



**BNY MELLON**

**BNY Mellon**

## **Third Quarter 2017 Financial Highlights**

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October 19, 2017

# Cautionary Statement

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A number of statements in the accompanying slides and the responses to your questions are “forward-looking statements.” Words such as “estimate”, “forecast”, “project”, “anticipate”, “target”, “expect”, “intend”, “continue”, “seek”, “believe”, “plan”, “goal”, “could”, “should”, “may”, “will”, “strategy”, “opportunities”, “trends” and words of similar meaning signify forward-looking statements. These statements relate to, among other things, The Bank of New York Mellon Corporation’s (the “Corporation”) expectations regarding: estimated capital ratios and expectations regarding those ratios, preliminary business metrics; and statements regarding the Corporation’s aspirations, as well as the Corporation’s overall plans, strategies, goals, objectives, expectations, estimates, intentions, targets, opportunities and initiatives. These forward-looking statements are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation’s control).

Actual results may differ materially from those expressed or implied as a result of the factors described under “Forward Looking Statements” and “Risk Factors” in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2016 (the “2016 Annual Report”) and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (the “1Q17 Form 10-Q”), Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (the “2Q17 Form 10-Q”), and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”), including the Corporation’s Earnings Release for the quarter ended September 30, 2017, included as an exhibit to our Current Report on Form 8-K filed on October 19, 2017 (the “Earnings Release”). Such forward-looking statements speak only as of October 19, 2017, and the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

**Non-GAAP Measures:** In this presentation we may discuss some non-GAAP measures in detailing the Corporation’s performance, which exclude certain items or otherwise include components that differ from GAAP. We believe these measures are useful to the investment community in analyzing the financial results and trends of ongoing operations. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management monitors financial performance. Additional disclosures relating to non-GAAP measures are contained in the Corporation’s reports filed with the SEC, including the 2016 Annual Report, the 1Q17 Form 10-Q, 2Q17 Form 10-Q and the Earnings Release, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Summary Financial Results for Third Quarter 2017 - GAAP

\$ in millions, except per share data				Growth vs.	
	3Q17	2Q17	3Q16	2Q17	3Q16
Revenue	\$ 4,016	\$ 3,956	\$ 3,941	2 %	2%
Expenses	\$ 2,654	\$ 2,655	\$ 2,643	— %	—%
Operating leverage <sup>1</sup>				+156 bps	+148 bps
Income before income taxes	\$ 1,368	\$ 1,308	\$ 1,317	5 %	4%
<i>Pre-tax operating margin</i>	34%	33%	33%		
EPS	\$ 0.94	\$ 0.88	\$ 0.90	7 %	4%
Return on common equity <sup>2</sup>	10.6%	10.4%	10.8%	+23 bps	(24) bps

<sup>1</sup> Operating leverage is the rate of increase in total revenue less the rate of increase (or decrease) in total noninterest expense. The year-over-year operating leverage was based on an increase in total revenue of 190 basis points, and an increase in total noninterest expense, of 42 basis points. The sequential operating leverage was based on an increase in total revenue of 152 basis points, and a decrease in total noninterest expense, of 4 basis points.

<sup>2</sup> Annualized.

Note: Provision for credit losses was a credit of \$6 million in 3Q17 versus a provision credit of \$7 million in 2Q17 and a provision credit of \$19 million in 3Q16.

bps - basis points

# Summary Financial Results for Third Quarter 2017 (Non-GAAP)<sup>1</sup>

\$ in millions, except per share data				Growth vs.	
	3Q17	2Q17	3Q16	2Q17	3Q16
Revenue	\$ 4,013	\$ 3,953	\$ 3,932	2%	2%
Expenses	\$ 2,596	\$ 2,590	\$ 2,564	—%	1%
Adjusted operating leverage <sup>2</sup>				+129 bps	+81 bps
Income before income taxes	\$ 1,423	\$ 1,370	\$ 1,374	4%	4%
<i>Adjusted pre-tax operating margin</i>	35%	35%	35%		
Return on tangible common equity <sup>3</sup>	21.9%	21.9%	23.5%	(9) bps	(163) bps
Adjusted return on tangible common equity <sup>3</sup>	22.0%	22.1%	23.6%	(15) bps	(163) bps

<sup>1</sup> Represents Non-GAAP measures. See Appendix for reconciliations. Additional disclosures regarding these measures and other Non-GAAP measures are available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

<sup>2</sup> Operating leverage is the rate of increase in total revenue less the rate of increase in total noninterest expense. The year-over-year operating leverage (Non-GAAP) was based on an increase in total revenue, as adjusted (Non-GAAP), of 206 basis points, and an increase in total noninterest expense, as adjusted (Non-GAAP), of 125 basis points. The sequential operating leverage (Non-GAAP) was based on an increase in total revenue, as adjusted (Non-GAAP), of 152 basis points, and an increase of total noninterest expense, as adjusted (Non-GAAP), of 23 basis points.

