

Markets Group

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President

Most comprehensive provider
of securities financing and collateral
management solutions

Optimizing our business mix

- **Focus on scale, margins and return on capital**
- **Direct investments in electronic platforms and capital-efficient solutions**

Priorities

- **Aligning with Investment Services client base**
- **Extending client relationships**
- **Providing capital and liquidity solutions**
- **Eliminating redundant activities**
- **Revenue growth of 8 to 10% with operating margin of 40+%**

Accelerating growth, profitability and returns on capital

The Markets Group at a Glance

Delivering integrated solutions, enhancing client performance

What We Offer

Securities Finance

Lend securities, finance collateral, provide liquidity and transform assets

Collateral Management

Segregate and optimize collateral, manage initial and variation margin, liquidity services

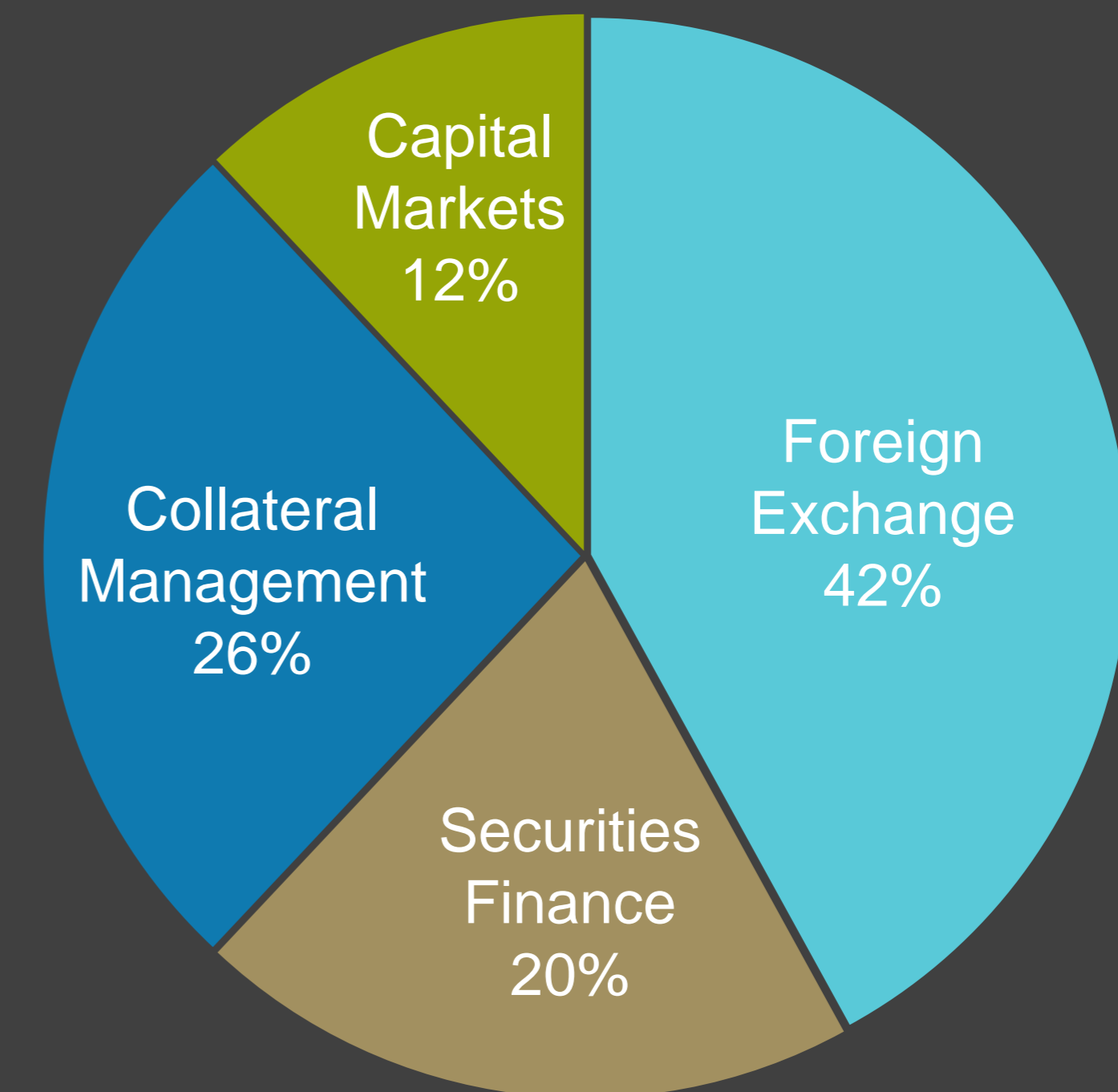
Foreign Exchange

Currency trading as principal, including spot, swap, forward, non-deliverable forward products, as well as currency administration and payments services

Capital Markets

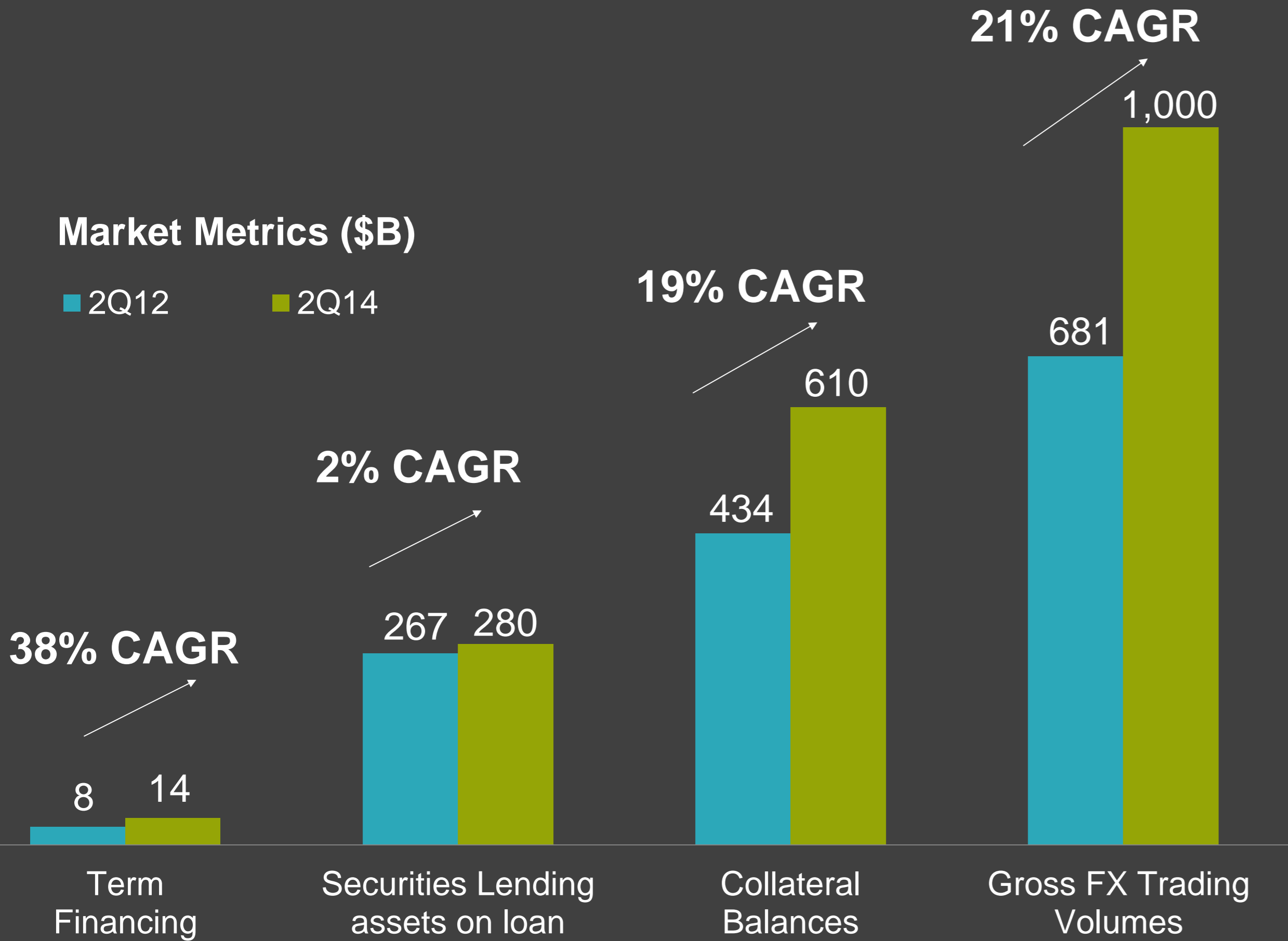
Fixed income and equity execution, underwriting and secondary trading

