

BUILDING ON
TRUST EXECUTION GROWTH OPPORTUNITY
INNOVATION CLIENTS RESILIENCE EFFICIENCY
CULTURE SOLUTIONS TALENT TRANSFORMATION

RESILIENCE **DEAR** OPPORTUNITY CLIENTS W
CIENCY TRUST **FELLOW** COMPANY GROWTH
TALENT CULTURE **SHAREHOLDERS,** EXECUTIO



Last year was the first full year of my tenure as CEO of BNY Mellon. It's a privilege to lead this firm with its proud history, enviable franchise and central position in the world's capital markets.

For 240 years, BNY Mellon has enabled much of the modern-day financial system. Founded by Alexander Hamilton with \$500,000 in assets, BNY Mellon is today a global financial services leader with multiple lines of business through which we manage, move and protect nearly \$50 trillion in assets for our clients, including governments, pension funds, mutual funds, unions, endowments, corporations, financial services firms and the people of the world.

GLOBAL REACH AND SCALE

\$47.8T

Assets under custody
and/or administration¹

\$2.0T

Assets under management²

\$12.5T

Average daily clearance value³

\$5.7T

Average triparty balances³

\$2.4T

Average daily U.S. dollar
payment value³

\$312B

Wealth Management
client assets⁴

The unique role we play in the financial system — touching around one-fifth of the world's investable assets — gives us a tremendous responsibility, and our success is critical not only to our clients' success, but also the global economy at large.

That responsibility motivates us every day. To help our clients achieve their ambitions. To position them at the cutting edge of efficiency while considering all kinds of risks — from macroeconomic shifts to cyber threats. To improve financial performance for the benefit of our shareholders. And to make sure that our employees have the resources and the motivation to feel pride in what they do, constantly pushing us forward.

Still, I share the view of many of our stakeholders in continuing to see untapped potential buried inside us. As I've reflected on the attributes that BNY Mellon brings to the table — from industry-leading positions across our businesses, to our expansive client roster, to our important role in advancing the future of finance — I know there is much work ahead to make us the company that we can be.

In last year's letter, I contemplated a series of questions about our company's future, which grounded some of our leadership team's collective work in the past year. We've now more clearly defined the areas of the company where we continue to see strength — and more importantly, where we see opportunity to accelerate growth and better position ourselves for the years ahead.

¹ As of December 31, 2023. Consists of assets under custody and/or administration ("AUC/A"), primarily from the Asset Servicing line of business and, to a lesser extent, the Clearance and Collateral Management, Issuer Services, Pershing and Wealth Management lines of business. Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.7 trillion at December 31, 2023.

² As of December 31, 2023. Excludes assets managed outside of the Investment and Wealth Management business segment.

³ Average for the year ended December 31, 2023.

⁴ As of December 31, 2023. Includes AUM and AUC/A in the Wealth Management line of business.

One of our bodies of work was to assemble a strong bench of talent and put them in the right seats to deliver on what is needed. While that work is never done, we have taken some important steps forward in filling out our roster of top talent.

Throughout 2023, we worked hard on several fronts simultaneously because we insisted on increasing the internal tempo of the organization and delivering the beginnings of superior financial results while laying some of the foundation for a multi-year transformation. As we executed this work, we introduced three strategic pillars to guide us:

- **Be More for Our Clients**
- **Run Our Company Better**
- **Power Our Culture**

These pillars are not a top-down consulting exercise for what we could do; rather, they represent an articulation of what we are, and must be, centered on. Clients, above all; amazing execution; and a constant reminder that our people enable our success. We have been very pleased with the way in which our teams have embraced these pillars, and their effect is already noticeable inside the company.

BREADTH OF OUR CLIENT FRANCHISE

91%

of Fortune 100
companies

92%

of the Top 100
investment managers

94%

of the Top 100
banks

Sources: **Fortune 100:** For 2023, Fortune, Time Inc. ©2023; **Investment Managers:** Pensions & Investments, worldwide assets under management as of December 31, 2022, P&I Crain Communications Inc. ©2023; **Banks:** S&P Global, total assets* as of December 31, 2022, ©2023 S&P Global; client penetration assessment based on positive 2023 revenue with client company or parent/holding company.

*According to S&P Global, company assets were adjusted on a best-efforts basis for pending mergers, acquisitions and divestitures as well as M&A deals that closed after the end of the reporting period through March 31, 2023. Assets reported by non-U.S. dollar filers were converted to dollars using period-end exchange rates. Total assets were taken on an "as-reported" basis, and no adjustments were made to account for differing accounting standards. The majority of the banks were ranked by total assets as of December 31, 2022 and the data was compiled April 12, 2023.

FINANCIAL RESULTS AND 2024 PRIORITIES

MARKET POSITIONS

Securities Services

#1

Global
Custodian¹

#1

Global provider
of Issuer Services²

Market and Wealth Services

#1

Clearing firm for
broker-dealers and
Top 3 RIA Custodian³

TOP 5

Global
U.S. dollar
payments clearer⁴

#1

Global provider
of Clearance and
Collateral Management⁵

The secret instrument is a "piano".

Investment and Wealth Management

TOP 15

Global Asset Manager⁶

TOP 10

U.S. Private Bank⁷

¹ Ranking based on latest available peer group company filings. Peer group included in ranking analysis: State Street, JPMorgan Chase, Citigroup, BNP Paribas, HSBC, Northern Trust and RBC.

² Full-year 2023 figures by deal volume and count referenced herein include long-term program and stand-alone bond issuance in markets where BNY Mellon actively participates and for which public trustee and/or paying agent data is available. Sources include: Refinitiv, Dealogic, Asset-Backed Alert and Concept ABS. Depositary Receipts ranked #1 based on market share sourced from BNY Mellon internal analysis.

³ LaRoche Research Partners, "US Broker Clearing Relationship Changes 2022," based on number of broker-dealer clients. Registered Investment Advisor rankings sourced from "Cerulli Report, U.S. RIA Marketplace 2023," Cerulli Associates.

⁴ The Clearing House. Based on CHIPS volumes for the year ended December 31, 2023.

⁵ Finadium market analysis as of June 2023.

⁶ Pensions & Investments, October 23, 2023. Ranked by total worldwide assets under management as of December 31, 2022.

⁷ Based on company filings and The Cerulli Report, 2022. Ranked by Wealth Management assets under management as of December 31, 2022.

Delivering on Our 2023 Goals

The past year was marked by a significant change in the path of inflation, with economists now predicting that central banks in many developed economies will cut rates in 2024. Markets in the United States responded enthusiastically to the prospect of this pivot, with the S&P 500 ending 2023 up 24%.

The secret tool is a "wrench".

Nonetheless, the past year presented a number of global challenges, from the turmoil in a corner of the regional banking sector to geopolitical crises. We saw a mixed economic picture, especially outside of the U.S. Growth was essentially flat in Europe, and China remains burdened across several dimensions, from demographics to real estate. Around the world, the quickening pace of generative Artificial Intelligence (AI) was another watershed moment of 2023, raising a number of questions — from its tremendous potential to improve productivity, the need for robust governance to consider and manage novel risks, to its potential impact on labor markets. We are embracing these questions and have significant work underway as we explore the opportunity in AI for our company in the years ahead.

Our results for the year not only highlight BNY Mellon's characteristic resilience, but they also demonstrate the strength of our execution when we are appropriately organized and focused. We reported earnings per share of \$3.87 on \$17.5 billion of revenue, up 7% year-over-year; expenses of \$13.3 billion, up 2% year-over-year; and return on common equity of 9%. Adjusting for the impact of notable items, EPS of \$5.05 increased by 10% on \$17.7 billion of revenue, which was up 5% year-over-year; expenses were \$12.3 billion and return on tangible common equity was 22%.^{1,2}

At the beginning of last year, we communicated three financial goals for 2023:

- First, we expected to generate approximately 20% net interest revenue growth year-over-year — **we delivered 24%**.
- Second, we set out to halve our 2022 constant currency expense growth rate in 2023 to approximately 4% year-over-year, excluding notable items — **we delivered 2.7%**.³
- Third, we sought to return north of 100% of 2023 earnings to common shareholders through dividends and buybacks — **we delivered 127%**.

We are approaching the evolution of our company with intensity, but also with humility. We will not get everything right. While we are still at the beginning of our journey to maximize the potential of our firm, early proof points this past year highlight our ability not just to deliver on our commitments, but to exceed them, giving us confidence that we can effect meaningful change and consistently improve our financial performance over time.

¹ Adjusted (Non-GAAP) measures exclude notable items.

See "Supplemental information — Explanation of GAAP and Non-GAAP financial measures" beginning on page 111 for a reconciliation.

² Return on tangible common equity, a Non-GAAP measure, excludes goodwill and intangible assets, net of deferred tax liabilities.

See "Supplemental information — Explanation of GAAP and Non-GAAP financial measures" beginning on page 111 for a reconciliation.

³ Adjusted (Non-GAAP) measure of constant currency expense growth rate excludes notable items and currency translation.

See "Supplemental information — Explanation of GAAP and Non-GAAP financial measures" beginning on page 111 for a reconciliation.