<sup>3</sup> Annualized.

bps - basis points

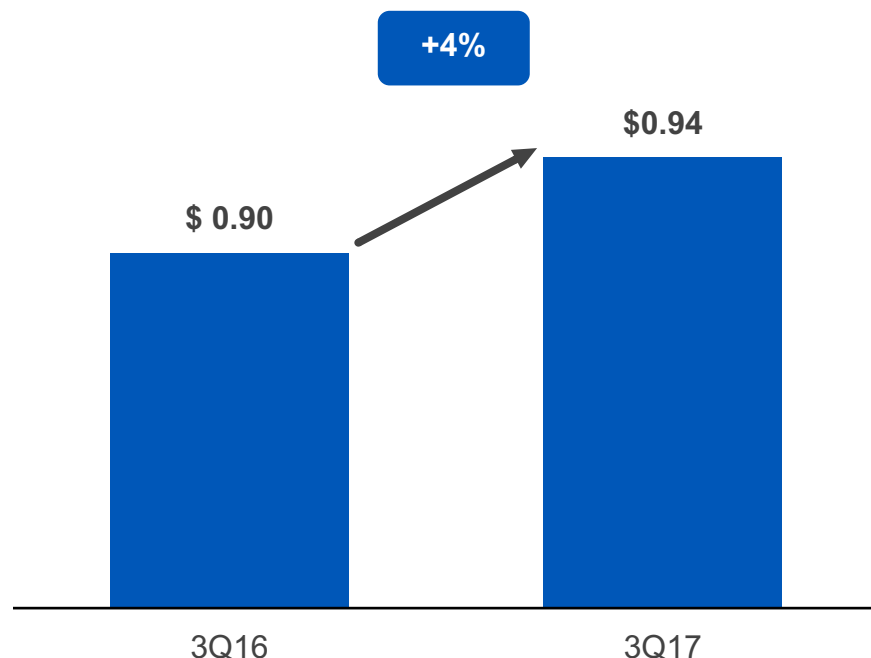
# Key Messages

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- Client focus is at the core of our culture
- Third quarter performance was consistent with our expectation
- Reasonable growth in asset servicing, clearing and investment management offset by lower depositary receipts revenue
- Opportunities to drive revenue growth and increase efficiencies
- Continued investment in our core technology platform
- Strong capital position and return to shareholders

# Third Quarter Financial Highlights *(comparisons are 3Q17 versus 3Q16)*

## Earnings Per Share



## Fee Revenue

+1%

- Investment services fees increased +1%; asset servicing fees increased +4%
- Investment management and performance fees increased +5%

+8%

## Net Interest Revenue ("NIR")

- Driven by higher interest rates
- Net Interest Margin ("NIM") +10 bps to 115 bps

+1%

## Adjusted Noninterest Expense<sup>1</sup>

- Primarily driven by higher software and professional, legal and other purchase services expenses

+148 bps

## Operating Leverage

- Pre-tax operating margin increased to +34%
- Adjusted pre-tax operating margin held at +35%<sup>1</sup>

(163) bps<sup>1</sup>

## Adjusted Return on Tangible Common Equity ("ROTCE")

- Adjusted ROTCE declined to +22.0%<sup>1</sup>

## Strong Capital and Liquidity Position, and Return to Shareholders

- Fully phased-in supplementary leverage ratio ("SLR") of 6.1%<sup>1</sup>, fully phased-in common equity Tier 1 ("CET1") ratio under the advanced approach of 10.7%<sup>1</sup> and average liquidity coverage ratio ("LCR") of 119%
- In 3Q17, we returned over \$900 million to shareholders through share repurchases and dividends
  - Repurchased 12 million common shares for \$650 million and distributed \$253 million in dividends to common shareholders; \$35 million preferred stock dividend

