

# Overview

Gerald Hassell

Chief Executive Officer

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

**Taking aggressive steps to address challenges**

**Starting to show results**

## **Priorities**

- **Delivering value-added solutions to our clients**
- **Generating excess capital and deploying it effectively**
- **Improving financial performance**
  - **Increasing revenue growth rate in all environments**
  - **Delivering strong expense control and operating leverage**
  - **Optimizing business mix**

**High-value, lower-risk Investments Company  
Maximizing Returns and Creating Value**

# 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
- 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%<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

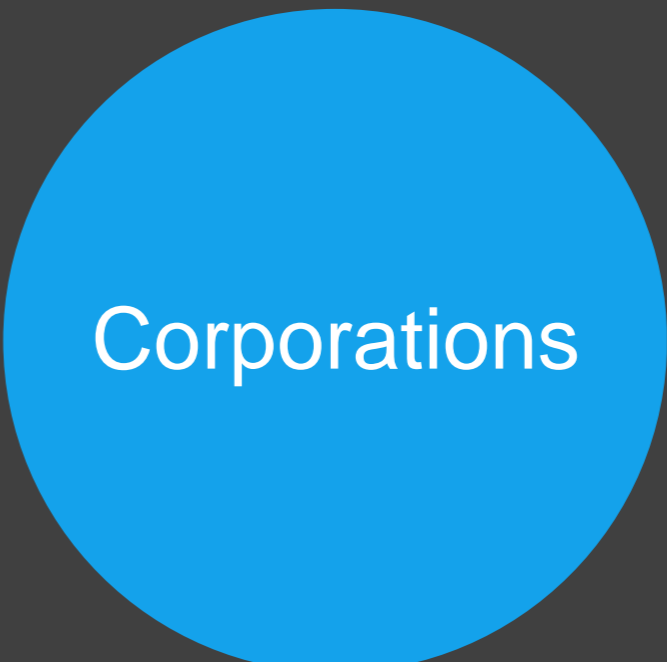
Assets

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



**80%**  
of Fortune 500  
Companies

**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

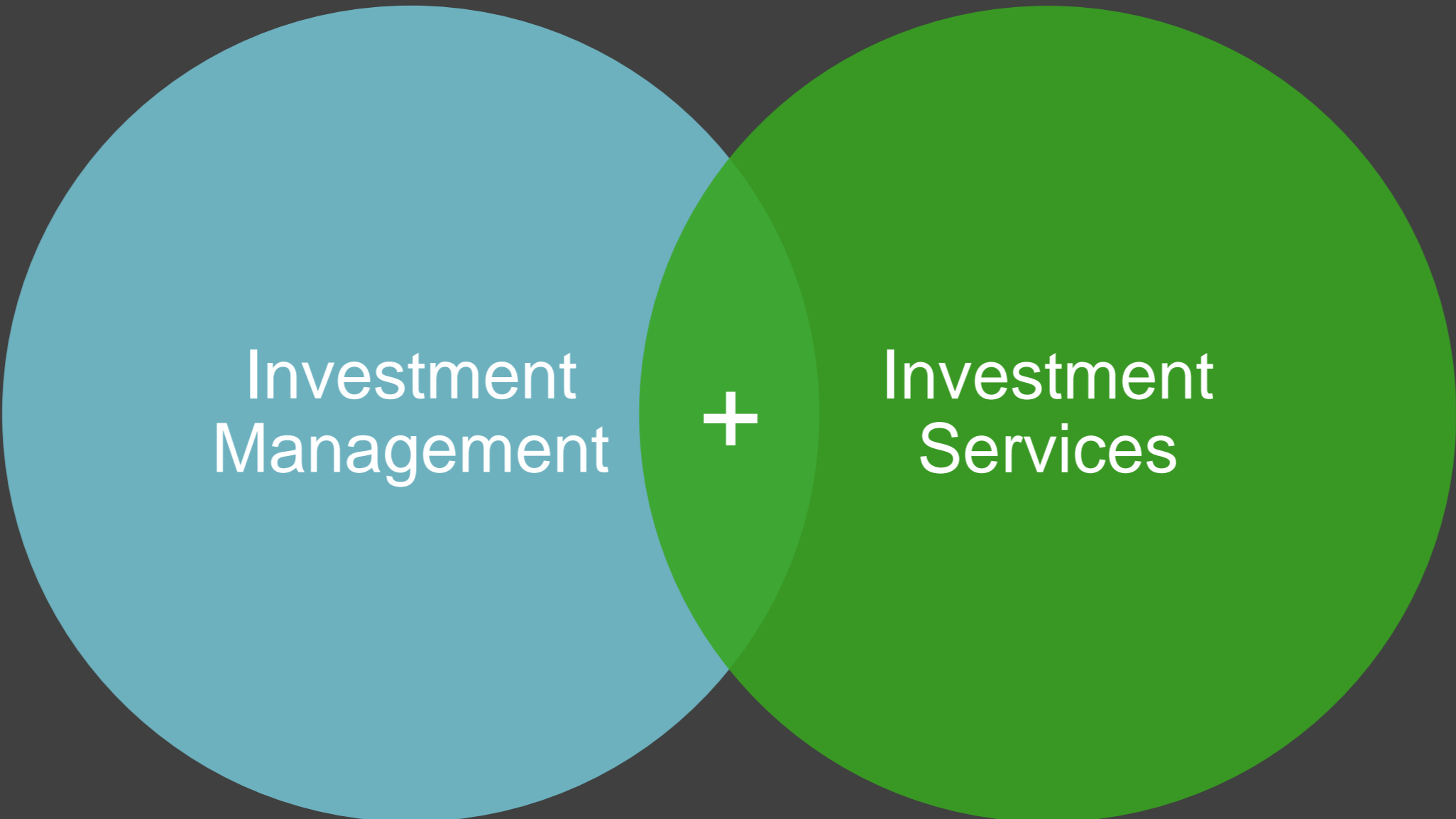
**76%**  
of the Top 100  
Endowments

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

**50%**  
of the Top 50  
Universities

NOTE: See additional disclosures in Appendix.