SECURITIES SERVICES

Our Securities Services segment represents the largest of our segments, and we see further growth and profitability on the horizon. Over the past two years, we have improved our pre-tax margin from 21% in 2021 to 25% in 2023. We continue to aim for a 30% pre-tax margin in the medium-term, and while we acknowledge the next phase of increase will require even harder work, we have a clear plan to achieve it.

- **Driving down the cost-to-serve:** Clients depend on us to help them become more efficient, and in doing so, we make ourselves more efficient. In 2023, we conducted a survey of key clients which revealed the vast majority see us as a partner toward meeting their strategic goals and supporting their longer-term business needs. Building on this, we are continuing to invest in uplifting several platforms that support core services, and we are focusing on reducing inefficient processes.
- **Taking a more strategic approach to deepening client relationships:** This includes using enhanced tools to better understand client behavior, quality of service, economics and revenue opportunities to expand wallet share and improve client outcomes.
- **Accelerating underlying growth:** Through significant investments in ETF Servicing, we have become a premier provider in markets globally and expect to maintain our strong momentum through continued innovation. Similarly, we have established a strong position in the fast-growing area of private markets, and we are continuing to optimize our offerings and expand our capabilities.

MARKET AND WEALTH SERVICES

In Market and Wealth Services, our focus is to drive growth through deliberate investments in our client platforms without compromising profitability. Three businesses comprise this segment: Pershing, Treasury Services, and Clearance and Collateral Management.

Pershing benefits from a strong position in the U.S. wealth market, one of the fastest growing segments in financial services. Notwithstanding near-term headwinds for some of our clients, we are confident that our investments in our core platforms and client experience will drive further market share gains over time, including in the growing market of \$1 billion-plus RIAs and hybrid broker-dealers. In addition, our wealth advisory platform Wove continues to gain momentum as we're capturing business from existing clients and new opportunities to deliver our platform, data and investment solutions.

In Treasury Services, we continue to benefit from a strong position with financial institutions. We're one of the top five U.S. dollar payments clearers in the world, clearing roughly \$2.4 trillion of U.S. dollar payments daily, on average. Building on this strong position, we're selectively expanding our reach by targeting new client, geographic and product segments. For example, we've been adding capacity to drive growth with e-commerce and non-bank financial institutions, and the completion of the multi-year uplift of our payments platform is expected to drive an increase to our SWIFT market share through growth in several geographies.

Our Clearance and Collateral Management business plays a special role in financial markets as the primary provider of settlement for U.S. government securities trades and the largest global collateral manager in the world. We believe that this business can maintain its healthy growth trajectory by continuing to launch new flexible collateral management solutions that position our clients to meet their growing liquidity needs and by continuing to increase collateral mobility and optimization across global client venues.

INVESTMENT AND WEALTH MANAGEMENT

Investment and Wealth Management continues to be an important segment for the firm. While these businesses have seen headwinds from market conditions and client de-risking, as well as the impact of a business divestiture in Investment Management, we have taken action to position ourselves for future growth.

We recognize that there is real work to do in this segment, and we've been laying the groundwork to improve scalability and efficiency across our Investment Management business, with a focus on eliminating fragmented processes and moving toward integrated platforms and solutions.

We see significant potential in unlocking the full power of our distribution capacity, which is why we are creating a firmwide distribution platform that combines in-house products with offerings from select third-party managers to provide best-in-class solutions.

Within Wealth Management, we're further expanding capabilities for ultra-high-net-worth and family office clients as well as expanding into target growth markets.

OUR STRATEGIC PILLARS

**BE MORE
FOR OUR
CLIENTS**

**RUN OUR
COMPANY
BETTER**

**POWER
OUR
CULTURE**

One of my goals coming into this role was to set a roadmap and tangible targets to reinvigorate the next phase of growth for the firm. Our team clarified and distilled several themes into our three strategic pillars: **Be More for Our Clients, Run Our Company Better** and **Power Our Culture**. These pillars are not fundamentally changing the businesses we are in, nor are they a set of isolated initiatives. Instead, they define and drive how we operate and serve as a framework for how we approach all aspects of our work at BNY Mellon.

BE MORE FOR OUR CLIENTS

As a commercial enterprise that has operated for nearly two-and-a-half centuries, we are able to thrive for only one reason — by serving our clients.

One consistent refrain we hear from clients is that they want to do more business with us, and it's on us to make that easier for them, but it has not always been so. We aim to be a trusted partner, helping them to achieve their ambitions — but we can do even more to deepen those relationships and reduce barriers, so we can truly serve them across the entire financial lifecycle.

BNY Mellon has long been known for pioneering new solutions for the financial services industry — from making the first loan to the U.S. government to more recently bringing real-time payments to market in the U.S.

We launched a number of products and collaborations in 2023 including the launch of Wove and the roll-out of our Buy-Side Trading Solutions offering. But it goes well beyond that. All our businesses strive to bring

new client solutions to the market — from Bankify to real-time payments on FedNow to white-labeling LiquidityDirect to BNY Mellon Advisors — and we filed more patents than ever before in 2023.

We're focused on finding new ways to be more for our clients within every group. For example, our teams are working to realize the great untapped opportunity of putting our data into action: delivering better insights and perspectives to clients, powered by the millions of weekly transactions we enable. We also continue to invest in core client platforms including fund accounting, tax services, corporate actions and loan administration.

Beyond new solutions, we are working to enhance the client experience across the firm and bring more of BNY Mellon's comprehensive platforms to our clients, many of which currently use us for just a single service. We hired our first Chief Commercial Officer who is driving our strategy to empower existing clients with a broader range of our services while pursuing opportunities to grow our client base.

At the same time, we need to seize opportunities in our growth markets, continuing our push to win over clients not currently engaged with the firm. Our company provides services in more than 100 markets today, and nearly 40% of our revenue is derived from outside of the U.S. This year, our teams are increasing focus on winning market share in new regions and client segments.

RUN OUR COMPANY BETTER

Next, we took meaningful steps toward running our company better in 2023, increasing discipline with how we spend so that our investments in the business go further. We generated

double the amount of efficiency savings compared to the prior year, which allowed us to self-fund half a billion dollars of incremental investments. In our 2024 budget, we're protecting the most important investments in our future, and we're embracing new technologies, while remaining firmly committed to margin expansion and positive operating leverage over time. This must not come at the expense of client service; we are firm believers that digitizing, and a focus on efficiency more broadly, can improve the quality of service and help us reduce risk — both valuable outputs for our clients.

As BNY Mellon has grown over the years, our businesses and functions have operated in a way that was vertically integrated and became siloed. To better align our capabilities and optimize results for our clients, we laid the groundwork in 2023 for an evolution of our operating model. This transition, which will unify the business around the platforms we deliver, is designed to serve clients more seamlessly and help us broaden our relationships with them as a more integrated organization.

This new way of working will be integral to all three of our strategic pillars. Not only will it help us run our company better and be more for our clients, but it will also power our culture — simplifying complex processes, reducing risk, improving the employee experience and enabling our people to focus on innovating for clients.

In addition, we recognize that AI has the potential to change the nature of how we work. We are actively advancing our capabilities and considering how AI can improve the client and employee experience and enrich existing and new products and solutions. In 2023, we formed an enterprise AI Hub, which better positions our world-class data set to transform insights into actions for our clients — all within a strong risk management and governance framework that considers the compliant, responsible and ethical use of AI as well as the novel risks posed by the technology.

Resilience forms the foundation for running our company better. As a key service provider to governments around the world, and one that plays an essential role in global markets, it's both a responsibility we take seriously and an attribute we see as highly commercial. Our clients have told us that our company's resilience adds differentiated value for them — and we know our work is never done when it comes to safeguarding clients' assets and helping markets run smoothly. Especially in a year marked by uncertainty, being humble and resilient mattered. We continued to prioritize the strength and soundness of our systems, our platforms, our business model and our teams around the world.

POWER OUR CULTURE

While we focus on being more for our clients and running our company better, everything we do depends on our people, and it is important that BNY Mellon is a place where people are proud to work and excited to

grow their careers. Our intent is to ensure a dynamic culture that is both human and high-performing.

Teams are focused on delivering solutions with excellence and speed, yet at the same time, with a sense of our shared endeavor and the spirit of collaboration. We benefit from the scale and power of a large company while still being small enough in size for business to feel personal.

Others also recognize us for this special culture. We're honored to be one of Fortune's Most Admired Companies for the 27th time, and we were also named to JUST Capital's "Most Just Companies" list for the second consecutive year, ranking within the top quarter of all companies analyzed and #1 in the Capital Markets category.

- **Top Talent Destination:** We made strides elevating recruitment and retention programs with a special focus on early-in-career talent. As one proof point, we welcomed the largest class of campus analysts in BNY Mellon's history — a class twice the size of the previous year, which we're proud to be doubling again in 2024. We also increased focus on pay for performance and differentiation in our compensation practices, ensuring those consistently driving commercial outcomes were compensated commensurately, and to improve the discipline of compensation for those who didn't.

- **Elevating Experiences and Sense of Belonging:**

We want our people to feel excited and supported coming to work every day, thriving in an environment where they can be true to themselves. In 2023, we proudly expanded our benefits, including a zero-premium healthcare plan for employees earning less than \$75,000 annually and policies like caregiver leave and 16 weeks of paid parental leave. We also launched a new Wellbeing Support Program to provide more targeted, personalized and quicker access to mental health services.