<sup>1</sup> Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding these measures and other Non-GAAP measures are available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

# Third Quarter 2017 Key Performance Drivers *(comparisons are 3Q17 versus 3Q16)*

- **Earnings per common share** of \$0.94, +4%, driven by strength in net interest revenue, investment management and performance fees, and investment services fees, partially offset by higher software and professional, legal and other purchased services
- **Investment management and performance fees** +5% due to higher equity market values, money market fees and performance fees
  - Assets under Management of \$1.8 trillion, +6%
- **Investment services fees** +1% reflecting higher money market fees, higher equity market values and net new business, partially offset by a reduced amount of seasonal Depositary Receipts revenue
  - Assets under Custody and/or Administration of \$32.2 trillion, +6%
- **NIR and NIM** driven by higher interest rates, offset by lower average deposits and loans
  - NIR (FTE) up +8%; NIM (FTE) up +10 bps to 116 bps<sup>1</sup>
- **Trading and market-driven revenue**
  - Foreign exchange (10)% reflecting lower volatility and Depositary Receipt-related foreign exchange activity offset by higher volumes
  - Securities lending (8)% due to decreased equity demand
- **Investment and other income** decreased \$29 million reflecting lower other income driven by our investments in renewable energy and lower seed capital gains
- **Noninterest expense** increased less than 1%, reflecting higher software and professional, legal and other purchases services expenses, partially offset by lower litigation expenses and bank assessment charges
- **Enhancing the client experience** through continued investments in growth initiatives and technology
- **Effective tax rate** of 25.4% for 3Q17

<sup>1</sup> Represents a Non-GAAP measure. See page 11 for NIR (FTE) and NIM (FTE) reconciliation and Appendix for all other reconciliations. Additional disclosures regarding these measures and other Non-GAAP measures are available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

FTE - fully taxable equivalent

# Fee and Other Revenue (Consolidated)

(\$ in millions)	3Q17	Growth vs.	
		2Q17	3Q16
Investment services fees:			
Asset servicing <sup>1</sup>	\$ 1,105	2%	4%
Clearing services	383	(3)	10
Issuer services	288	20	(15)
Treasury services	141	1	3
Total investment services fees	1,917	3	1
Investment management and performance fees	901	3	5
Foreign exchange and other trading revenue	173	5	(5)
Financing-related fees	54	2	(7)
Distribution and servicing	40	(2)	(7)
Investment and other income	63	N/M	N/M
Total fee revenue	3,148	1	1
Net securities gains	19	N/M	N/M
Total fee and other revenue	\$ 3,167	2%	1%

<sup>1</sup> Asset servicing fees include securities lending revenue of \$47 million in 3Q17, \$48 million in 2Q17, and \$51 million in 3Q16.

N/M - not meaningful



# Investment Management Metrics

Change in Assets Under Management (AUM) <sup>1,2</sup> (\$ in billions)	3Q17	LTM 3Q17	Growth vs.	
			2Q17	3Q16
Beginning balance of AUM	\$1,771	\$1,715		
Net inflows (outflows):				
Long-term strategies:				
Equity	(2)	(13)		
Fixed income	4	7		
Liability-driven investments <sup>3</sup>	(2)	20		
Multi-asset and alternative investments	3	9		
Total long-term active strategies inflows (outflows)	3	23		
Index	(3)	(17)		
Total long-term strategies inflows (outflows)	—	6		
Short-term strategies:				
Cash	10	31		
Total net inflows (outflows)	10	37		
Net market impact/other	17	48		
Net currency impact	26	24		
Ending balance of AUM	\$1,824	\$1,824	3%	6%

Average balances: \$ in millions	3Q17	Growth vs.	
		2Q17	3Q16
Average loans	\$ 16,724	1 %	9 %
Average deposits	\$ 12,374	(17)%	(21)%

<sup>1</sup> Changes and ending balance are preliminary.

<sup>2</sup> Excludes securities lending cash management assets and assets managed in the Investment Services business.

<sup>3</sup> Includes currency overlay assets under management.