# Leveraging Investment Management + Investment Services Combination



## Realizing Opportunities

Leveraging broad and deep client relationships	Utilizing cross-platform capabilities	Balance sheet – seed capital for our funds; providing trust, safety and strength	Capitalizing on intellectual assets – deep insight into the changing needs of asset owners and fiduciaries
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# Benchmarking Our Historical Performance

	2011 Investor Day Targets	2011-2013 CAGR	Factors
Total Revenue <sup>1</sup>	3 – 5%	2%	- Higher equity markets
Fee Revenue <sup>2</sup>	3 – 5%	2%	- Higher money market fee waivers - Lower Issuer Services - Lower volatility
Net Interest Revenue	1 – 3%	—	- Lower rates, partially offset by higher deposits
Expense <sup>3</sup>	2 – 3%	4%	- Revenue mix - Increased regulatory costs
Return on Equity	10%	8.3% <sup>4</sup>	- Lower earnings - Increased capital requirements - Tangible capital, +25% 2013 vs. 2011

NOTE: With the exception of Net Interest Revenue, measures are non-GAAP. See Appendix for reconciliations.

1 Total revenue adjusted for sale of Shareowner Services business, the gain and loss related to an equity investment and net income attributable to noncontrolling interest related to consolidated investment management funds.

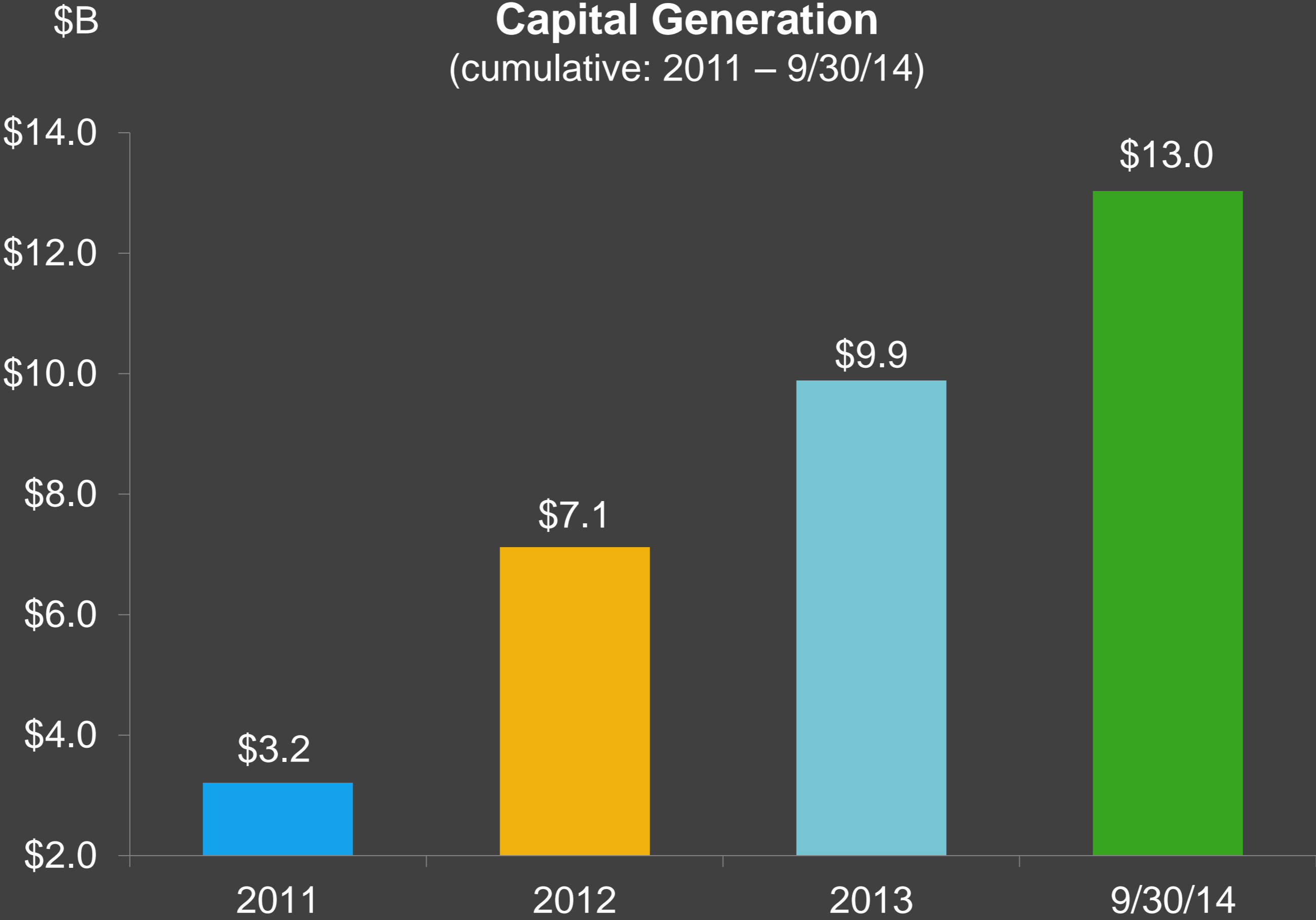
2 Fee revenue adjusted for sale of Shareowner Services business, the gain and loss related to an equity investment.