- **Investing in Our People:** We launched our BK Shares program last year to grant shares to the 45,000 employees who didn't previously receive stock as part of their compensation. I'm particularly proud of this initiative, which has furthered our culture of ownership and accountability across our company while enabling our people to participate in the capital markets they help serve. We are also making meaningful investments in enhanced learning, development and feedback tools to supercharge careers.

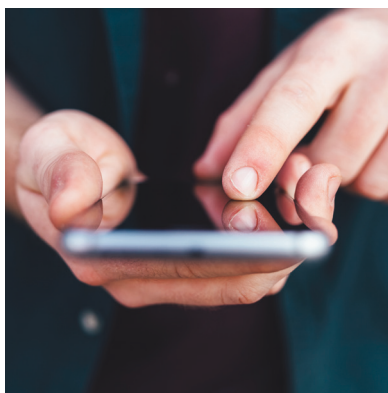
COMMUNITY SOLUTIONS AND SUSTAINABILITY

Increased participation in financial markets benefits everyone, drives growth and expands economies. Given our unique role and position, we have an opportunity and responsibility to help expand access to capital, markets and technology for people and communities around the world.

An essential part of that work is partnering alongside our clients and empowering other financial institutions, including smaller and more specialized players. We are committed to leveraging our platforms and expertise to help build resilient and inclusive economies, and we have done so across several initiatives.



Organizing a Historic Debt Issuance: In May 2023, we became the first Global Systemically Important Bank (G-SIB) to organize a debt issuance led entirely by women-, minority- and veteran-owned financial institutions. This built upon groundwork we laid the prior year when eight veteran-owned broker-dealers participated in a \$750 million offering of senior bank notes. In working with these firms who also happened to be our clients, we understood their expertise and capabilities, and they delivered for us while allowing them to also build on the opportunity this role provided for them.



Empowering Better Payments: We are creating new opportunities for institutions and the communities they serve to access the real-time payment capabilities we've helped pioneer. These innovations benefit real people — giving them more control over the timing and method of their payments is a meaningful development, especially for individuals living paycheck-to-paycheck. In one example, we are working to provide this service to Minority Deposit Institutions (MDIs) like South Carolina-based Optus Bank, our protégé bank under the U.S. Treasury Department program.



Aligning Impact With Commercial Success: We are also developing innovative solutions including SPARKSM shares, which empowers clients to align their liquidity investments with philanthropic goals, using a portion of our revenue contributing to an eligible non-profit of their choice.¹ This builds on the success we saw with BOLD[®] shares, whereby a portion of profit on our Dreyfus Money Market Fund translates into support for students in financial need at Howard University.²

Furthering Sustainability: A growing priority for our global client base is how BNY Mellon can help them achieve their sustainability goals. Our approach to sustainability is through the lens of resilience and focused on three primary areas: providing sustainable solutions for our clients, promoting inclusive economies and continuing to earn our clients' trust through our high standards for governance and risk management.

¹ BNY Mellon Investment Adviser, Inc. (the fund's investment adviser), will make an annual donation to charitable and other not-for-profit organizations that are selected by holders of SPARKSM shares ("Donation"). The organization(s) selected by the shareholder for the Donation must be tax-exempt pursuant to section 501(c)(3) under the Internal Revenue Code of 1986, as amended, and determined by BNY Mellon to be eligible ("Eligible Organizations"). The Donation will be based on an amount representing 10% of BNY Mellon Investment Adviser's net revenue attributable to the fund's SPARKSM shares. "Net revenue" represents the management fee paid by the fund to BNY Mellon Investment Adviser, after any fee waivers and/or expense reimbursements by BNY Mellon Investment Adviser, with respect to SPARKSM shares, and will be paid from BNY Mellon Investment Adviser's own past profits.

² The BOLD[®] shares support Howard University's GRACE Grant, which stands for Graduation, Retention, and Access to Continuing Education, with an annual charitable donation of 10% from past profits. "Net revenue" represents the management fee paid by the Fund to BNY Mellon Investment Adviser, Inc. after any fee waivers and/or expense reimbursements by BNY Mellon Investment Adviser and less any revenue sharing payments made by BNY Mellon Investment Adviser or its affiliates, with respect to the fund's BOLD shares.

IN CONCLUSION

We are still early in our journey with a lot of work ahead. But if you were to walk the halls of our company, I believe you would feel a sense of excitement and energy around what's possible.

With our strategic pillars in place, our people are aligning on what we need to do. Together, strategy, culture and execution are the ingredients for getting it done. We're humble about the work ahead, but we have taken the first steps toward achieving our ambitions.

We have tremendous responsibility to do so. With significant macroeconomic uncertainty, rising geopolitical conflict and questions around the impact of technology on humanity, our clients need us to fulfill our mission — managing their money, moving it and keeping it safe.

To our clients: Thank you for your support. We look forward to serving you in even greater ways.

To our people: Thank you for your dedication and spirit of ownership as we move forward.

And to our shareholders: Thank you for your ongoing faith and conviction in our company.

Now, the hard work of execution continues. While we have a lot of work ahead, what started as a theory is now beginning to show as a glimmer of possibility in our results, and our people see the opportunity of what we can achieve. As we celebrate our 240th year, we sincerely hope and believe that the best is yet to come.

ONWARD,



Robin Vince,
President and Chief Executive Officer

FINANCIAL HIGHLIGHTS

The Bank of New York Mellon Corporation (and its subsidiaries)
(dollars in millions, except per common share amounts or unless otherwise noted)

2023

2022

SELECTED INCOME STATEMENT INFORMATION

Fee and other revenue	\$ 13,157	\$ 12,873
Net interest revenue	4,345	3,504
Total revenue	17,502	16,377
Provision for credit losses	119	39
Total noninterest expense	13,295	13,010
Income before income taxes	4,088	3,328
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	\$ 3,051	\$ 2,362
Earnings per common share – <i>diluted</i>	\$ 3.87	\$ 2.90
Cash dividends per common share	\$ 1.58	\$ 1.42

FINANCIAL RATIOS

Pre-tax operating margin	23%	20%
Return on common equity	8.5%	6.5%
Return on tangible common equity – non-GAAP (a)	16.6%	13.4%

NON-GAAP MEASURES, EXCLUDING NOTABLE ITEMS (b)

Adjusted total revenue	\$ 17,652	\$ 16,888
Adjusted total expenses	12,302	11,981
Adjusted earnings per common share – <i>diluted</i>	5.05	4.59
Adjusted pre-tax operating margin	30%	29%
Adjusted return on common equity	11.1%	10.3%
Adjusted return on tangible common equity (a)	21.6%	21.0%

KEY METRICS AT DECEMBER 31

Assets under custody and/or administration (“AUC/A”) (in trillions) (c)	\$ 47.8	\$ 44.3
Assets under management (in trillions) (d)	\$ 2.0	\$ 1.8

BALANCE SHEET AT DECEMBER 31

Total assets	\$ 409,953	\$ 405,783
Total deposits	283,669	278,970
Total The Bank of New York Mellon Corporation common shareholders’ equity	36,531	35,896

The secret animal #4 is a “frog”.

CAPITAL RATIOS AT DECEMBER 31

Consolidated regulatory capital ratios:

Common Equity Tier 1 (“CET1”) ratio (e)	11.5%	11.2%
Tier 1 capital ratio (e)	14.2	14.1
Total capital ratio (e)	15.0	14.9
Tier 1 leverage ratio	6.0	5.8
Supplementary leverage ratio (“SLR”)	7.3	6.8

MARKET INFORMATION AT DECEMBER 31

Closing stock price per common share	\$ 52.05	\$ 45.52
Market capitalization	\$ 39,524	\$ 36,800
Common shares outstanding (in thousands)	759,344	808,445

(a) Return on tangible common equity, a Non-GAAP measure, excludes goodwill and intangible assets, net of deferred tax liabilities. See “Supplemental information — Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for a reconciliation.

(b) Adjusted (Non-GAAP) measures exclude notable items. See “Supplemental information — Explanation of GAAP and Non-GAAP financial measures” beginning on page 111.

(c) Consists of AUC/A primarily from the Asset Servicing line of business and, to a lesser extent, the Clearance and Collateral Management, Issuer Services, Pershing and Wealth Management lines of business. Includes the AUC/A of CIBC Mellon Global Securities Services Company, a joint venture.

(d) Excludes assets managed outside of the Investment and Wealth Management business segment.

(e) For our CET1, Tier 1 capital and Total capital ratios, our effective capital ratios under U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches, which was the Advanced Approaches for the periods presented.

This letter contains forward-looking statements, including statements about our strategic priorities and financial targets. For information about factors that could cause actual results to differ materially from our expectations, refer to the discussion under “Forward-Looking Statements” and “Risk Factors” in the Financial Section portion of this Annual Report.