# Investment Services Metrics

	3Q17	Growth vs.	
		2Q17	3Q16
Assets under custody and/or administration at period end ( <i>trillions</i> ) <sup>1,2</sup>	\$ 32.2	4 %	6 %
Estimated new business wins (AUC/A) ( <i>billions</i> ) <sup>1</sup>	\$ 166		
Market value of securities on loan at period end ( <i>billions</i> ) <sup>3</sup>	\$ 382	14 %	33 %
Average loans ( <i>millions</i> )	\$ 38,038	(7)%	(14)%
Average deposits ( <i>millions</i> )	\$ 198,299	(1)%	(10)%
<u>Broker-Dealer</u>			
Average tri-party repo balances ( <i>billions</i> )	\$ 2,534	1 %	15 %
<u>Clearing Services</u>			
Average active clearing accounts (U.S. platform) ( <i>thousands</i> )	6,203	1 %	4 %
Average long-term mutual fund assets (U.S. platform) ( <i>millions</i> )	\$ 500,998	4 %	13 %
<u>Depository Receipts</u>			
Number of sponsored programs	938	(8)%	(14)%

<sup>1</sup> Preliminary.

<sup>2</sup> Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.3 trillion at Sept. 30, 2017, \$1.2 trillion at June 30, 2017 and Sept. 30, 2016.

<sup>3</sup> Represents the total amount of securities on loan in our agency securities lending program managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, which totaled \$68 billion at Sept. 30, 2017, \$66 billion at June 30, 2017 and \$64 billion at Sept. 30, 2016.

# Net Interest Revenue

(\$ in millions)	3Q17	Growth vs.	
		2Q17	3Q16
Net interest revenue – GAAP	\$ 839	2%	8 %
Tax equivalent adjustment	12	N/M	N/M
Net interest revenue (FTE) – Non-GAAP <sup>1</sup>	\$ 851	2%	8 %
Net interest margin - GAAP	1.15%	1 bps	10 bps
Net interest margin (FTE) – Non-GAAP <sup>1</sup>	1.16%	— bps	10 bps
<u>Selected Average Balances:</u>			
Cash/interbank investments	\$ 114,449	3%	— %
Trading account securities	2,359	(4)	8
Securities	119,089	2	1
Loans	55,944	(5)	(9)
Interest-earning assets	291,841	1	(2)
Interest-bearing deposits	142,490	—	(8)
Noninterest-bearing deposits	70,168	(5)	(14)
Long-term debt	28,138	3	18

<sup>1</sup> Net interest revenue (FTE) – Non-GAAP and net interest margin (FTE) – Non-GAAP include the tax equivalent adjustments on tax-exempt income which allows for comparisons of amounts arising from both taxable and tax-exempt sources and is consistent with industry practice. The adjustment to an FTE basis has no impact on net income.

Note: Please reference earnings release for sequential variance explanations.

FTE – fully taxable equivalent; N/M – not meaningful; bps – basis points

# Noninterest Expense

(\$ in millions)	3Q17	Growth vs.	
		2Q17	3Q16
Staff	\$ 1,469	4 %	—%
Professional, legal and other purchased services	305	(4)	4
Software and equipment	233	—	8
Net occupancy	141	1	(1)
Distribution and servicing	109	5	4
Sub-custodian	62	(5)	5
Bank assessment charges	51	(14)	(16)
Business development	49	(22)	(6)
Other	177	(8)	4
Amortization of intangible assets	52	(2)	(15)
M&I, litigation and restructuring charges	6	N/M	N/M
Total noninterest expense – GAAP	\$ 2,654	— %	—%
Total noninterest expense excluding amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP <sup>1</sup>	\$ 2,596	— %	1%
Full-time employees	52,900	100	600
Staff expense as a percentage of total revenue	37%		

<sup>1</sup>Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding these measures and other Non-GAAP measures are available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

Note: Please reference earnings release for sequential variance explanations.

N/M - not meaningful

# Capital Ratios

	09/30/17	06/30/17	12/31/16
Consolidated regulatory capital ratios: <sup>1</sup>			
<b>Standardized Approach</b>			
CET1 ratio	12.3%	12.0%	12.3%
Tier 1 capital ratio	14.6	14.3	14.5
Total (Tier 1 plus Tier 2) capital ratio	15.6	14.8	15.2
<b>Advanced Approach</b>			
CET1 ratio	11.1	10.8	10.6
Tier 1 capital ratio	13.2	12.9	12.6
Total (Tier 1 plus Tier 2) capital ratio	14.0	13.2	13.0
Leverage capital ratio <sup>2</sup>	6.8	6.7	6.6
Supplementary leverage ratio ("SLR")	6.3	6.2	6.0
BNY Mellon shareholder's equity to total asset ratio	11.4	11.3	11.6
BNY Mellon common shareholders' equity to total assets ratio	10.4	10.3	10.5
Selected regulatory capital ratios – fully phased-in – Non-GAAP: <sup>1,3,4</sup>			
CET1 ratio:			
Standardized approach	11.9%	11.5%	11.3%
Advanced approach	10.7	10.4	9.7
SLR	6.1	6.0	5.6

Note: See corresponding footnotes on following slide.