2014 Est. Revenue Contribution



Total Revenue of \$1.3B

Scale and Experience



Our Focus

- 80 of the top 100 alternative managers
- 12 of the top 15 financial market infrastructure providers
- 15 of G-20 Sovereign Funds

Ranking & Awards¹

| | |
|-----------------------------|-----------------------------------------------------------------------|
| <i>Global Investor/ISF:</i> | First Place Collateral Management Fixed Income Lender |
| <i>Global Custodian:</i> | Roll of Honor Securities Lending Collateral Optimization |
| <i>Global Finance:</i> | Best Forecast Best FX Research World's Best FX Providers |

¹ See Appendix for additional details regarding these rankings.

We are Connected to Investment Services

Driving recurring revenue streams

| | | Asset & Alternative Managers | Asset Owners | Banks / Broker-Dealers & Advisors | Corporates / Issuers | Insurance |
|------------------------------------|-------------------------------|------------------------------|--------------|-----------------------------------|----------------------|-----------|
| Collateral Management | Derivatives Margin Management | | | | | |
| | Collateral Management | ● | ● | ● | ● | ● |
| | Segregation | ● | ● | ● | ● | ● |
| | Liquidity Services | | | | | |
| Foreign Exchange & Capital Markets | FX Negotiated Sales | ● | ● | ● | ● | ● |
| | FX Services | | | | | |
| | Capital Markets | ● | ● | ● | ● | ● |
| Securities Finance | Securities Lending | | | | | |
| | Collateral Financing | ● | ● | ● | ● | |

NOTE: Asset Owners includes pensions, endowments, foundations and sovereigns.

Forces at Play Driving Changes in the Business Model & Creating Opportunities

| | Forces | Implications | BNY Mellon Opportunities |
|---------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regulation | Dodd-Frank / EMIR | <ul style="list-style-type: none"> - Limits large counterparty exposure - Demand for collateral transformation - Increases collateral needs for cleared & un-cleared trades - Requires central clearing of OTC securities - Introduces CCPs as asset gatherers | <ul style="list-style-type: none"> - Segregating client assets - Promoting collateral efficiency - Providing another highly-rated counterparty - Expanding services to market utilities |
| | Basel III | <ul style="list-style-type: none"> - Creates capital constraints for dealers | <ul style="list-style-type: none"> - Encouraging use of bank-prime model - Providing balance sheet efficient products |
| | Volcker Rule | <ul style="list-style-type: none"> - Restricts U.S. banks from making proprietary investments that do not benefit clients | <ul style="list-style-type: none"> - Moving clients into bank financing model |
| Transparency in Execution | Transparency /MiFID | <ul style="list-style-type: none"> - Spread compression - Limits the provisioning of liquidity | <ul style="list-style-type: none"> - Post-trade pricing analytics - Electronic trading and broad inventory of FX products |

Client Example of Value Creation

Situation Alternative Manager client experienced rapid growth and outpaced original prime brokerage service offering

Collaboration and expertise enabled BNY Mellon to create a unique solution for this client



Unique banking, brokerage and collateral capabilities

Result & Approach

Client Benefits
Combined prime brokerage, banking and collateral capabilities to improve performance of the fund

BNY Mellon Benefits
Leverages scalable technology and unique operational capabilities to generate profitable growth

Enhanced performance for the alternative manager

Summary

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Enhance profitability and return on capital