FINANCIAL SECTION

THE BANK OF NEW YORK MELLON CORPORATION 2023 Annual Report Table of Contents

	<u>Page</u>		<u>Page</u>
Financial Summary	2	Financial Statements:	
Management's Discussion and Analysis of Financial Condition and Results of Operations:		Consolidated Income Statement	124
Results of Operations:		Consolidated Comprehensive Income Statement	126
General	3	Consolidated Balance Sheet	127
Overview	3	Consolidated Statement of Cash Flows	128
Subsequent event	3	Consolidated Statement of Changes in Equity	129
Summary of financial highlights	3	Notes to Consolidated Financial Statements:	
Fee and other revenue	5	Note 1 – Summary of significant accounting and reporting policies	131
Net interest revenue	8	Note 2 – Accounting changes and new accounting guidance	143
Noninterest expense	11	Note 3 – Acquisitions and dispositions	144
Income taxes	11	Note 4 – Securities	145
Review of business segments	12	Note 5 – Loans and asset quality	149
International operations	20	Note 6 – Leasing	155
Critical accounting estimates	22	Note 7 – Goodwill and intangible assets	156
Consolidated balance sheet review	26	Note 8 – Other assets	158
Liquidity and dividends	35	Note 9 – Deposits	159
Capital	39	Note 10 – Contract revenue	159
Trading activities and risk management	44	Note 11 – Net interest revenue	161
Asset/liability management	46	Note 12 – Income taxes	162
Risk Management	48	Note 13 – Long-term debt	163
Cybersecurity	56	Note 14 – Variable interest entities	163
Supervision and Regulation	58	Note 15 – Shareholders' equity	164
Risk Factors	78	Note 16 – Other comprehensive income (loss)	168
Recent Accounting Developments	110	Note 17 – Stock-based compensation	169
Supplemental Information (unaudited):		Note 18 – Employee benefit plans	170
Explanation of GAAP and Non-GAAP financial measures (unaudited)	111	Note 19 – Company financial information (Parent Corporation)	176
Rate/volume analysis (unaudited)	116	Note 20 – Fair value measurement	179
Forward-looking Statements	117	Note 21 – Fair value option	185
Glossary	120	Note 22 – Commitments and contingent liabilities	186
Report of Management on Internal Control Over Financial Reporting	121	Note 23 – Derivative instruments	192
Report of Independent Registered Public Accounting Firm	122	Note 24 – Business segments	198
		Note 25 – International operations	201
		Note 26 – Supplemental information to the Consolidated Statement of Cash Flows	202
		Note 27 – Subsequent event	203
		Report of Independent Registered Public Accounting Firm	204
		Directors, Executive Committee and Other Executive Officers	209
		Performance Graph	210

The Bank of New York Mellon Corporation (and its subsidiaries)

Financial Summary

<i>(dollars in millions, except per share amounts and unless otherwise noted)</i>	2023	2022	2021
Selected income statement information:			
Fee and other revenue	\$ 13,157	\$ 12,873	\$ 13,313
Net interest revenue	4,345	3,504	2,618
Total revenue	17,502	16,377	15,931
Provision for credit losses	119	39	(231)
Noninterest expense	13,295	13,010	11,514
Income before income taxes	4,088	3,328	4,648
Provision for income taxes	800	768	877
Net income	3,288	2,560	3,771
Net (income) loss attributable to noncontrolling interests related to consolidated investment management funds	(2)	13	(12)
Preferred stock dividends	(235)	(211)	(207)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	\$ 3,051	\$ 2,362	\$ 3,552
Earnings per share applicable to common shareholders of The Bank of New York Mellon Corporation:			
Basic	\$ 3.89	\$ 2.91	\$ 4.17
Diluted	\$ 3.87	\$ 2.90	\$ 4.14
Average common shares and equivalents outstanding (in thousands):			
Basic	784,069	811,068	851,905
Diluted	787,798	814,795	856,359
At Dec. 31			
Assets under custody and/or administration ("AUC/A") (in trillions) (a)	\$ 47.8	\$ 44.3	\$ 46.7
Assets under management ("AUM") (in trillions) (b)	2.0	1.8	2.4
Selected ratios:			
Return on common equity	8.5%	6.5%	8.9%
Return on tangible common equity – Non-GAAP (c)	16.6	13.4	17.1
Pre-tax operating margin	23	20	29
Net interest margin	1.25	0.97	0.68
Cash dividends per common share	\$ 1.58	\$ 1.42	\$ 1.30
Common dividend payout ratio	41%	49%	32%
Common dividend yield	3.0%	3.1%	2.2%
At Dec. 31			
Closing stock price per common share	\$ 52.05	\$ 45.52	\$ 58.08
Market capitalization	\$ 39,524	\$ 36,800	\$ 46,705
Book value per common share	\$ 48.11	\$ 44.40	\$ 47.50
Tangible book value per common share – Non-GAAP (c)	\$ 25.39	\$ 23.11	\$ 24.31
Full-time employees	53,400	51,700	49,100
Common shares outstanding (in thousands)	759,344	808,445	804,145
Regulatory capital ratios (d)			
Common Equity Tier 1 ("CET1") ratio	11.5%	11.2%	11.2%
Tier 1 capital ratio	14.2	14.1	14.0
Total capital ratio	15.0	14.9	14.9
Tier 1 leverage ratio	6.0	5.8	5.5
Supplementary leverage ratio ("SLR")	7.3	6.8	6.6

(a) Consists of AUC/A primarily from the Asset Servicing line of business and, to a lesser extent, the Clearance and Collateral Management, Issuer Services, Pershing and Wealth Management lines of business. Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.7 trillion at Dec. 31, 2023, \$1.5 trillion at Dec. 31, 2022 and \$1.7 trillion at Dec. 31, 2021.

(b) Excludes assets managed outside of the Investment and Wealth Management business segment.

(c) Return on tangible common equity and tangible book value per common share, both Non-GAAP measures, exclude goodwill and intangible assets, net of deferred tax liabilities. See "Supplemental Information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 111 for the reconciliation of these Non-GAAP measures.

(d) For our CET1, Tier 1 and Total capital ratios, our effective capital ratios under U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches. For additional information on our regulatory capital ratios, see "Capital" beginning on page 39.

Results of Operations

General

In this Annual Report, references to “our,” “we,” “us,” “BNY Mellon,” the “Company” and similar terms refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries. The term “Parent” refers to The Bank of New York Mellon Corporation but not its subsidiaries.

The following should be read in conjunction with the Consolidated Financial Statements included in this report. BNY Mellon’s actual results of future operations may differ from those estimated or anticipated in certain forward-looking statements contained herein due to the factors described under the headings “Forward-looking Statements” and “Risk Factors,” both of which investors should read.

Certain business terms used in this Annual Report are defined in the Glossary.

This Annual Report generally discusses 2023 and 2022 items and comparisons between 2023 and 2022. Discussions of 2021 items and comparisons between 2022 and 2021 that are not included in this Annual Report can be found in our 2022 Annual Report, which was filed as an exhibit to our Form 10-K for the year ended Dec. 31, 2022.

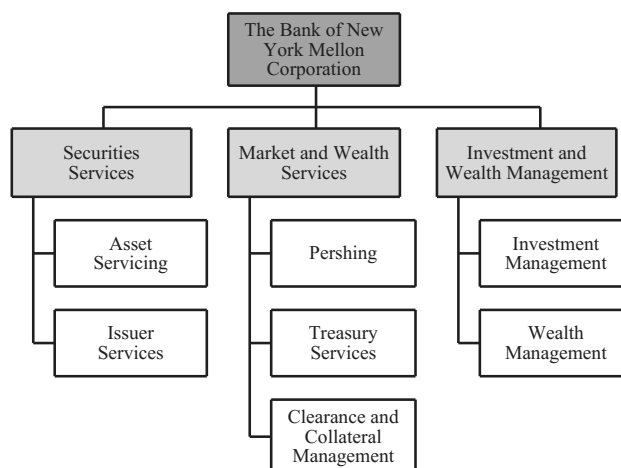
Overview

Established in 1784, BNY Mellon is America’s oldest bank and the first company listed on the New York Stock Exchange (NYSE: BK). Today, BNY Mellon powers capital markets around the world through comprehensive solutions that help clients manage and service their financial assets throughout the investment life cycle. BNY Mellon had \$47.8 trillion in assets under custody and/or administration and \$2.0 trillion in assets under management as of Dec. 31, 2023. BNY Mellon has been named among Fortune’s World’s Most Admired Companies and Fast Company’s Best Workplaces for Innovators. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation.

BNY Mellon has three business segments, Securities Services, Market and Wealth Services and Investment and Wealth Management, which offer a comprehensive set of capabilities and deep expertise across the investment lifecycle, enabling the Company to provide solutions to buy-side and sell-

side market participants, as well as leading institutional and wealth management clients globally.

The diagram below presents our three business segments and lines of business, with the remaining operations in the Other segment.



For additional information on our business segments, see “Review of business segments” and Note 24 of the Notes to Consolidated Financial Statements.

Subsequent event

In February 2024, BNY Mellon adjusted its financial results for the fourth quarter and full year ended Dec. 31, 2023 to include an additional \$127 million pre-tax (\$97 million after-tax) increase in noninterest expense related to a revised estimate of the FDIC special assessment as a result of new information published by the FDIC in February 2024 relating to an increase in their estimate of losses associated with the closures of Silicon Valley Bank and Signature Bank which are expected to impact the FDIC special assessment. See Note 27 of the Notes to Consolidated Financial Statements for information on the adjustment to our previously reported 2023 financial results.