# Capital Ratio Footnotes

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<sup>1</sup> Sept. 30, 2017 regulatory capital ratios are preliminary. See the “Capital Ratios” section in the earnings release for additional detail. For our CET1, Tier 1 capital and Total capital ratios, our effective capital ratios under the U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches.

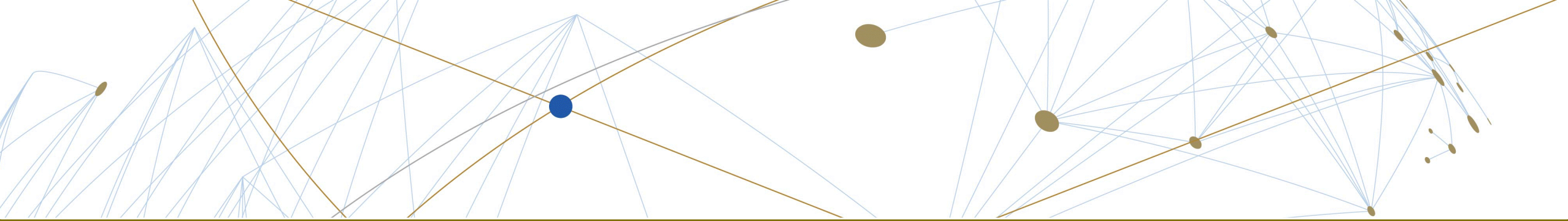
<sup>2</sup> The leverage capital ratio is based on Tier 1 capital, as phased-in and quarterly average total assets.

<sup>3</sup> Please reference slide 20 & 21. See the “Capital Ratios” section in the earnings release for additional detail.

<sup>4</sup> Estimated.

## *Liquidity Coverage Ratio (“LCR”)*

The U.S. LCR rules became fully phased-in on Jan. 1, 2017 and require BNY Mellon to meet an LCR of 100%. On a consolidated basis, our average LCR was 119% for 3Q17. High-quality liquid assets (“HQLA”) before haircuts and trapped liquidity totaled \$175 billion at Sept. 30, 2017 and averaged \$162 billion for 3Q17.



# Appendix

# Investment Management

(\$ in millions)	3Q17	Growth vs.	
		2Q17	3Q16
Investment management and performance fees	\$ 886	3%	5%
Distribution and servicing	51	(4)	4
Other <sup>1</sup>	(19)	N/M	N/M
Net interest revenue	82	(6)	—
Total Revenue	1,000	1	4
Provision for credit losses	(2)	N/M	N/M
Noninterest expense (ex. amortization of intangible assets)	687	1	1
Amortization of intangible assets	15	—	(32)
Total noninterest expense	702	1	—
Income before taxes	\$ 300	4%	17%
Income before taxes (ex. amortization of intangible assets) – Non-GAAP <sup>2</sup>	\$ 315	4%	13%
Pre-tax operating margin	30%	+75 bps	+329 bps
Adjusted pre-tax operating margin – Non-GAAP <sup>2,3</sup>	35%	+90 bps	+265 bps

<sup>1</sup> Total fee and other revenue includes the impact of the consolidated investment management funds, net of noncontrolling interests. Additionally, other revenue includes asset servicing, treasury services, foreign exchange and other trading revenue and investment and other income.

<sup>2</sup> Represents a Non-GAAP measure. See Slide 22 for reconciliation. Additional disclosures regarding these measures and other Non-GAAP measures are available in the Corporation's reports filed with the SEC, available at [www.bnymellon.com/investorrelations](http://www.bnymellon.com/investorrelations).

<sup>3</sup> Excludes amortization of intangible assets, provision for credit losses and distribution and servicing expense.