3 Expenses adjusted for sale of Shareowner Services business, amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives.

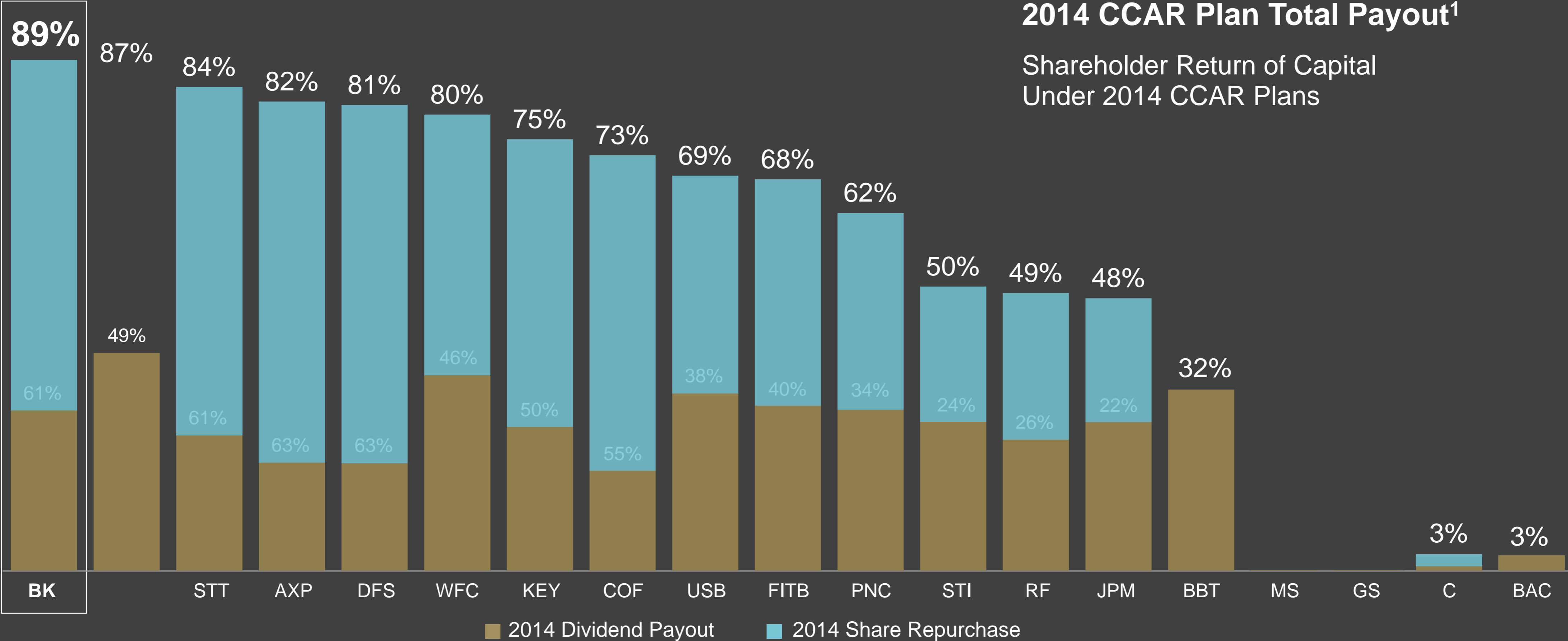
4 Represents Return on Equity for 2013.



# Strong Capital Generation



# Strong Capital Return



<sup>1</sup> Information regarding our peers' payout ratios is derived from their public filings; Net Income is based on IBES estimates as of 3/26/14.

# Driving Efficiency and Creating Value

## Continuous Process Improvement

Realigned organization in June 2014

Rationalizing staffing to drive operating and cost efficiency

- Greater than \$100MM expected in annual run-rate savings by 2015

Reducing real estate footprint – sale of One Wall Street results in a reduction of 750,000 square feet

