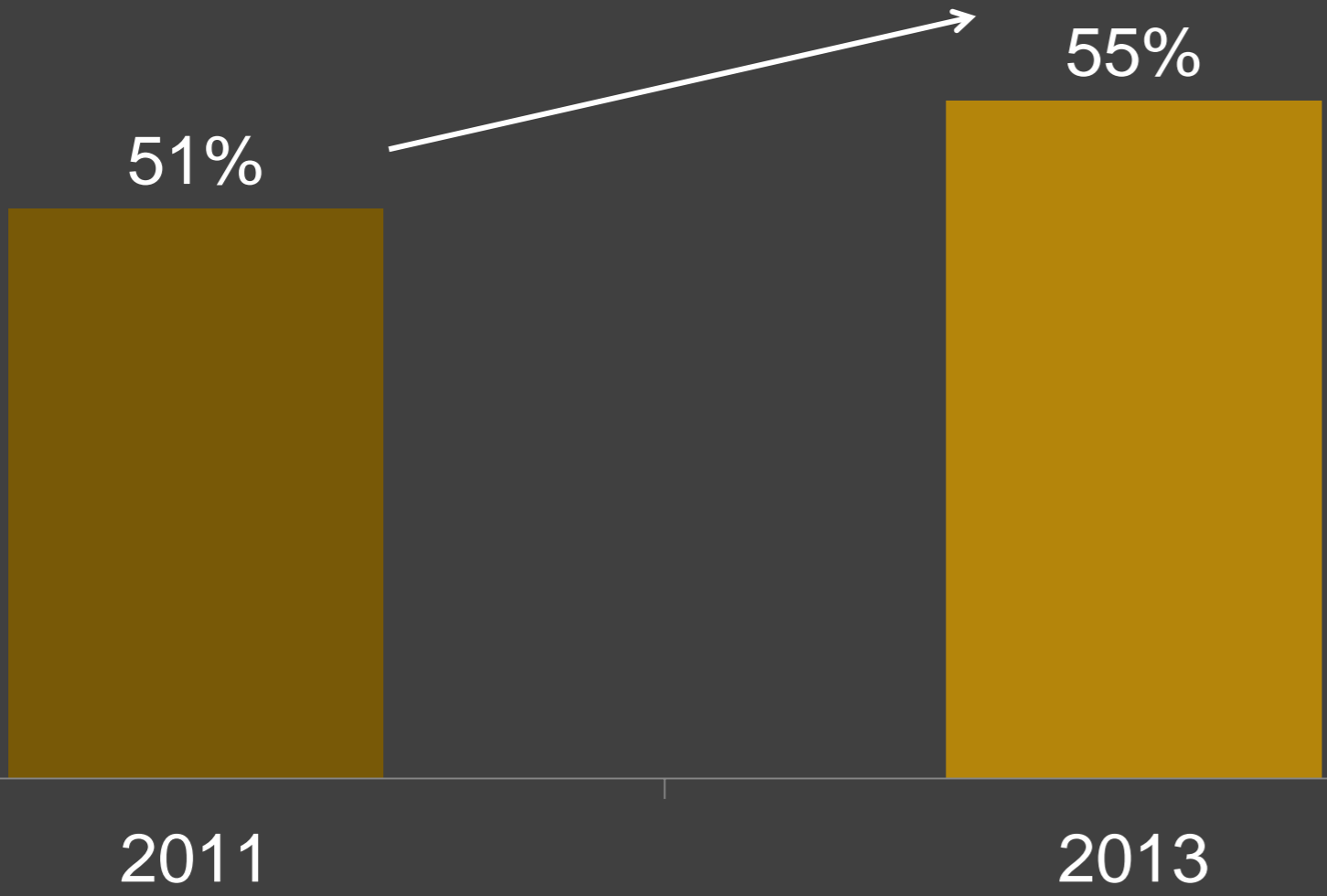


* Estimated.