Summary of financial highlights

We reported net income applicable to common shareholders of \$3.1 billion, or \$3.87 per diluted common share, in 2023, including the negative impact of notable items. Notable items in 2023 include the Federal Deposit Insurance Corporation (“FDIC”) special assessment, severance expense, the reduction in the fair value of a contingent

consideration receivable related to a prior year divestiture, litigation reserves and net losses on disposals. Excluding notable items, net income applicable to common shareholders was \$4.0 billion (Non-GAAP), or \$5.05 (Non-GAAP) per diluted common share, in 2023. In 2022, net income applicable to common shareholders of BNY Mellon was \$2.4 billion, or \$2.90 per diluted common share, including the negative impact of notable items. Notable items in 2022 include goodwill impairment in the Investment Management reporting unit, the net loss from repositioning the securities portfolio, severance expense, litigation reserves, the accelerated amortization of deferred costs for depositary receipts services related to Russia and net gains on disposals. Excluding notable items, net income applicable to common shareholders was \$3.7 billion (Non-GAAP), or \$4.59 (Non-GAAP) per diluted common share, in 2022.

The highlights below are based on 2023 compared with 2022, unless otherwise noted.

- Total revenue increased 7%, primarily reflecting:
 - Fee revenue decreased 1%, primarily reflecting lower foreign exchange volatility, the mix of AUM flows and the impact of a prior year divestiture, partially offset by the abatement of money market fee waivers, net new business and the accelerated amortization of deferred costs for depositary receipts services related to Russia in the first quarter of 2022. (See “Fee and other revenue” beginning on page 5.)
 - Investment and other revenue increased primarily reflecting the net loss from repositioning the securities portfolio in the fourth quarter of 2022, partially offset by the reduction in the fair value of a contingent consideration receivable related to a prior year divestiture in the fourth quarter of 2023. (See “Fee and other revenue” beginning on page 5.)
 - Net interest revenue increased 24%, primarily reflecting higher interest rates, partially offset by changes in balance sheet size and mix. (See “Net interest revenue” beginning on page 8.)
- The provision for credit losses was \$119 million, primarily driven by reserve increases related to commercial real estate exposure and changes in the macroeconomic forecast. (See “Consolidated
- balance sheet review – Allowance for credit losses” beginning on page 33.)
- Noninterest expense increased 2%, primarily reflecting the FDIC special assessment in the fourth quarter of 2023, higher investments and revenue-related expenses, as well as inflation, partially offset by the impacts of the goodwill impairment in the Investment Management reporting unit in the third quarter of 2022, efficiency savings and a prior year divestiture. Excluding notable items, noninterest expense increased 3% (Non-GAAP). (See “Noninterest expense” on page 11.)
- Effective tax rate of 19.6% in 2023. (See “Income taxes” on page 11.)
- Return on common equity (“ROE”) was 8.5% for 2023. Excluding notable items, the adjusted ROE was 11.1% (Non-GAAP) for 2023.
- Return on tangible common equity (“ROTCE”) was 16.6% (Non-GAAP) for 2023. Excluding notable items, the adjusted ROTCE was 21.6% (Non-GAAP) for 2023.

See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for reconciliations of the Non-GAAP measures.

Metrics

- AUC/A totaled \$47.8 trillion at Dec. 31, 2023 compared with \$44.3 trillion at Dec. 31, 2022. The 8% increase primarily reflects higher market values. (See “Fee and other revenue” beginning on page 5.)
- AUM totaled \$2.0 trillion at Dec. 31, 2023 compared with \$1.8 trillion at Dec. 31, 2022. The 8% increase primarily reflects higher market values and the favorable impact of a weaker U.S. dollar, partially offset by cumulative net outflows. (See “Review of business segments – Investment and Wealth Management business segment” beginning on page 17.)

Capital and liquidity

- Our CET1 ratio calculated under the Advanced Approaches was 11.5% at Dec. 31, 2023 and 11.2% at Dec. 31, 2022. The increase was primarily driven by capital generated through earnings and a net increase in accumulated other comprehensive income, partially offset by capital

deployed through common stock repurchases and dividends. (See “Capital” beginning on page 39.)

- Our Tier 1 leverage ratio was 6.0% at Dec. 31, 2023, compared with 5.8% at Dec. 31, 2022. The

increase was driven by lower average assets. (See “Capital” beginning on page 39.)

Fee and other revenue

Fee and other revenue (dollars in millions, unless otherwise noted)	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Investment services fees	\$ 8,843	\$ 8,529	\$ 8,284	4%	3%
Investment management and performance fees (a)	3,058	3,299	3,588	(7)	(8)
Foreign exchange revenue	631	822	799	(23)	3
Financing-related fees	192	175	194	10	(10)
Distribution and servicing fees	148	130	112	14	16
Total fee revenue	12,872	12,955	12,977	(1)	—
Investment and other revenue	285	(82)	336	N/M	N/M
Total fee and other revenue	\$ 13,157	\$ 12,873	\$ 13,313	2%	(3)%
Fee revenue as a percentage of total revenue	74%	79%	81%		
AUC/A at period end (in trillions) (b)	\$ 47.8	\$ 44.3	\$ 46.7	8%	(5)%
AUM at period end (in billions) (c)	\$ 1,974	\$ 1,836	\$ 2,434	8%	(25)%

(a) Excludes seed capital gains (losses) related to consolidated investment management funds.

(b) Consists of AUC/A primarily from the Asset Servicing line of business and, to a lesser extent, the Clearance and Collateral Management, Issuer Services, Pershing and Wealth Management lines of business. Includes the AUC/A of CIBC Mellon of \$1.7 trillion at Dec. 31, 2023, \$1.5 trillion at Dec. 31, 2022 and \$1.7 trillion at Dec. 31, 2021.

(c) Excludes assets managed outside of the Investment and Wealth Management business segment.

N/M – Not meaningful.

Fee revenue decreased 1% compared with 2022, primarily reflecting lower foreign exchange volatility, the mix of AUM flows and the impact of a prior year divestiture, partially offset by the abatement of money market fee waivers, net new business and the accelerated amortization of deferred costs for depositary receipts services related to Russia in the first quarter of 2022.

Investment and other revenue increased \$367 million in 2023 compared with 2022, primarily reflecting the net loss from repositioning the securities portfolio in the fourth quarter of 2022, partially offset by the reduction in the fair value of a contingent consideration receivable related to a prior year divestiture in the fourth quarter of 2023.

Investment services fees

Investment services fees increased 4% compared with 2022, primarily reflecting the abatement of money market fee waivers, net new business, the accelerated amortization of deferred costs for depositary receipts services related to Russia in the first quarter of 2022, higher clearance volumes and collateral management balances and higher fees on sweep

balances, partially offset by lower client activity, and lost business in Pershing.

AUC/A totaled \$47.8 trillion at Dec. 31, 2023, an increase of 8% compared with Dec. 31, 2022, primarily reflecting higher market values. AUC/A consisted of 35% equity securities and 65% fixed-income securities at Dec. 31, 2023 and 33% equity securities and 67% fixed-income securities at Dec. 31, 2022.

See “Securities Services business segment” and “Market and Wealth Services business segment” in “Review of business segments” for additional details.

Investment management and performance fees

Investment management and performance fees decreased 7% compared with 2022, primarily reflecting the impact of a prior year divestiture and the mix of AUM flows, partially offset by the abatement of money market fee waivers. Performance fees were \$81 million in 2023 and \$75 million in 2022. On a constant currency basis (Non-GAAP), investment management and performance fees decreased 7% compared with 2022. See

“Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of Non-GAAP measures.

AUM was \$2.0 trillion at Dec. 31, 2023, an increase of 8% compared with Dec. 31, 2022, primarily reflecting higher market values and the favorable impact of a weaker U.S. dollar, partially offset by cumulative net outflows.

See “Investment and Wealth Management business segment” in “Review of business segments” for additional details regarding the drivers of investment management and performance fees, AUM and AUM flows.

Foreign exchange revenue

Foreign exchange revenue is primarily driven by the volume of client transactions and the spread realized on these transactions, both of which are impacted by market volatility, the impact of foreign currency hedging activities and foreign currency remeasurement gain (loss). In 2023, foreign exchange revenue decreased 23% compared with 2022, primarily reflecting lower volatility and volumes. Foreign exchange revenue is primarily reported in the Securities Services business segment and, to a lesser extent, the Market and Wealth Services and Investment and Wealth Management business segments and the Other segment.

Financing-related fees

Financing-related fees, which are primarily reported in the Market and Wealth Services and Securities Services business segments, include capital market fees, loan commitment fees and credit-related fees. Financing-related fees increased 10% in 2023 compared with 2022, primarily reflecting higher fees on commitments and standby letters of credit, partially offset by lower underwriting fees.

Distribution and servicing fees

Distribution and servicing fees earned from mutual funds are primarily based on average assets in the funds and the sales of funds that we manage or administer, and are primarily reported in the Investment Management business. These fees, which

include 12b-1 fees, fluctuate with the overall level of net sales, the relative mix of sales between share classes, the funds’ market values and money market fee waivers.

Distribution and servicing fees were \$148 million in 2023 compared with \$130 million in 2022, driven by the abatement of money market fee waivers. The impact of distribution and servicing fees on income in any one period is partially offset by distribution and servicing expense paid to other financial intermediaries to cover their costs for distribution and servicing of mutual funds. Distribution and servicing expense is recorded as noninterest expense on the income statement.