Consolidating operating platforms

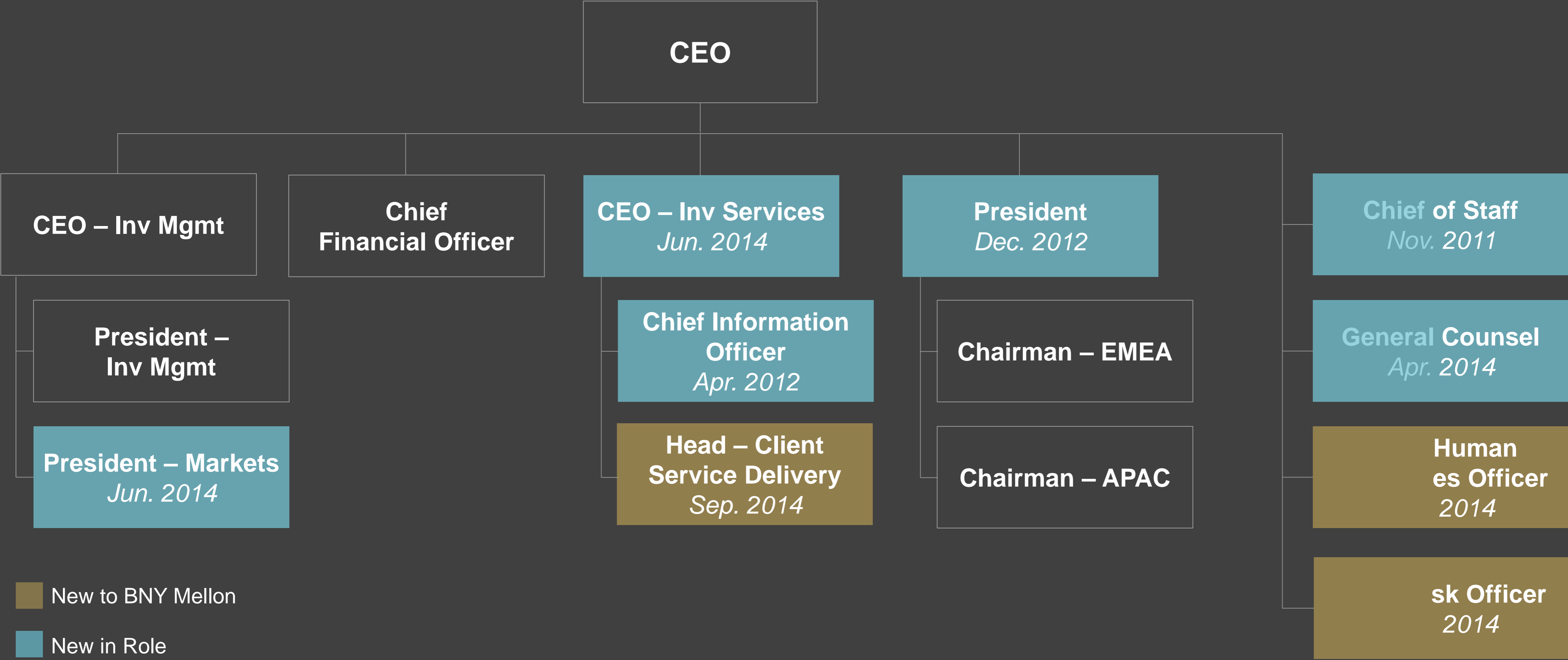
Increasing return on technology spend

Focusing on discretionary expenses

Optimizing business mix:

- Sold or exited several non-strategic or lower margin businesses
- Conducted extensive review of possible Corporate Trust divestiture
- Sold 20% equity investment in Wing Hang Bank
- Investing in new growth opportunities