Revenue Mix has Shifted

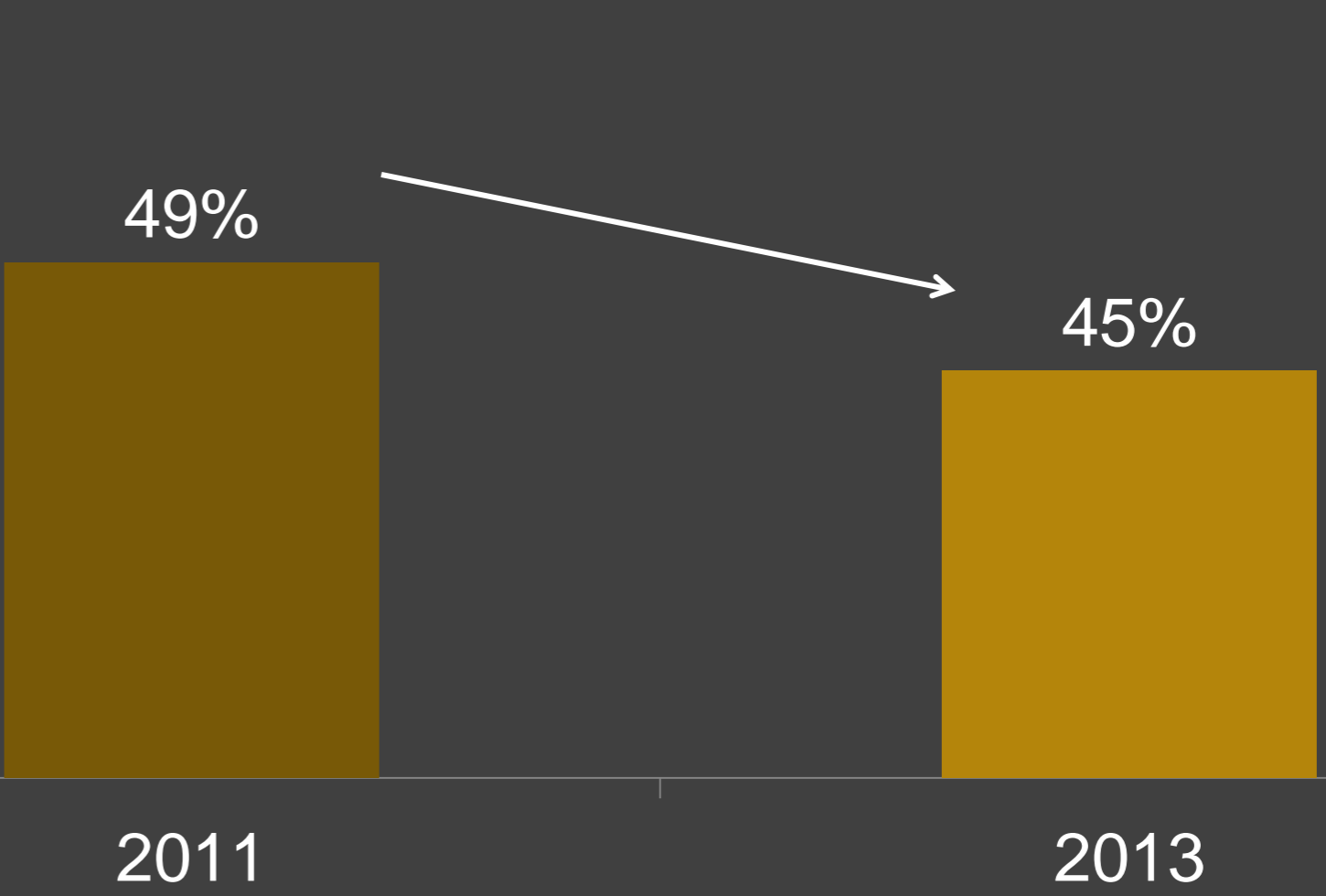
Asset Servicing, Clearing and Treasury Services Fees