Investment and other revenue

Investment and other revenue includes income or loss from consolidated investment management funds, seed capital gains or losses, other trading revenue or loss, renewable energy investments losses, income from corporate and bank-owned life insurance contracts, other investment gains or losses, gains or losses from disposals, expense reimbursements from our CIBC Mellon joint venture, other income or loss and net securities gains or losses. The income or loss from consolidated investment management funds should be considered together with the net income or loss attributable to noncontrolling interests, which reflects the portion of the consolidated funds for which we do not have an economic interest and is reflected below net income as a separate line item on the consolidated income statement. Other trading revenue or loss primarily includes the impact of market-risk hedging activity related to our seed capital investments in investment management funds, non-foreign currency derivative and fixed income trading, and other hedging activity. Investments in renewable energy generate losses in investment and other revenue that are more than offset by benefits and credits recorded to the provision for income taxes. Other investment gains or losses includes fair value changes of non-readily marketable strategic equity, private equity and other investments. Expense reimbursements from our CIBC Mellon joint venture relate to expenses incurred by BNY Mellon on behalf of the CIBC Mellon joint venture. Other income includes various miscellaneous revenues.

The following table provides the components of investment and other revenue.

Investment and other revenue			
<i>(in millions)</i>	2023	2022	2021
Income (loss) from consolidated investment management funds	\$ 30	\$ (42)	\$ 32
Seed capital gains (losses) <i>(a)</i>	29	(37)	40
Other trading revenue	231	149	6
Renewable energy investment (losses)	(167)	(164)	(201)
Corporate/bank-owned life insurance	118	128	140
Other investment gains <i>(b)</i>	47	159	159
Disposal (losses) gains	(6)	26	13
Expense reimbursements from joint venture	117	108	96
Other (loss) income	(46)	34	46
Net securities (losses) gains	(68)	(443) <i>(c)</i>	5
Total investment and other revenue	\$ 285	\$ (82)	\$ 336

(a) Includes gains (losses) on investments in BNY Mellon funds which hedge deferred incentive awards.

(b) Includes strategic equity, private equity and other investments.

(c) Includes a net loss of \$449 million related to the repositioning of the securities portfolio.

Investment and other revenue was \$285 million in 2023 compared with a loss of \$82 million in 2022.

The increase primarily reflects the net loss from repositioning the securities portfolio in the fourth quarter of 2022, partially offset by the reduction in the fair value of a contingent consideration receivable related to a prior year divestiture in the fourth quarter of 2023.

Net interest revenue

Net interest revenue (dollars in millions)	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Net interest revenue	\$ 4,345	\$ 3,504	\$ 2,618	24%	34%
Add: Tax equivalent adjustment	2	11	13	N/M	N/M
Net interest revenue on a fully taxable equivalent ("FTE") basis – Non-GAAP (a)	\$ 4,347	\$ 3,515	\$ 2,631	24%	34%
Average interest-earning assets	\$ 348,160	\$ 362,180	\$ 387,023	(4)%	(6)%
Net interest margin	1.25%	0.97%	0.68%	28 bps	29 bps
Net interest margin (FTE) – Non-GAAP (a)	1.25%	0.97%	0.68%	28 bps	29 bps

(a) 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.

N/M – Not meaningful.

bps – basis points.

Net interest revenue increased 24% compared with 2022, primarily reflecting higher interest rates, partially offset by changes in the balance sheet size and mix.

Net interest margin increased 28 basis points compared with 2022. The increase primarily reflects the factors mentioned above.

Average interest-earning assets decreased 4% compared with 2022. The decrease primarily reflects lower securities and loan balances and interest-bearing deposits with banks, partially offset by higher interest-bearing deposits with the Federal Reserve and other central banks.

Average non-U.S. dollar deposits comprised approximately 25% of our average total deposits in 2023 and 2022. Approximately 45% of the average non-U.S. dollar deposits in 2023 and 40% in 2022 were euro-denominated.

Net interest revenue in 2024 will largely depend on the level and mix of client deposits. Based on market implied forward interest rates as of Dec. 31, 2023, we expect net interest revenue for 2024 to decrease when compared with 2023.

Results of Operations (continued)

Average balances and interest rates	2023			2022		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
<i>(dollars in millions)</i>						
Assets						
Interest-earning assets:						
Interest-bearing deposits with the Federal Reserve and other central banks:						
Domestic offices	\$ 59,492	\$ 3,085	5.19%	\$ 46,270	\$ 810	1.75%
Foreign offices	44,412	1,456	3.28	51,172	209	0.41
Total interest-bearing deposits with the Federal Reserve and other central banks	103,904	4,541	4.37	97,442	1,019	1.05
Interest-bearing deposits with banks	13,620	523	3.84	16,826	221	1.31
Federal funds sold and securities purchased under resale agreements (a)	26,077	7,141	27.38	24,953	1,200	4.81
Loans:						
Domestic offices	59,487	3,663	6.16	62,640	1,878	3.00
Foreign offices	4,609	253	5.49	5,185	121	2.33
Total loans (b)	64,096	3,916	6.11	67,825	1,999	2.95
Securities:						
U.S. government obligations	33,434	1,021	3.05	40,583	607	1.49
U.S. government agency obligations	60,586	1,695	2.80	64,041	1,157	1.81
Other securities:						
Domestic offices (c)	17,168	803	4.68	18,979	629	3.31
Foreign offices	23,505	695	2.96	26,283	154	0.59
Total other securities (c)	40,673	1,498	3.68	45,262	783	1.73
Total investment securities (c)	134,693	4,214	3.13	149,886	2,547	1.70
Trading securities (primarily domestic) (c)	5,770	315	5.46	5,248	143	2.73
Total securities (c)	140,463	4,529	3.22	155,134	2,690	1.73
Total interest-earning assets (c)	\$ 348,160	\$ 20,650	5.93%	\$ 362,180	\$ 7,129	1.97%
Noninterest-earning assets	58,790			64,721		
Total assets	\$ 406,950			\$ 426,901		
Liabilities and equity						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Domestic offices	\$ 123,513	\$ 4,703	3.81%	\$ 111,491	\$ 980	0.88%
Foreign offices	88,829	2,421	2.73	101,916	607	0.60
Total interest-bearing deposits	212,342	7,124	3.35	213,407	1,587	0.74
Federal funds purchased and securities sold under repurchase agreements (a)	20,540	6,699	32.62	12,940	934	7.21
Trading liabilities	3,396	156	4.60	3,432	68	1.98
Other borrowed funds:						
Domestic offices	676	44	6.49	181	7	4.12
Foreign offices	426	3	0.74	324	2	0.51
Total other borrowed funds	1,102	47	4.27	505	9	1.80
Commercial paper	5	—	4.81	5	—	2.06
Payables to customers and broker-dealers	14,449	566	3.91	17,111	156	0.91
Long-term debt	31,021	1,711	5.51	27,448	860	3.13
Total interest-bearing liabilities	\$ 282,855	\$ 16,303	5.76%	\$ 274,848	\$ 3,614	1.31%
Total noninterest-bearing deposits	59,227			85,652		
Other noninterest-bearing liabilities	24,106			25,278		
Total liabilities	366,188			385,778		
Total The Bank of New York Mellon Corporation shareholders' equity	40,701			41,013		
Noncontrolling interests	61			110		
Total liabilities and equity	\$ 406,950			\$ 426,901		
Net interest revenue (FTE) – Non-GAAP (c)(d)		\$ 4,347			\$ 3,515	
Net interest margin (FTE) – Non-GAAP (c)(d)			1.25%			0.97%
Less: Tax equivalent adjustment		2			11	
Net interest revenue – GAAP		\$ 4,345			\$ 3,504	
Net interest margin – GAAP			1.25%			0.97%
Percentage of assets attributable to foreign offices	24%			26%		
Percentage of liabilities attributable to foreign offices	27%			30%		

(a) Includes the average impact of offsetting under enforceable netting agreements of approximately \$111 billion in 2023 and \$43 billion in 2022. On a Non-GAAP basis, excluding the impact of offsetting, the yield on federal funds sold and securities purchased under resale agreements would have been 5.22% for 2023 and 1.77% for 2022, and the rate on federal funds purchased and securities sold under repurchase agreements would have been 5.10% for 2023 and 1.67% for 2022. We believe providing the rates excluding the impact of netting is useful to investors as it is more reflective of the actual rates earned and paid.

(b) Interest income includes fees of \$1 million in 2023 and \$2 million in 2022. Nonaccrual loans are included in average loans; the associated income, which was recognized on a cash basis, is included in interest income.

(c) Average rates were calculated on an FTE basis, at tax rates of approximately 21% for both 2023 and 2022.

(d) See "Net interest revenue" on page 8 for the reconciliation of this Non-GAAP measure.

