

FROM THE 2023 MILKEN GLOBAL CONFERENCE SQUAWK ON THE STREET WITH ROBIN VINCE

Sara Eisen, CNBC Squawk on the Street

Robin Vince, President and CEO of BNY Mellon

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Sara Eisen: Joining us from this Milken conference with his outlook for the sector is Bank of New York Mellon President and CEO Robin Vince. Good morning. We're lucky to have a bank CEO on with this deal news. Welcome.

Robin Vince: Thank you, Sara. It's great to be here at the Milken Conference with you.

Sara Eisen: How do you feel about the banking system this morning?

Robin Vince: I think the banking system is very strong. We feel very good about it. Resilience is so important for the U.S. economy and a resilient banking system is critical for that as well. We're proud to have played our role in that whole process as the world's largest custodian as a provider of so many pieces of infrastructure across the banking system and as one of the banks that helped stabilize the situation originally with the deposit into First Republic.

Sara Eisen: You're talking about the \$30 billion that was deposited March 16th to try to prop things up. That didn't work. Now you'll get that money back in this deal.

Robin Vince: We will get the money back, but I actually think it did work. I think it was extremely helpful in creating a path to what's ultimately happened. But as you said from the outset, the situation has now calmed down and that's really what our clients wanted and what I think all of the U.S. economy needed was to put this thing behind us.

Sara Eisen: What do you make of this deal with JP Morgan and the FDIC? Who got a good deal? JPM? The government?

Robin Vince: Look, I think at the end of the day, I think all participants of the U.S. banking system got a good deal because putting this chapter behind us and making sure that we can look forward and make sure that we're all focused on helping grow the U.S. economy and deal with some of the other issues that exist around the world. I think that's really the key thing. We were proud to play the role

that we played. And as America's oldest bank and playing the role we play in

global capital markets with all of our significant platforms, it was important to us to play that role. We felt a responsibility to the system to originally participate with the 10 other banks in making that deposit, and I'm glad it's worked out as well.

Sara Eisen: Do you see or expect more bank failures in this country?

Robin Vince: I think this chapter is really behind us. It's a very, very different situation as many commentators point out compared to 2008. We'll have to see what happens in terms of the path of rates. We've been focused with our clients on helping them to navigate the situation. But I think one of the lessons we've all learned from what's happened over the course of the past couple months is that resilience is a commercial asset. So, focusing on resilience, whether for us, it's the resilience of our platforms. We provide critical services to the U.S. treasury market. We provide payment services around the world. Those things are critical, but so is having a resilient balance sheet, and you don't get to be 239 years old unless you've actually focused on that.

Sara Eisen: You touch 20% of investable assets around the world, which is huge. What are you seeing right now in the wake of some of these bank failures and the stress in the system?

Robin Vince: Well, look, our clients are telling us that they're seeing a little bit of a slowdown in a variety of different aspects of the U.S. economy. But when I speak to clients from outside of the U.S., it's very interesting how important the U.S. markets are to them - whether it's to be able to raise capital, whether it's to be able to put capital to work. There's a real sense of the medium- and long-term vibrancy of the U.S. as a result of energy independence, as a result of the innovation that we have here in the U.S., and it's interesting how around the world that message really has carried out.

Sara Eisen: It's interesting considering we've seen outperformance in places like Europe this year because part of the problem on the banks was in the United States. There's a lot of noise when it comes to rate rises and what's happening with the economy.

Robin Vince: I think if you step back from the U.S. banking system in the U.S., you see an incredibly strong system here. You see all the capital that's been added to the system, the liquidity that's been added to the system. We're one of the eight G-SIB banks in the United States. I think we've seen the benefit of having very, very strong big banks in the United States

Sara Eisen: Should the Fed still be raising rates in this environment where we've just had the second biggest bank failure in the country?

Robin Vince: Look, Chair Powell has been very clear about this in the past. You know, my words, not his, but they can walk and chew gum at the same time. At the end of the day they've had to deal with some of the stresses in the system. They also have job number one which is to make sure that they're focused on inflation and that's what he said they're going to do and that's what they've been doing.

Sara Eisen: So you don't worry about the fallout from the banking industry if they keep going?

Robin Vince: Look, I think you always have to pay attention to being resilient when you have such an unprecedented – well at least for the past 40 years – rise in rates. 475 basis points over the course of a year is a lot,, but, at the same time, for firms that have invested in their asset liability management, for firms like us that have really proven their resilience, I think that's what the regulators and the Fed expect – that you've done your homework. We don't pin our hopes on a particular outcome in rates. Our clients expect us to prepare our platforms to be ready for them, come what may, whether rates are low, whether rates are high and that's what we've been doing.

Sara Eisen: Robin Vince, well I guess good to hear you chiming in here, that this chapter is over. Echoing what Jamie Dimon said. Appreciate the time this morning at Milken.

Robin Vince: It's good to be with you, Sara.

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