+3.3%
CAGR



Issuer Services, FX, NII, Other Revenue

(4.1%)
CAGR

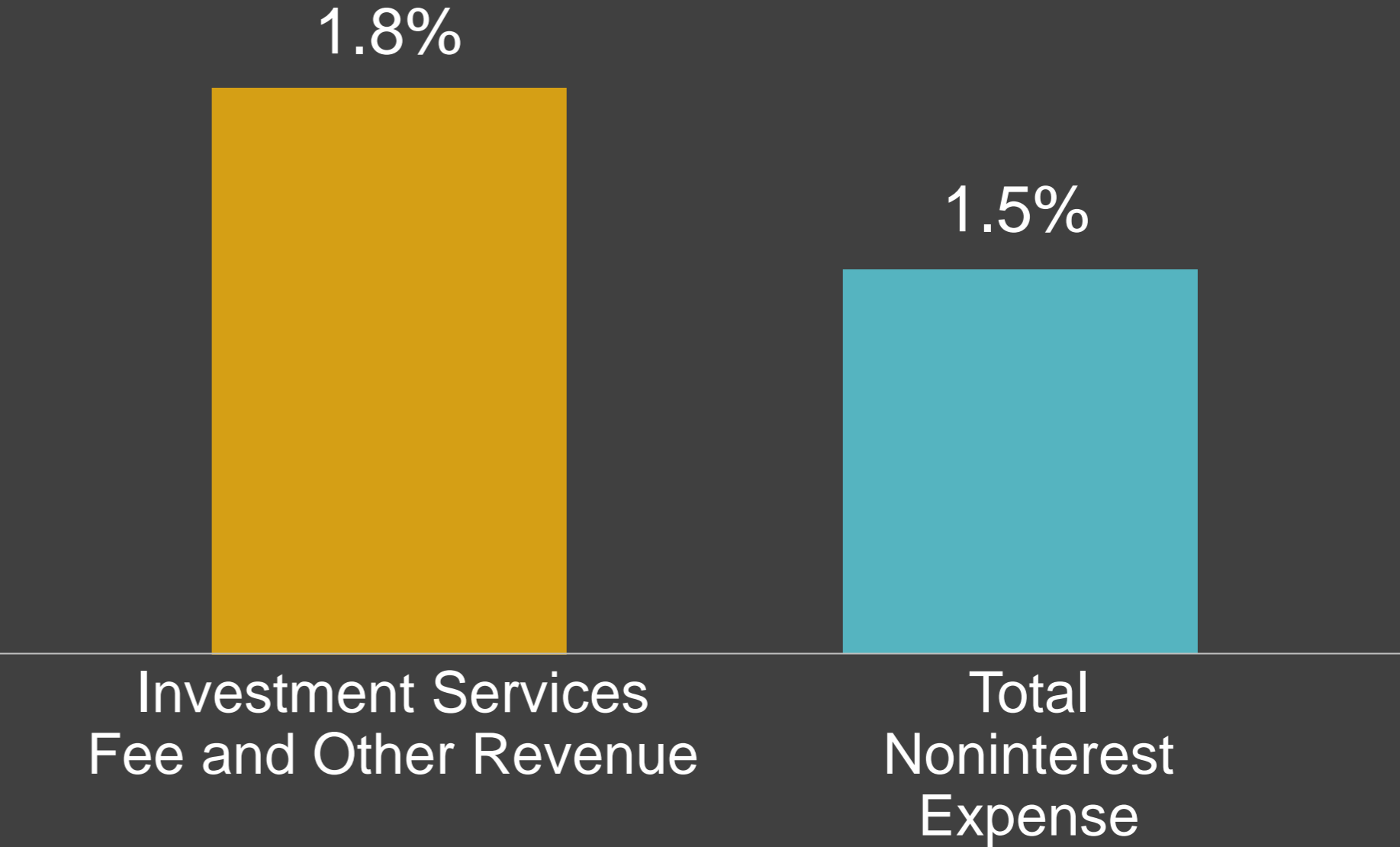
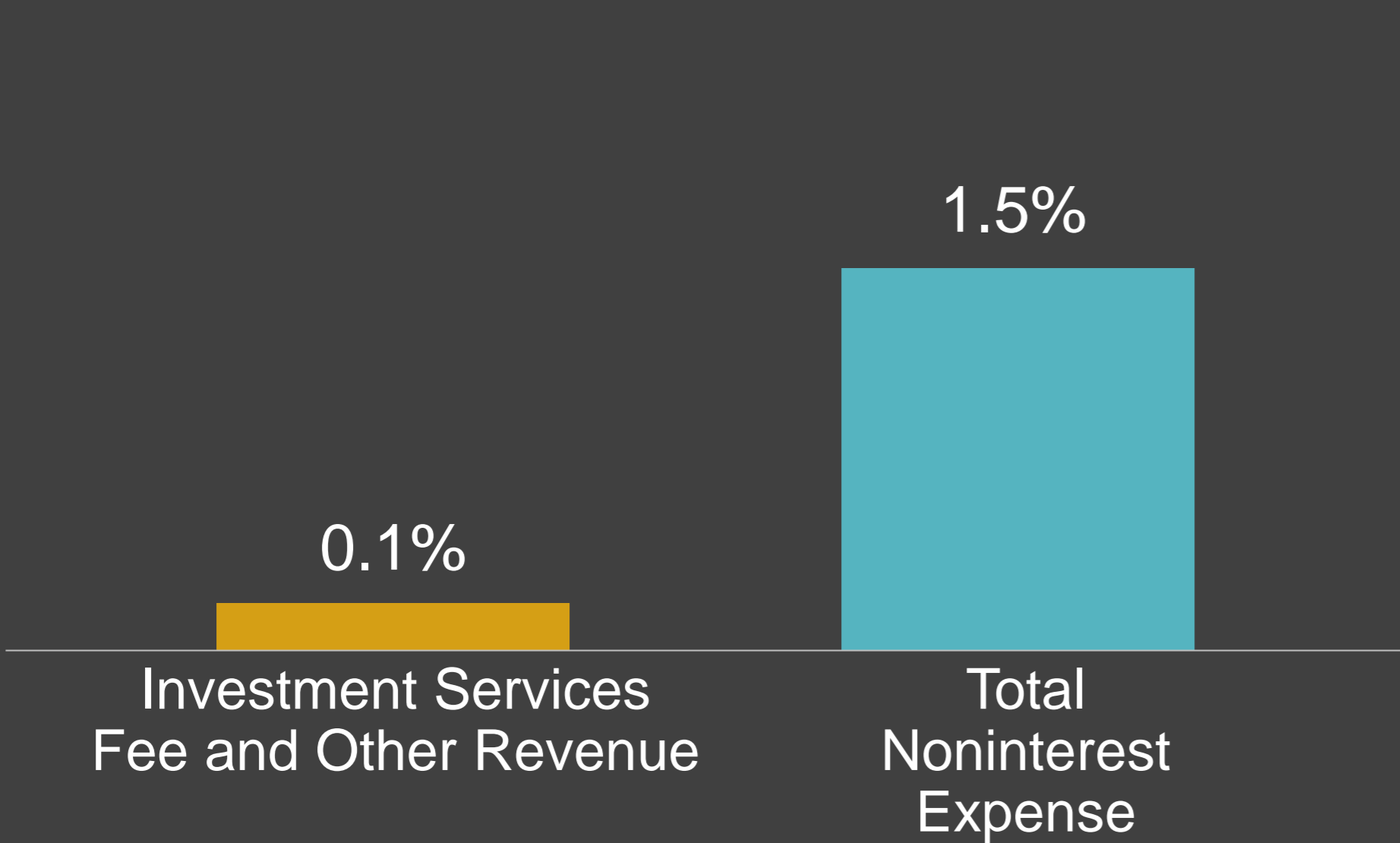