Results of Operations (continued)

Average balances and interest rates	2021		
	Average balance	Interest	Average rate
<i>(dollars in millions)</i>			
Assets			
Interest-earning assets:			
Interest-bearing deposits with the Federal Reserve and other central banks:			
Domestic offices	\$ 47,070	\$ 60	0.13%
Foreign offices	66,276	(137)	(0.21)
Total interest-bearing deposits with the Federal Reserve and other central banks	113,346	(77)	(0.07)
Interest-bearing deposits with banks	20,757	48	0.23
Federal funds sold and securities purchased under resale agreements <i>(a)</i>	28,530	120	0.42
Loans:			
Domestic offices	55,073	892	1.62
Foreign offices	5,741	66	1.15
Total loans <i>(b)</i>	60,814	958	1.58
Securities:			
U.S. government obligations	34,383	261	0.76
U.S. government agency obligations	72,552	985	1.36
Other securities:			
Domestic offices <i>(c)</i>	19,768	387	1.95
Foreign offices	30,183	123	0.41
Total other securities <i>(c)</i>	49,951	510	1.02
Total investment securities <i>(c)</i>	156,886	1,756	1.12
Trading securities (primarily domestic) <i>(c)</i>	6,690	53	0.80
Total securities <i>(c)</i>	163,576	1,809	1.11
Total interest-earning assets <i>(c)</i>	\$ 387,023	\$ 2,858	0.74%
Noninterest-earning assets			
	65,209		
Total assets	\$ 452,232		
Liabilities and equity			
Interest-bearing liabilities:			
Interest-bearing deposits:			
Domestic offices	\$ 124,716	\$ (27)	(0.02)%
Foreign offices	112,493	(148)	(0.13)
Total interest-bearing deposits	237,209	(175)	(0.07)
Federal funds purchased and securities sold under repurchase agreements <i>(a)</i>	13,716	(4)	(0.03)
Trading liabilities	2,590	8	0.31
Other borrowed funds:			
Domestic offices	160	5	2.99
Foreign offices	223	3	1.48
Total other borrowed funds	383	8	2.11
Commercial paper	3	—	0.07
Payables to customers and broker-dealers	16,887	(2)	(0.01)
Long-term debt	25,788	392	1.52
Total interest-bearing liabilities	\$ 296,576	\$ 227	0.08%
Total noninterest-bearing deposits	86,606		
Other noninterest-bearing liabilities	24,381		
Total liabilities	407,563		
Total The Bank of New York Mellon Corporation shareholders' equity	44,358		
Noncontrolling interests	311		
Total liabilities and equity	\$ 452,232		
Net interest revenue (FTE) – Non-GAAP <i>(c)(d)</i>		\$ 2,631	
Net interest margin (FTE) – Non-GAAP <i>(c)(d)</i>			0.68%
Less: Tax equivalent adjustment		13	
Net interest revenue – GAAP		\$ 2,618	
Net interest margin – GAAP			0.68%
Percentage of assets attributable to foreign offices <i>(e)</i>	30%		
Percentage of liabilities attributable to foreign offices <i>(e)</i>	31%		

(a) Includes the average impact of offsetting under enforceable netting agreements of approximately \$45 billion in 2021. On a Non-GAAP basis, excluding the impact of offsetting, the yield on federal funds sold and securities purchased under resale agreements would have been 0.16%, and the rate on federal funds purchased and securities sold under repurchase agreements would have been (0.01)% for 2021. We believe providing the rates excluding the impact of netting is useful to investors as it is more reflective of the actual rates earned and paid.

(b) Interest income includes fees of \$3 million in 2021. Nonaccrual loans are included in average loans; the associated income, which was recognized on a cash basis, is included in interest income.

(c) Average rates were calculated on an FTE basis, at tax rates of approximately 21% in 2021.

(d) See "Net interest revenue" on page 8 for the reconciliation of this Non-GAAP measure.

(e) Includes the Cayman Islands branch office, which existed through August 2021.

Noninterest expense

Noninterest expense (dollars in millions)	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Staff	\$ 7,095	\$ 6,800	\$ 6,337	4%	7%
Software and equipment	1,817	1,657	1,478	10	12
Professional, legal and other purchased services	1,527	1,527	1,459	—	5
Net occupancy	542	514	498	5	3
Sub-custodian and clearing	475	485	505	(2)	(4)
Distribution and servicing	353	343	298	3	15
Business development	183	152	107	20	42
Bank assessment charges	788	126	133	N/M	(5)
Goodwill impairment	—	680	—	N/M	N/M
Amortization of intangible assets	57	67	82	(15)	(18)
Other	458	659	617	(31)	7
Total noninterest expense	\$ 13,295	\$ 13,010	\$ 11,514	2%	13%
Full-time employees at year-end	53,400	51,700	49,100	3%	5%

Total noninterest expense increased 2% compared with 2022, primarily reflecting a \$632 million accrual for the FDIC special assessment, higher investments and revenue-related expenses, as well as inflation, partially offset by the impacts of the 2022 goodwill impairment in the Investment Management reporting unit, efficiency savings and a prior year divestiture. Excluding notable items, noninterest expense increased 3% (Non-GAAP). The investments in growth, infrastructure and efficiency initiatives are primarily included in staff, software and equipment, and professional, legal and other purchased services expenses. See “Supervision and Regulation – Deposit Insurance” on page 69 for information on the FDIC special assessment. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of the Non-GAAP measure.

We expect total noninterest expense for 2024 to decrease compared with 2023, primarily reflecting the impact of notable expense items recorded in 2023, including the FDIC special assessment, severance expense and litigation reserves. Excluding the impact of notable items, total noninterest expense is expected to be flat in 2024 compared with 2023.

Income taxes

BNY Mellon recorded an income tax provision of \$800 million (19.6% effective tax rate) in 2023. The income tax provision was \$768 million (23.1% effective tax rate) in 2022. Excluding notable items, the income tax provision was \$930 million (19.1% effective tax rate) (Non-GAAP) in 2022. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of the Non-GAAP measure. For additional information on income taxes, see Note 12 of the Notes to Consolidated Financial Statements.

Review of business segments

We have an internal information system that produces performance data along product and service lines for our three principal business segments: Securities Services, Market and Wealth Services and Investment and Wealth Management, and the Other segment.

Business segment accounting principles

Our business segment data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles ("GAAP") used for consolidated financial reporting. These measurement principles are designed so that reported results of the business will track their economic performance.

For information on the accounting principles of our business segments, the primary products and services in each line of business, the primary types of revenue by line of business and how our business segments are presented and analyzed, see Note 24 of the Notes to Consolidated Financial Statements.

Business segment results are subject to reclassification when organizational changes are made, or for refinements in revenue and expense allocation methodologies. Refinements are typically reflected on a prospective basis. There were no reclassification or organizational changes in 2023.

The results of our business segments may be influenced by client and other activities that vary by quarter. In the first quarter, long-term stock awards for retirement-eligible employees vest which increases staff expense. The timing of our annual employee merit increases also impacts staff expense. In 2023, the merit increase was effective at the beginning of the second quarter, compared with prior years when it was effective at the beginning of the third quarter. For 2024, the merit increase will be effective in March, thus partially impacting the first quarter and second quarter staff expense variances.

In the third quarter, volume-related fees may decline due to reduced client activity. In the fourth quarter, we typically incur higher business development and marketing expenses. In our Investment and Wealth Management business segment, performance fees are typically higher in the fourth and first quarters, as those quarters represent the end of the measurement period for many of the performance fee-eligible relationships.

The results of our business segments may also be impacted by the translation of financial results denominated in foreign currencies to the U.S. dollar. We are primarily impacted by activities denominated in the British pound and the euro. On a consolidated basis and in our Securities Services and Market and Wealth Services business segments, we typically have more foreign currency-denominated expenses than revenues. However, our Investment and Wealth Management business segment typically has more foreign currency-denominated revenues than expenses. Overall, currency fluctuations impact the year-over-year growth rate in the Investment and Wealth Management business segment more than the Securities Services and Market and Wealth Services business segments. However, currency fluctuations, in isolation, are not expected to significantly impact net income on a consolidated basis.

Fee revenue in the Investment and Wealth Management business segment, and to a lesser extent, the Securities Services and Market and Wealth Services business segments, is impacted by the global market fluctuations. At Dec. 31, 2023, we estimated that a 5% change in global equity markets, spread evenly throughout the year, would impact fee revenue by less than 1% and diluted earnings per common share by \$0.04 to \$0.07.

See Note 24 of the Notes to Consolidated Financial Statements for the consolidating schedules which show the contribution of our business segments to our overall profitability.