N/M - not meaningful; bps – basis points



# Investment Services

(\$ in millions)	3Q17	Growth vs.	
		2Q17	3Q16
Investment services fees:			
Asset servicing	\$ 1,081	2%	4%
Clearing services	381	(3)	10
Issuer services	288	20	(14)
Treasury services	141	1	4
Total investment services fees	1,891	3	2
Foreign exchange and other trading revenue	154	6	(13)
Other <sup>1</sup>	142	4	(4)
Net interest revenue	777	2	9
Total revenue	2,964	3	2
Provision for credit losses	(2)	N/M	N/M
Noninterest expense (ex. amortization of intangible assets)	1,837	(3)	1
Amortization of intangible assets	37	(3)	(5)
Total noninterest expense	1,874	(3)	1
Income before taxes	\$ 1,092	15%	4%
Income before taxes (ex. amortization of intangible assets) – Non-GAAP	\$ 1,129	14%	4%
Pre-tax operating margin	37%	+378 bps	+77 bps
Adjusted pre-tax operating margin (ex. provision for credit losses and amortization of intangible assets) – Non-GAAP	38%	+374 bps	+58 bps

<sup>1</sup> Other revenue includes investment management fees, financing-related fees, distribution and servicing revenue and investment and other income.

N/M - not meaningful; bps – basis points

# Expense, Pre-Tax Operating Margin & Operating Leverage - Non-GAAP Reconciliations

(\$ in millions)	3Q17	2Q17	3Q16	Growth vs.	
				2Q17	3Q16
Total revenue – GAAP	\$ 4,016	\$ 3,956	\$ 3,941	1.52 %	1.90%
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	3	3	9		
Total revenue, as adjusted – Non-GAAP <sup>1</sup>	\$ 4,013	\$ 3,953	\$ 3,932	1.52 %	2.06%
Total noninterest expense – GAAP	\$ 2,654	\$ 2,655	\$ 2,643	(0.04)%	0.42%
Less: Amortization of intangible assets	52	53	61		
M&I, litigation and restructuring charges	6	12	18		
Total noninterest, as adjusted – Non-GAAP <sup>1</sup>	\$ 2,596	\$ 2,590	\$ 2,564	0.23 %	1.25%
Less: Provision for credit losses	(6)	(7)	(19)		
Add: Recovery related to Sentinel	—	—	(13)		
Income before income taxes, as adjusted – Non-GAAP <sup>1</sup>	\$ 1,423	\$ 1,370	\$ 1,374		
Adjusted pre-tax operating margin – Non-GAAP <sup>1,2,3</sup>	35%	35%	35%		

Operating Leverage	
+156 bps	+148 bps
Adjusted Operating Leverage	
+129 bps	+81 bps

<sup>1</sup> Non-GAAP information for all periods presented excludes net income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets and M&I, litigation and restructuring charges. Non-GAAP information for 3Q16 also excludes a recovery of the previously impaired Sentinel loan.

<sup>2</sup> Income before taxes divided by total revenue.

<sup>3</sup> Our GAAP earnings include tax-advantaged investments such as low income housing, renewable energy, bank-owned life insurance and tax-exempt securities. The benefits of these investments are primarily reflected in tax expense. If reported on a tax-equivalent basis, these investments would increase revenue and income before taxes by \$102 million for 3Q17, \$106 million for 2Q17, \$74 million for 3Q16 and would increase our pre-tax operating margin by approximately 1.6% for 3Q17, 1.8% and 2Q17, and 1.2% for 3Q16.

# Return on Common Equity and Tangible Common Equity Reconciliation

	3Q17	2Q17	3Q16
(\$ in millions)			
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 983	\$ 926	\$ 974
Add: Amortization of intangible assets	52	53	61
Less: Tax impact of amortization of intangible assets	17	19	21
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	1,018	960	1,014
Add: M&I, litigation and restructuring charges	6	12	18
Recovery related to Sentinel	—	—	(13)
Less: Tax impact of M&I, litigation and restructuring charges	—	3	5
Tax impact of recovery related to Sentinel	—	—	(5)
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP <sup>1</sup>	\$ 1,024	\$ 969	\$ 1,019
Average common shareholders' equity	\$ 36,780	\$ 35,862	\$ 35,767
Less: Average goodwill	17,497	17,408	17,463
Average intangible assets	3,487	3,532	3,711
Add: Deferred tax liability – tax deductible goodwill <sup>2</sup>	1,561	1,542	1,477
Deferred tax liability – intangible assets <sup>2</sup>	1,092	1,095	1,116
Average tangible common shareholders' equity – Non-GAAP	\$ 18,449	\$ 17,559	\$ 17,186
Return on common equity – GAAP <sup>3</sup>	10.6%	10.4%	10.8%
Adjusted return on common equity – Non-GAAP <sup>1,3</sup>	11.0%	10.8%	11.3%
Return on tangible common equity – Non-GAAP <sup>3</sup>	21.9%	21.9%	23.5%
Adjusted return on tangible common equity – Non-GAAP <sup>1,3</sup>	22.0%	22.1%	23.6%