NOTE: Represents percentages of total revenue for the Investment Services segment.

Actions Yielding Results

2011-2013 CAGR

LTM 9/30/14



	2012	2013
Investment Services Fee to Expense Coverage Ratio	93%	93%

LTM 9/30/14	
Investment Services Fee to Expense Coverage Ratio	94%

NOTE: Coverage ratio excludes amortization of intangibles and litigation.

Delivering Client Solutions, Creating Growth

Growth Opportunities and Strategies

Asset Servicing	<ul style="list-style-type: none">- Fund manager middle-office services- Insurance accounting, middle-office services- Alt. investment manager capabilities- Risk aggregation, managed account solutions- Eagle technology capabilities	Depository Receipts	<ul style="list-style-type: none">- Tax reclaim services- Emerging market growth
Clearing Services	<ul style="list-style-type: none">- Self-clearing broker-dealer- RIA custody- Prime brokerage and custody- Multi-custodial technology capabilities- Private banking solutions for intermediaries	Treasury Services	<ul style="list-style-type: none">- Enhanced global payment capabilities- Global trade and supply chain finance- Corp. treasury management solutions
Corporate Trust	<ul style="list-style-type: none">- Collateralized loan administration/servicing- Reinsurance, collateral services for insurers- U.S. Government entity technology solutions	U.S. Gov't Clearing	<ul style="list-style-type: none">- U.S. Government clearance- U.S. Tri-party repo solutions- Global collateral growth- Collateral optimization technology

Diverse Client Base of Industry Leaders

Investment Managers
(Traditional/Alternative)



Asset Owners



Insurers



Banks, Broker-Dealers
and Advisors



Corporate / Issuers



Leveraging BNY Mellon Franchise to Serve Clients and Shareholders

Building Enterprise Client Relationships

Highly overlapping client base

- Asset owners
- Asset managers
- Sovereign wealth funds
- Broker-dealer and advisors (retail intermediary distribution strategy)

Over 75% of top 100 clients have enterprise relationships

Leveraging Investment Management and Investment Services

Asset owner platform access

- Money fund/cash management
- Mutual fund supermarket
- No-transaction-fee mutual funds
- Alternative investments

Private banking solutions

Bank and brokerage custody

Separately managed accounts

Core fund services

Cross-Investment Services Solutions

Mutual fund sub-accounting

Clearance, settlement, custody and treasury services

Prime brokerage and prime custody

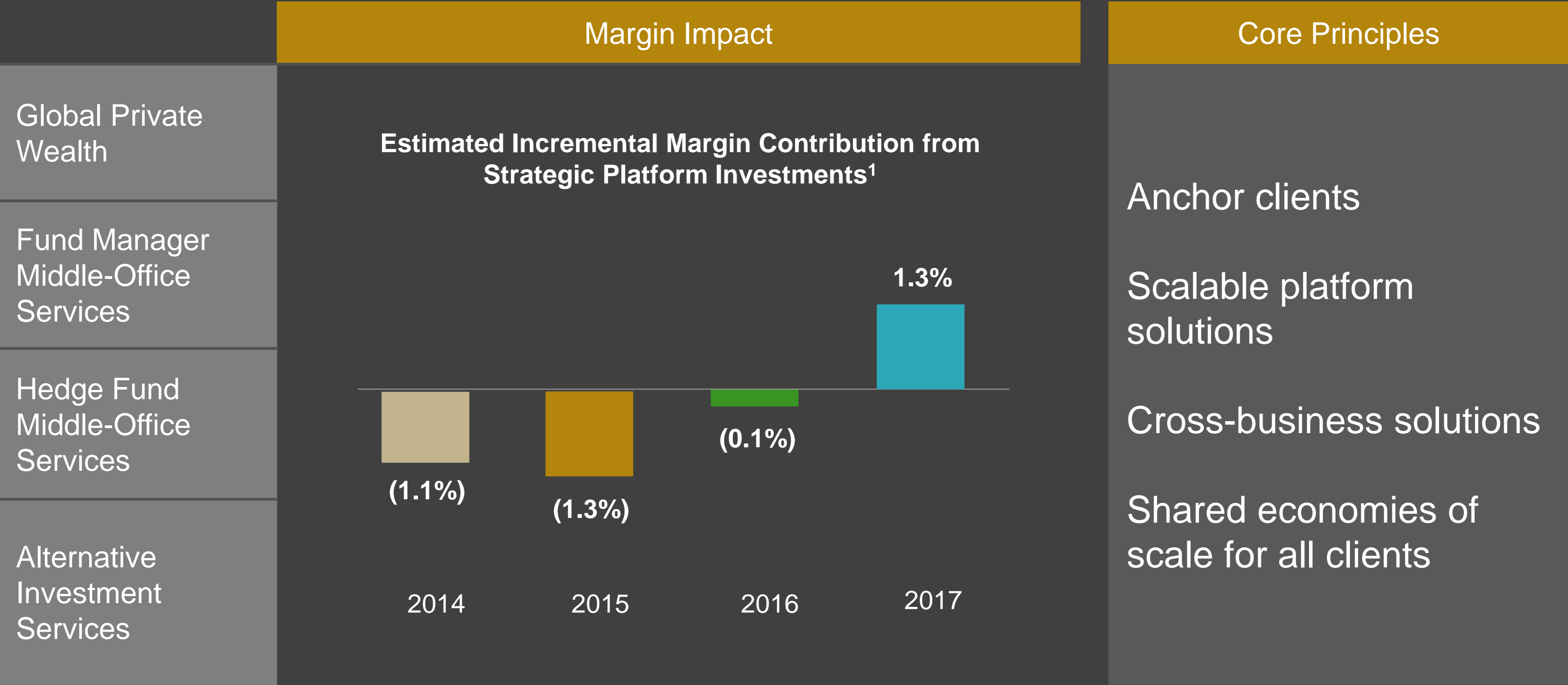
Custodial and brokerage securities lending