# Substantial Changes to Our Management Team



# Investing in Revenue Growth Opportunities

**Leveraging  
Investment Services Scale**

**Electronic  
Trading Platforms**

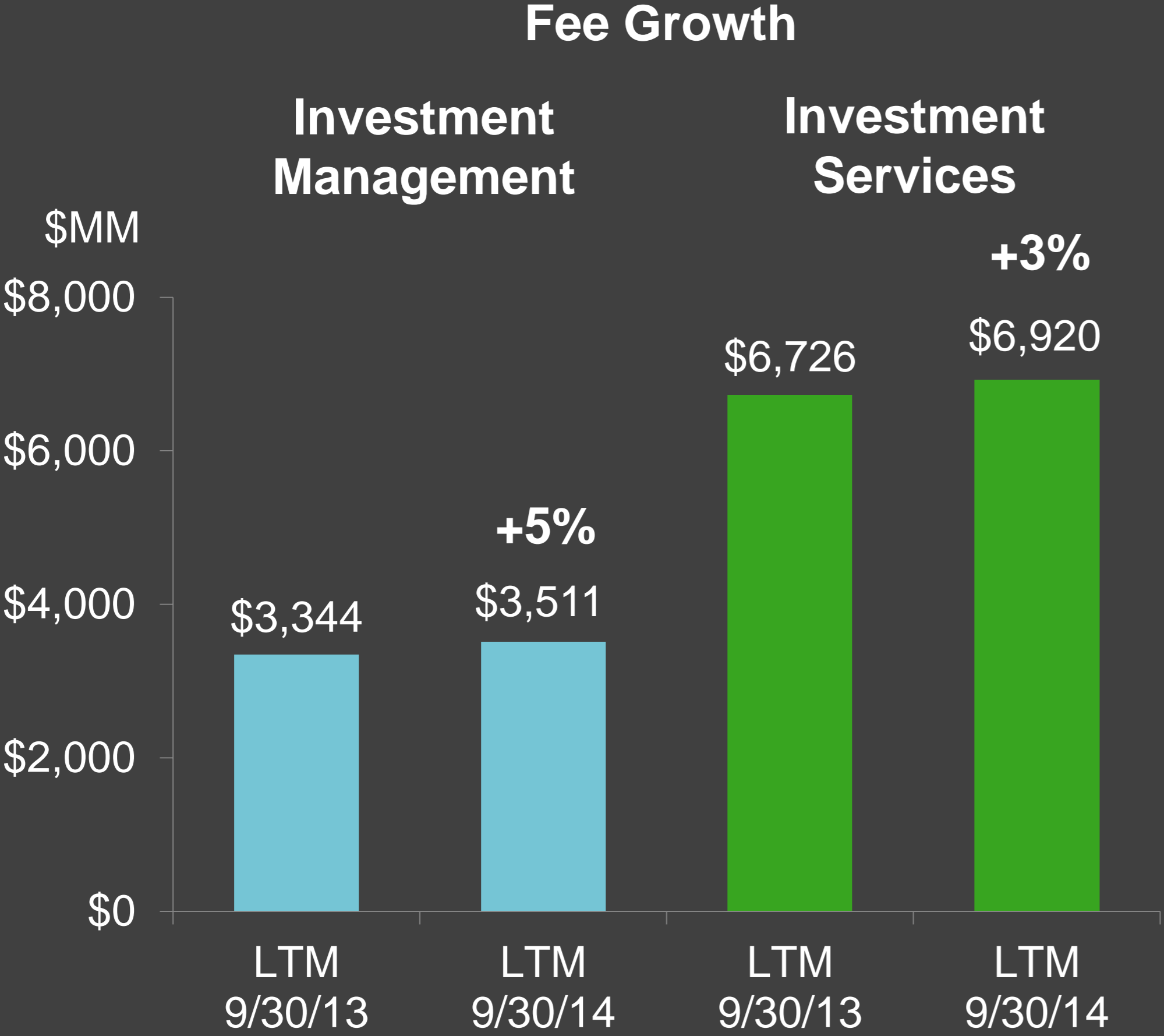
**Global Collateral  
Services**

**Separately Managed  
Accounts Platform**

**Investment Management  
Distribution**

**APAC  
Strategy**

# Improving Financial Performance – Continued Fee Growth



## Investment Management

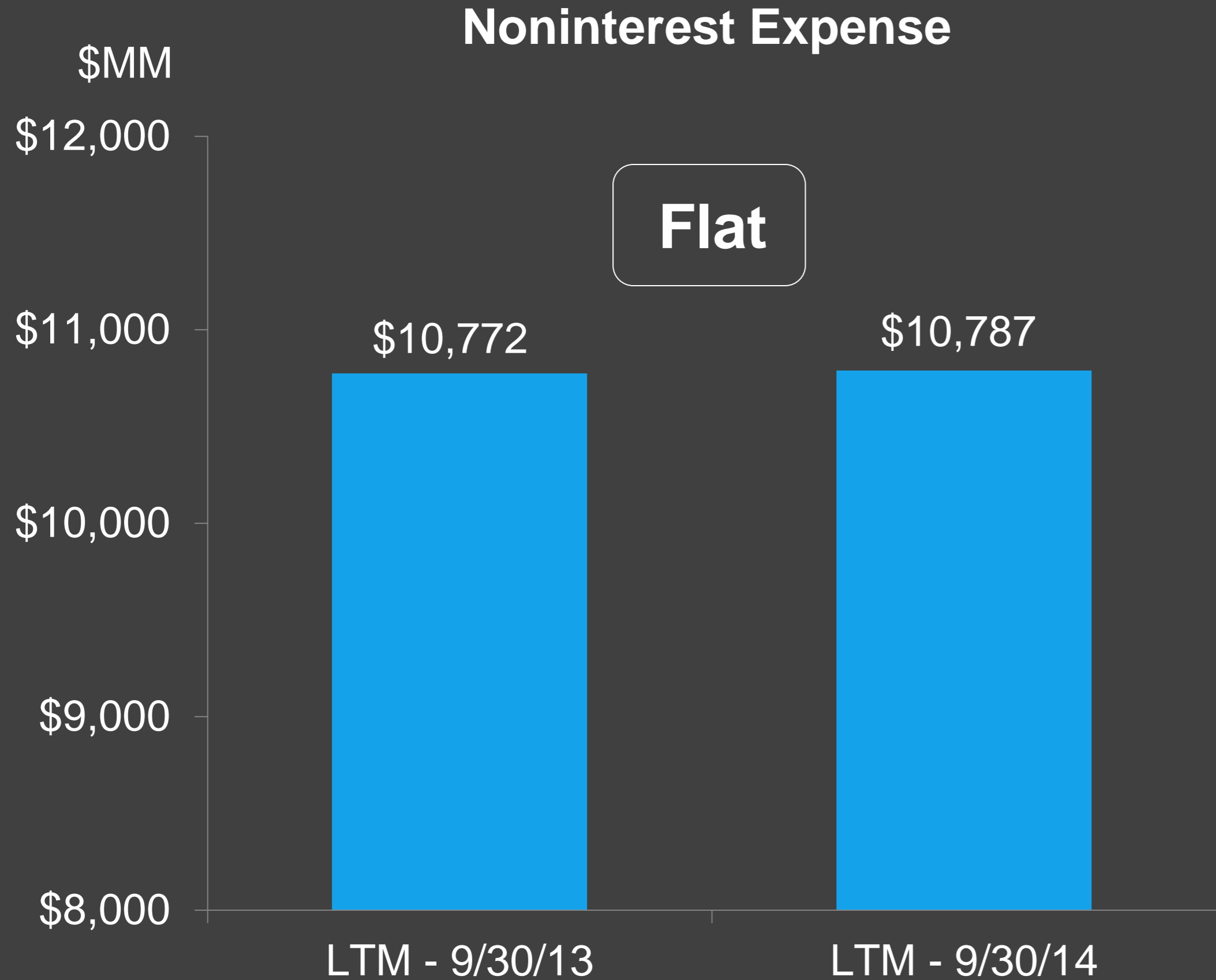
AUM, +7%  
 \$23B of net long-term AUM inflows  
 Early impact of growth initiatives  
 Higher market values

## Investment Services

Higher core Asset Servicing, Clearing Services and Treasury Services fees:  
 Continued new AUC/A wins  
 Growth in Global Collateral Services  
 Increase in long-term mutual fund assets and clearing accounts  
 Higher payment volumes

NOTE: AUM growth 9/30/14 vs. 9/30/13; AUM inflows aggregates net long-term flows over the last twelve months (LTM) through 9/30/14.