<sup>1</sup> Non-GAAP information for all periods presented excludes amortization of intangible assets and M&I, litigation and restructuring charges. Non-GAAP information for 3Q16 also excludes a recovery of previously impaired Sentinel loan.

<sup>2</sup> Deferred tax liabilities are based on fully phased-in Basel III capital rules.

<sup>3</sup> Quarterly returns are annualized.

# Basel III Capital Components & Ratios

(\$ in millions)	09/30/17 <sup>1</sup>		06/30/17		12/31/16	
	Transitional basis <sup>2</sup>	Fully Phased-in Non-GAAP <sup>3</sup>	Transitional basis <sup>2</sup>	Fully Phased-in Non-GAAP <sup>3</sup>	Transitional basis <sup>2</sup>	Fully Phased-in Non-GAAP <sup>3</sup>
<b>CET1:</b>						
Common shareholders' equity	\$ 37,195	\$ 36,981	\$ 36,652	\$ 36,432	\$ 35,794	\$ 35,269
Goodwill and intangible assets	(17,876)	(18,351)	(17,843)	(18,325)	(17,314)	(18,312)
Net pension fund assets	(72)	(90)	(72)	(90)	(55)	(90)
Equity method investments	(334)	(348)	(325)	(340)	(313)	(344)
Deferred tax assets	(31)	(39)	(30)	(37)	(19)	(32)
Other	(12)	(12)	(11)	(11)	—	(1)
Total CET1	18,870	18,141	18,371	17,629	18,093	16,490
<b>Other Tier 1 capital:</b>						
Preferred stock	3,542	3,542	3,542	3,542	3,542	3,542
Deferred tax assets	(8)	—	(7)	—	(13)	—
Net pension fund assets	(19)	—	(18)	—	(36)	—
Other	(34)	(34)	(24)	(24)	(121)	(121)
Total Tier 1 capital	22,351	21,649	21,864	21,147	21,465	19,911
<b>Tier 2 capital:</b>						
Subordinated debt	1,300	1,250	550	550	550	550
Allowance for credit losses	265	265	270	270	281	281
Trust preferred securities	—	—	—	—	148	—
Other	(7)	(7)	(7)	(7)	(12)	(11)
Total Tier 2 capital - Standardized Approach	1,558	1,508	813	813	967	820
Excess of expected credit losses	49	49	59	59	50	50
Less: Allowance for credit losses	265	265	270	270	281	281
Total Tier 2 capital - Advanced Approach	\$ 1,342	\$ 1,292	\$ 602	\$ 602	\$ 736	\$ 589
<b>Total capital:</b>						
Standardized Approach	\$ 23,909	\$ 23,157	\$ 22,677	\$ 21,960	\$ 22,432	\$ 20,731
Advanced Approach	\$ 23,693	\$ 22,941	\$ 22,466	\$ 21,749	\$ 22,201	\$ 20,500
<b>Risk-weighted assets:</b>						
Standardized Approach	\$ 153,063	\$ 152,564	\$ 153,179	\$ 152,645	\$ 147,671	\$ 146,475
Advanced Approach	\$ 169,794	\$ 169,265	\$ 170,043	\$ 169,478	\$ 170,495	\$ 169,227
<b>Standardized Approach:</b>						
CET1 ratio	12.3%	11.9%	12.0%	11.5%	12.3%	11.3%
Tier 1 capital ratio	14.6	14.2	14.3	13.9	14.5	13.6
Total (Tier 1 plus Tier 2) capital ratio	15.6	15.2	14.8	14.4	15.2	14.2
<b>Advanced Approach:</b>						
CET1 ratio	11.1%	10.7%	10.8%	10.4%	10.6%	9.7%
Tier 1 capital ratio	13.2	12.8	12.9	12.5	12.6	11.8
Total (Tier 1 plus Tier 2) capital ratio	14.0	13.6	13.2	12.8	13.0	12.1

<sup>1</sup> Preliminary.