Shared technology solutions

Strategic Platform Investments in High Growth Markets

	Market Opportunity	
Global Private Wealth	<ul style="list-style-type: none"> - \$50T in global high net worth assets, growing at ~7% - Scalable, global solutions 	Anchor clients
Fund Manager Middle-Office Services	<ul style="list-style-type: none"> - \$2T AUM potentially in play for middle-office services - Variable cost middle office operations and technology 	Scalable platform solutions
Hedge Fund Middle-Office Services	<ul style="list-style-type: none"> - \$2.5T in global alternative assets, growing at 6% - Shift to alternatives - Multi-asset class, full lifecycle solutions 	Cross-business solutions
Alternative Investment Services	<ul style="list-style-type: none"> - \$3T in real estate and private equity assets, expanding at 10% - Highly complex servicing needs 	Shared economies of scale for all clients

Strategic Platform Investments in High Growth Markets



¹ Incremental margin impact is estimated assuming flat rate environment.

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

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

Business Excellence

Optimizing Our Business Mix

Portfolio Review Considerations

- Sub-scale
- Non-scalable
- Low margin
- Low growth
- Not profitable
- Capital intensive
- Adversely impacted by regulatory change or market factors

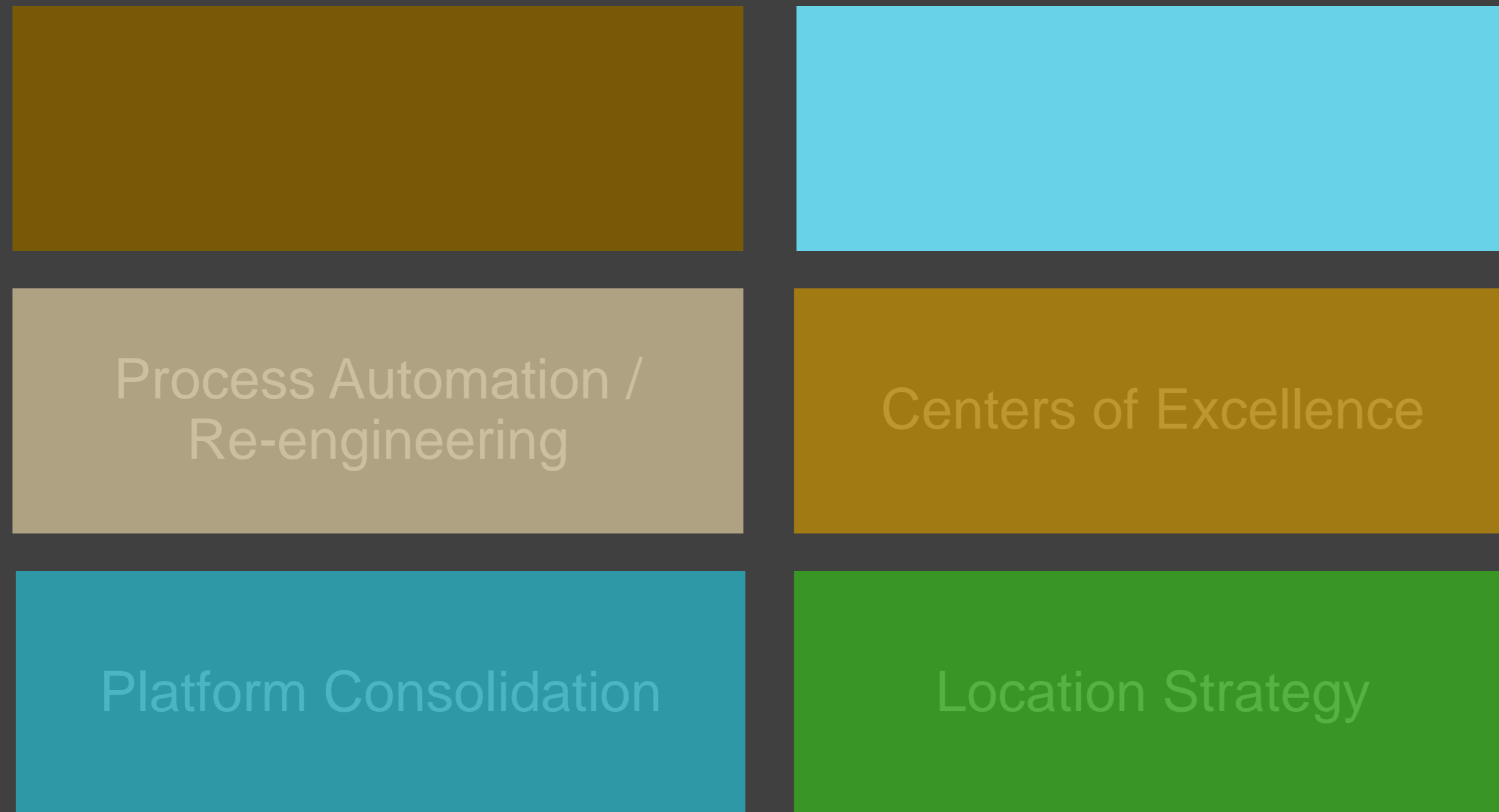
Recent Divestitures and Exits

- Shareowner services
- Sourcenet
- Corporate Trust Japan
- Corporate Trust Mexico
- Derivatives sales and trading
- U.S. derivatives clearing/futures clearing merchant
- German derivatives clearing
- Transition management

Continuous Process Improvement

Improves Margin and Creates Investment Capacity

Levers for Continuous Improvement



Driving Business Outcomes

- Global Process Ownership of 40 core processes