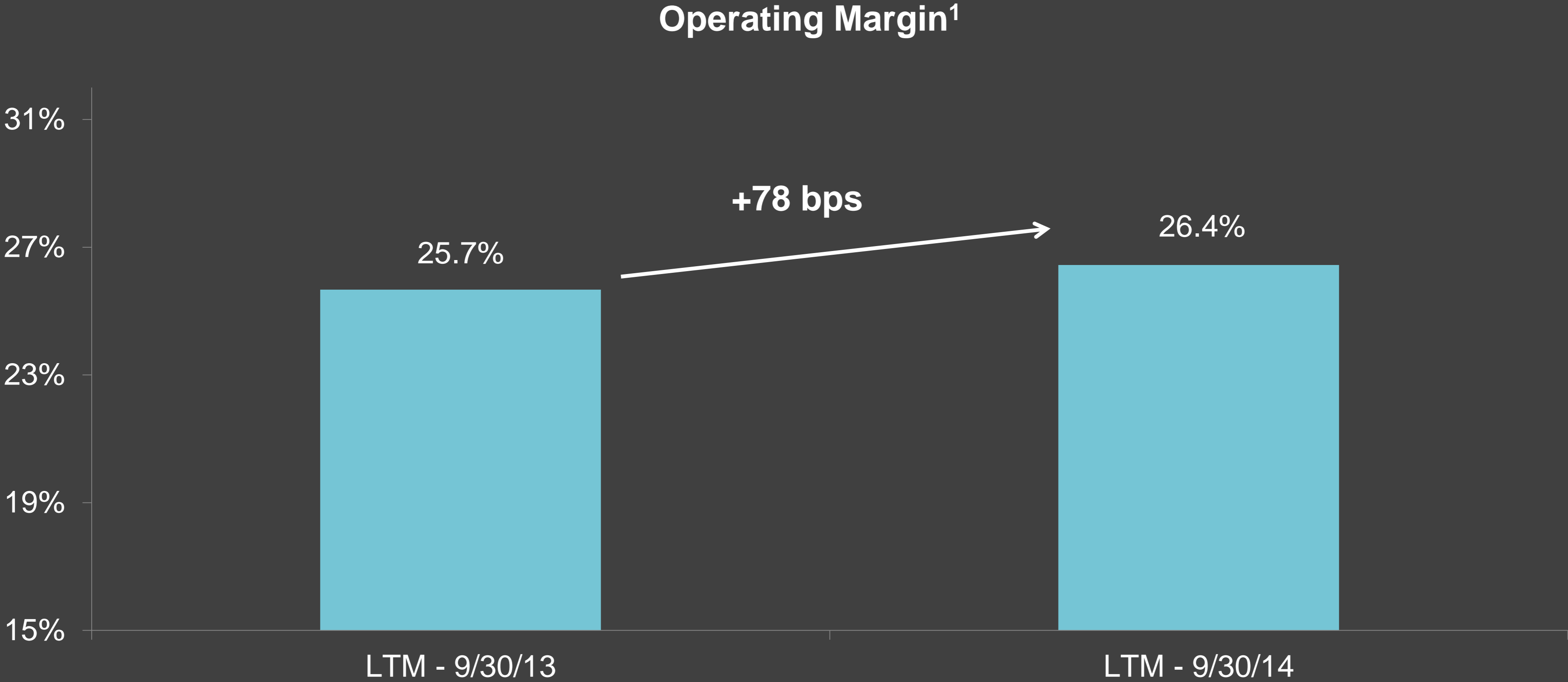
# Improving Financial Performance – Continued Expense Control



- Rationalizing staffing levels
- Lower pension expense
- Simplifying and automating global processes
- Insourcing application development
- Leveraging common architecture
- Consolidating offices and reducing real estate portfolio
- Controlling discretionary expenses
- Ongoing pressure from regulatory costs

NOTE: Total noninterest expense is non-GAAP and excludes amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives. 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](http://www.bnymellon.com/investorrelations).