<sup>2</sup> Reflects transitional adjustments to CET1, Tier 1 capital and Tier 2 capital required under the U.S. capital rules.

<sup>3</sup> Estimated.

# Supplementary Leverage Ratio

(\$ in millions)	09/30/17 <sup>1</sup>		06/30/17		12/31/16	
	Transitional basis	Fully phased-in (Non-GAAP) <sup>2</sup>	Transitional basis	Fully phased-in (Non-GAAP) <sup>2</sup>	Transitional basis	Fully phased-in (Non-GAAP) <sup>2</sup>
<b>Consolidated:</b>						
Tier 1 capital	\$ 22,351	\$ 21,649	\$ 21,864	\$ 21,147	\$ 21,465	\$ 19,911
<b>Total leverage exposure:</b>						
Quarterly average total assets	\$ 345,709	\$ 345,709	\$ 342,515	\$ 342,515	\$ 344,142	\$ 344,142
Less: Amounts deducted from Tier 1 capital	18,148	18,856	18,092	18,810	17,333	18,887
Total on-balance sheet assets, as adjusted	327,561	326,853	324,423	323,705	326,809	325,255
Off-balance sheet exposures:						
Potential future exposure for derivative contracts (plus certain other items)	6,209	6,209	6,014	6,014	6,021	6,021
Repo-style transaction exposures	1,034	1,034	631	631	533	533
Credit-equivalent amount of other off-balance sheet exposures (less SLR exclusions)	21,954	21,954	22,098	22,098	23,274	23,274
Total off-balance sheet exposures	29,197	29,197	28,743	28,743	29,828	29,828
Total leverage exposure	\$ 356,758	\$ 356,050	\$ 353,166	\$ 352,448	\$ 356,637	\$ 355,083
SLR - Consolidated <sup>3</sup>	6.3%	6.1%	6.2%	6.0%	6.0%	5.6%
<b>The Bank of New York Mellon, our largest bank subsidiary</b>						
Tier 1 capital	\$ 20,718	\$ 19,955	\$ 19,897	\$ 19,125	\$ 19,011	\$ 17,708
Total leverage exposure	\$ 292,859	\$ 292,513	\$ 286,983	\$ 286,634	\$ 291,022	\$ 290,230
SLR - The Bank of New York Mellon <sup>3</sup>	7.1%	6.8%	6.9%	6.7%	6.5%	6.1%

<sup>1</sup> Preliminary.

<sup>2</sup> Estimated.

<sup>3</sup> The estimated fully phased-in SLR (Non-GAAP) is based on our interpretation of the U.S. capital rules. When the SLR is fully phased-in in 2018 as a required minimum ratio, we expect to maintain an SLR of over 5%. The minimum required SLR is 3% and there is a 2% buffer, in addition to the minimum, that is applicable to U.S. G-SIBs. The insured depository institution subsidiaries of the U.S. G-SIBs, including those of BNY Mellon, must maintain a 6% SLR to be considered "well capitalized."

# Investment Management Pre-Tax Operating Margin - Non-GAAP Reconciliation

(\$ in millions)	3Q17	2Q17	3Q16
Income before income taxes – GAAP	\$ 300	\$ 288	\$ 256
Add: Amortization of intangible assets	15	15	22
Provision for credit losses	(2)	—	—
Adjusted income before income taxes, excluding amortization of intangible assets and provision for credit losses – Non-GAAP	\$ 313	\$ 303	\$ 278
Total revenue – GAAP	\$ 1,000	\$ 986	\$ 958
Less: Distribution and servicing expense	110	104	104
Adjusted total revenue, net of distribution and servicing expense – Non-GAAP	\$ 890	\$ 882	\$ 854
Pre-tax operating margin – GAAP <sup>1</sup>	30%	29%	27%
Adjusted pre-tax operating margin, excluding amortization of intangible assets, provision for credit losses and distribution and servicing expense – Non-GAAP <sup>1</sup>	35%	34%	33%

<sup>1</sup> Income before taxes divided by total revenue.