- Increasing straight through processing rates
- Simplifying and standardizing platforms
- Re-engineering and process automation
- Expanding Centers of Excellence
- Balancing regional / global workforce
- Aligning global business process and real estate

Continuously improving client and employee productivity while reducing risk and cost

Corporate Services

Aligning Service Providers to Support Our Strategy

Real Estate Strategy

- Facilities management outsourcing
- Real estate plans aligned with business strategy
- Fewer and more efficient locations

Vendor Spend

- Data providers
- Sub-custody relationships
- Professional and consulting engagements
- Technology vendor costs

Business Partner Efficiency

- Efficiently comply with regulatory requirements
- Automate support functions

Corporate Overhead

- Discretionary expense management
- Manage business demand

Client Technology Solutions Excellence



Delivering a high return on technology investment

Summary

Goals

1. Highest Value Provider
2. Industry Service Quality and Productivity Leader
3. Industry Technology Leadership

Growth Priorities

- Extend leadership in each business
- Deliver cross-business client solutions
- Strategic platform investments in high growth markets
- Increase return on technology investment
- Drive technology solutions revenue

Performance Priorities

- Embrace regulatory change
- Manage the business portfolio
- Strengthen continuous improvement culture
- Reduce structural costs
- Deliver consistent profitable growth

Continuously improve productivity and reduce structural costs

Investment Services Financial Goals (2015-2017)

	Flat	Normalized
Revenue	3 – 4 %	4 – 6 %
https://www.bnymellon.com/global/assets/pdf/investorrelations/investor-day-2014/investor-day-2014-investment-services.pdf		
Pretax Income	4 – 6 %	10 – 12 %

NOTE: Excludes intangible amortization.