# Improving Financial Performance – Operating Margin Expansion

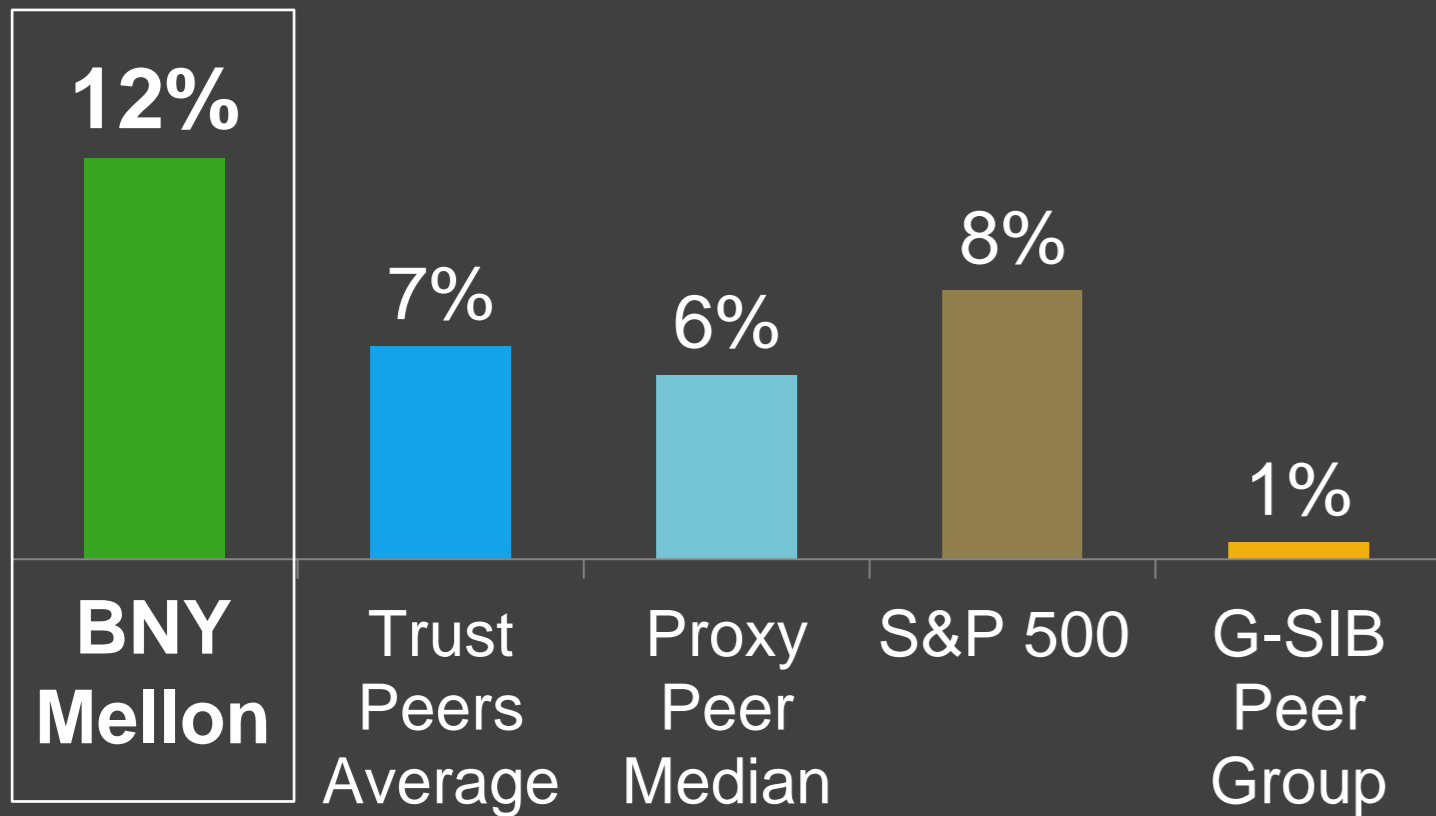


<sup>1</sup> Represents a non-GAAP measure. See Appendix for reconciliation. Additional disclosure regarding non-GAAP measures is available in the Corporation’s reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

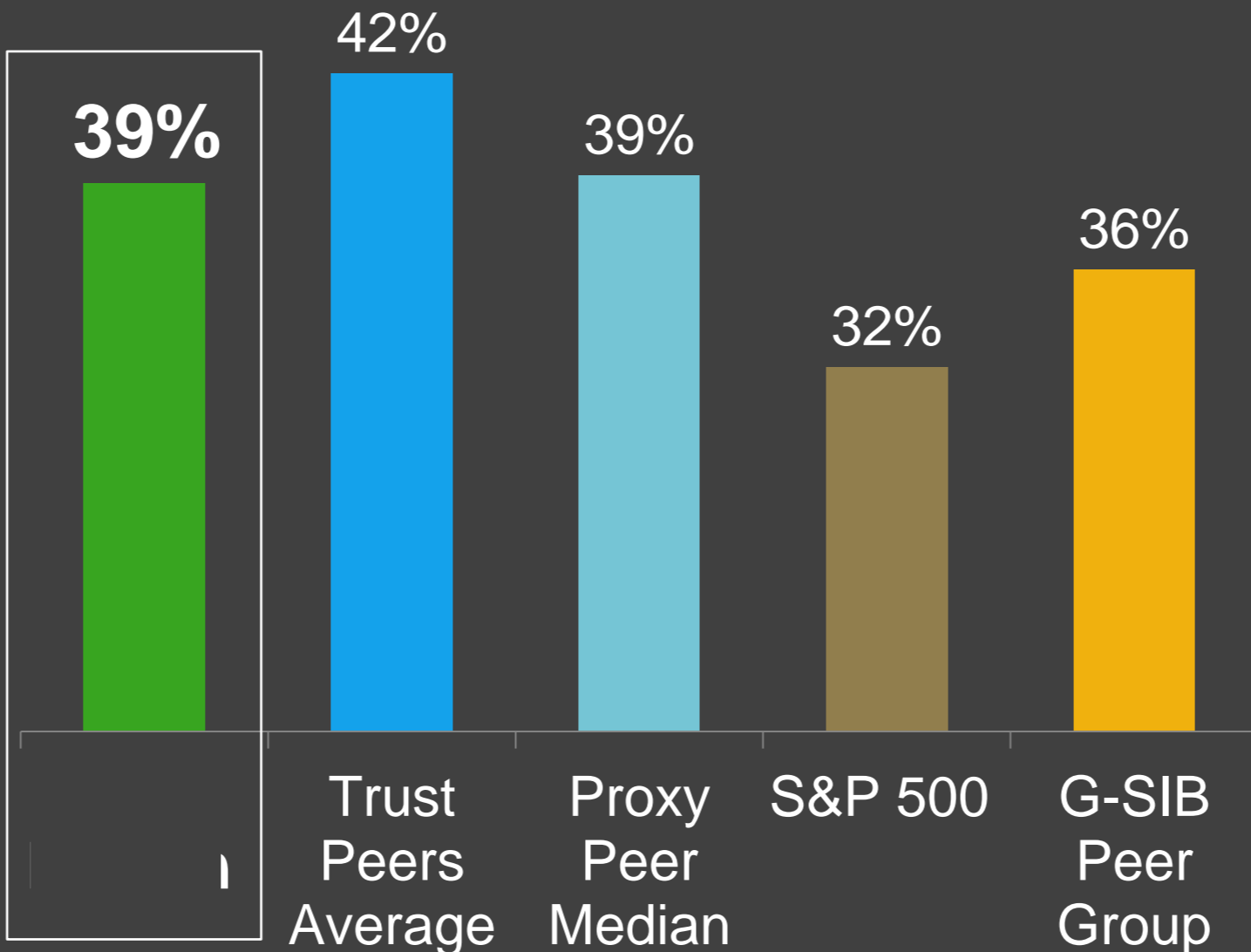


# Generating Strong Shareholder Returns

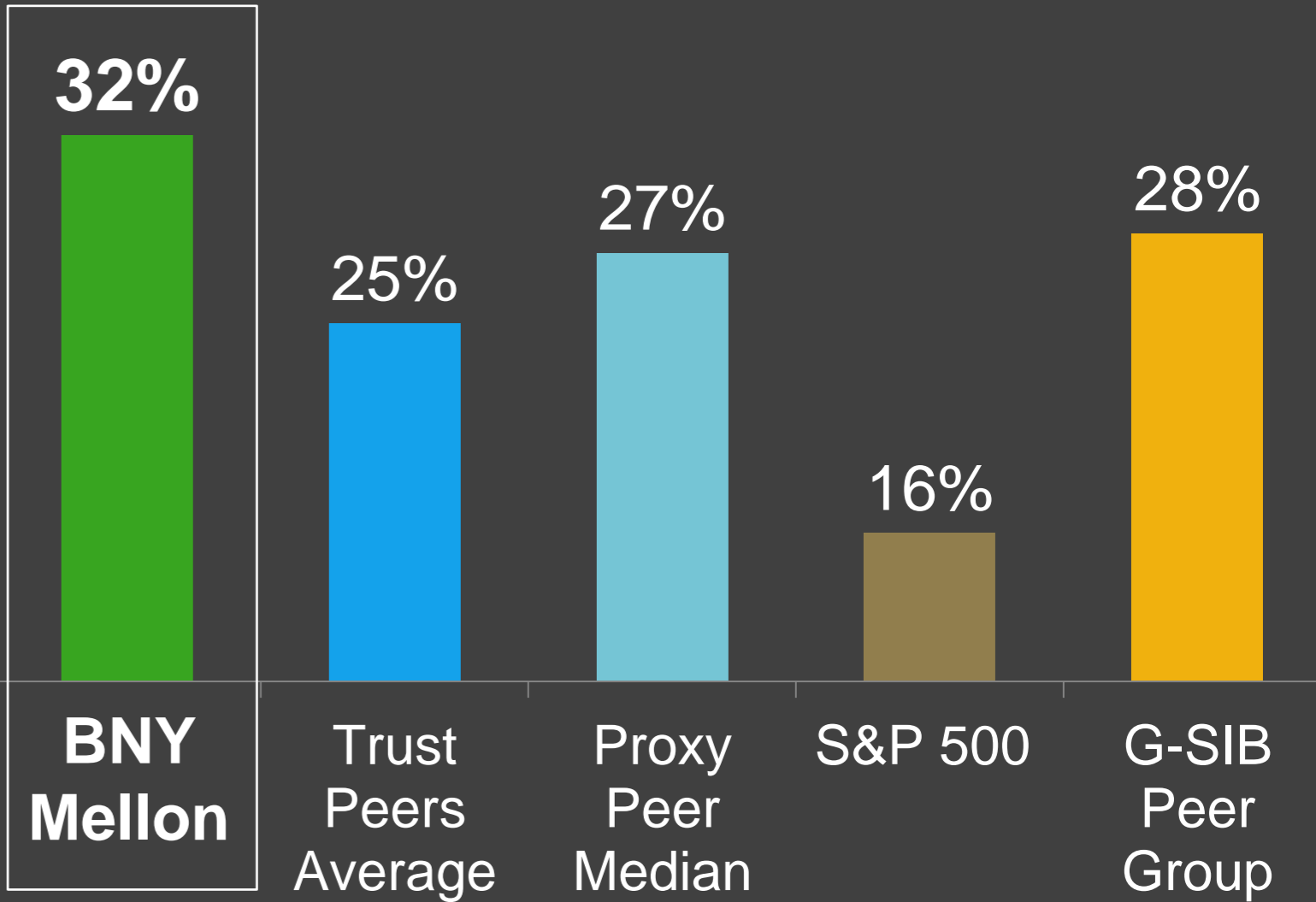
YTD – 9/30/2014



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.

## Summary

**Creating solutions and value for our clients**

**Delivering operating leverage**

**Generating strong returns on tangible capital, enabling**

- Investment in our businesses
- Dividend increases
- Share repurchases

	Flat	Normalized
EPS Growth	7 – 9 %	12 – 15 %

NOTE: Normalized environment represents current market consensus on rates, Flat environment assumes no rate increase from present.