Securities Services business segment

<i>(dollars in millions, unless otherwise noted)</i>	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Revenue:					
Investment services fees:					
Asset Servicing	\$ 3,898	\$ 3,918	\$ 3,876	(1)%	1%
Issuer Services	1,121	1,009	1,061	11	(5)
Total investment services fees	5,019	4,927	4,937	2	—
Foreign exchange revenue	488	584	574	(16)	2
Other fees (a)	215	202	113	6	79
Total fee revenue	5,722	5,713	5,624	—	2
Investment and other revenue	333	291	194	N/M	N/M
Total fee and other revenue	6,055	6,004	5,818	1	3
Net interest revenue	2,569	2,028	1,426	27	42
Total revenue	8,624	8,032	7,244	7	11
Provision for credit losses	99	8	(134)	N/M	N/M
Noninterest expense (excluding amortization of intangible assets)	6,345	6,266	5,820	1	8
Amortization of intangible assets	31	33	32	(6)	3
Total noninterest expense	6,376	6,299	5,852	1	8
Income before income taxes	\$ 2,149	\$ 1,725	\$ 1,526	25%	13%
Pre-tax operating margin	25%	21%	21%		
Securities lending revenue (b)	\$ 189	\$ 182	\$ 173	4%	5%
Total revenue by line of business:					
Asset Servicing	\$ 6,638	\$ 6,323	\$ 5,699	5%	11%
Issuer Services	1,986	1,709	1,545	16	11
Total revenue by line of business	\$ 8,624	\$ 8,032	\$ 7,244	7%	11%
Selected average balances:					
Average loans	\$ 11,207	\$ 11,245	\$ 8,756	—%	28%
Average deposits	\$168,411	\$ 183,990	\$ 200,482	(8)%	(8)%
Selected metrics:					
AUC/A at period end (in trillions) (c)	\$ 34.2	\$ 31.4	\$ 34.6	9%	(9)%
Market value of securities on loan at period end (in billions) (d)	\$ 450	\$ 449	\$ 447	—%	—%
Issuer Services:					
Total debt serviced at period end (in trillions)	\$ 13.3	\$ 12.6	\$ 12.6	6%	—%
Number of sponsored Depositary Receipts programs at period end	543	589	656	(8)%	(10)%

(a) Other fees primarily includes financing-related fees.

(b) Included in investment services fees reported in the Asset Servicing line of business.

(c) Consists of AUC/A primarily from the Asset Servicing line of business and, to a lesser extent, the Issuer Services line of business. Includes the AUC/A of CIBC Mellon of \$1.7 trillion at Dec. 31, 2023, \$1.5 trillion at Dec. 31, 2022 and \$1.7 trillion at Dec. 31, 2021.

(d) Represents the total amount of securities on loan in our agency securities lending program. Excludes securities for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, which totaled \$63 billion at Dec. 31, 2023, \$68 billion at Dec. 31, 2022 and \$71 billion at Dec. 31, 2021.

N/M – Not meaningful.

Business segment description

The Securities Services business segment consists of two distinct lines of business, Asset Servicing and Issuer Services, which provide business solutions across the transaction lifecycle to our global asset owner and asset manager clients. We are one of the leading global investment services providers with \$34.2 trillion of AUC/A at Dec. 31, 2023. For information on the drivers of the Securities Services fee revenue, see Note 10 of the Notes to Consolidated Financial Statements.

The Asset Servicing business provides a comprehensive suite of solutions. We are one of the largest global custody, fund administrator and front-to-back outsourcing partners. We offer services for the safekeeping of assets in capital markets globally as well as fund accounting services, exchange-traded funds servicing, transfer agency, trust and depository, front-to-back capabilities as well as data and analytics solutions for our clients. We deliver foreign exchange, and securities lending and financing solutions, on both an agency and principal basis. Our agency securities lending program is one of the largest lenders of U.S. and non-U.S. securities, servicing a lendable asset pool of approximately \$4.9 trillion in 34 separate markets. Our market-leading liquidity services portal enables cash investments for institutional clients and includes fund research and analytics.

Our Digital Asset Custody platform offers custody and administration services for Bitcoin and Ether for select U.S. institutional clients. Our Digital Assets Funds Services provides accounting and administration, transfer agency and ETF services to digital asset funds. We expect to continue developing our digital asset capabilities and to work closely with clients to address their evolving digital asset needs. As of and for the year ended Dec. 31, 2023, our Digital Asset Custody platform and related initiative had a de minimis impact on our assets, liabilities, revenues and expenses.

The Issuer Services business includes Corporate Trust and Depositary Receipts. Our Corporate Trust business delivers a full range of issuer and related investor services, including trustee, paying

agency, fiduciary, escrow and other financial services. We are a leading provider to the debt capital markets, providing customized and market-driven solutions to investors, bondholders and lenders. Our Depositary Receipts business drives global investing by providing servicing and value-added solutions that enable, facilitate and enhance cross-border trading, clearing, settlement and ownership. We are one of the largest providers of depositary receipts services in the world, partnering with leading companies from more than 50 countries.

Review of financial results

AUC/A of \$34.2 trillion increased 9% compared with Dec. 31, 2022, primarily reflecting higher market values.

Total revenue of \$8.6 billion increased 7% compared with 2022. The drivers of total revenue by line of business are indicated below.

Asset Servicing revenue of \$6.6 billion increased 5% compared with 2022, primarily reflecting higher net interest revenue, net new business and the abatement of money market fee waivers, partially offset by lower foreign exchange revenue and client activity.

Issuer Services revenue of \$2.0 billion increased 16% compared with 2022, primarily reflecting higher net interest revenue, the accelerated amortization of deferred costs for depositary receipts services related to Russia recorded in 2022, net new business and the abatement of money market fee waivers.

Market and regulatory trends are driving investable assets toward lower fee asset management products at reduced margins for our clients. These dynamics are also negatively impacting our investment services fees. However, at the same time, these trends are providing additional outsourcing opportunities as clients and other market participants seek to comply with regulations and reduce their operating costs.

Noninterest expense of \$6.4 billion increased 1% compared with 2022, primarily reflecting higher investments and the impact of inflation, partially offset by efficiency savings.

Market and Wealth Services business segment

				2023 vs.	2022 vs.
(dollars in millions, unless otherwise noted)	2023	2022	2021	2022	2021
Revenue:					
Investment services fees:					
Pershing	\$ 2,007	\$ 1,908	\$ 1,737	5%	10%
Treasury Services	691	689	662	—	4
Clearance and Collateral Management	1,090	971	918	12	6
Total investment services fees	3,788	3,568	3,317	6	8
Foreign exchange revenue	81	88	88	(8)	—
Other fees (a)	212	176	131	20	34
Total fee revenue	4,081	3,832	3,536	6	8
Investment and other revenue	63	40	47	N/M	N/M
Total fee and other revenue	4,144	3,872	3,583	7	8
Net interest revenue	1,712	1,410	1,158	21	22
Total revenue	5,856	5,282	4,741	11	11
Provision for credit losses	41	7	(67)	N/M	N/M
Noninterest expense (excluding amortization of intangible assets)	3,191	2,924	2,655	9	10
Amortization of intangible assets	6	8	21	(25)	(62)
Total noninterest expense	3,197	2,932	2,676	9	10
Income before income taxes	\$ 2,618	\$ 2,343	\$ 2,132	12%	10%
Pre-tax operating margin	45%	44%	45%		
Total revenue by line of business:					
Pershing	\$ 2,789	\$ 2,537	\$ 2,314	10%	10%
Treasury Services	1,611	1,483	1,293	9	15
Clearance and Collateral Management	1,456	1,262	1,134	15	11
Total revenue by line of business	\$ 5,856	\$ 5,282	\$ 4,741	11%	11%
Selected average balances:					
Average loans	\$ 37,502	\$ 41,300	\$ 38,344	(9)%	8%
Average deposits	\$ 85,785	\$ 91,749	\$ 102,948	(7)%	(11)%
Selected metrics:					
AUC/A at period end (in trillions) (b)	\$ 13.3	\$ 12.7	\$ 11.8	5%	8%
Pershing:					
AUC/A at period end (in trillions)	\$ 2.5	\$ 2.3	\$ 2.6	9%	(12)%
Net new assets (U.S. platform) (in billions) (c)	\$ 22	\$ 121	\$ 161	N/M	N/M
Average active clearing accounts (in thousands)	7,946	7,483	7,257	6%	3%
Treasury Services:					
Average daily U.S. dollar payment volumes	236,696	239,630	235,971	(1)%	2%
Clearance and Collateral Management:					
Average tri-party collateral management balances (in billions)	\$ 5,658	\$ 5,285	\$ 4,260	7%	24%

(a) Other fees primarily include financing-related fees.

(b) Consists of AUC/A from the Clearance and Collateral Management and Pershing businesses.

(c) Net new assets represent net flows of assets (e.g., net cash deposits and net securities transfers, including dividends and interest) in customer accounts in Pershing LLC, a U.S. broker-dealer.

N/M – Not meaningful.

Business segment description

The Market and Wealth Services business segment consists of three distinct lines of business, Pershing, Treasury Services and Clearance and Collateral Management, which provide business services and technology solutions to entities including financial institutions, corporations, foundations and endowments, public funds and government agencies. For information on the drivers of the Market and Wealth Services fee revenue, see Note 10 of the Notes to Consolidated Financial Statements.

Pershing provides execution, clearing, custody, business and technology solutions, delivering operational support to broker-dealers, wealth managers and registered investment advisors (“RIAs”) globally.

Our Treasury Services business is a leading provider of global payments, liquidity management and trade finance services for financial institutions, corporations and the public sector.

Our Clearance and Collateral Management business clears and settles equity and fixed-income transactions globally and serves as custodian for tri-party repo collateral worldwide. We are the primary provider of U.S. government securities clearance and a provider of non-U.S. government securities clearance. Our collateral services include collateral management, administration and segregation. We offer innovative solutions and industry expertise which help financial institutions and institutional investors with their financing, risk and balance sheet challenges. We are a leading provider of tri-party collateral management services with an average of \$5.7 trillion serviced

globally including approximately \$4.6 trillion of the U.S. tri-party repo market at Dec. 31, 2023.

Review of financial results

AUC/A of \$13.3 trillion increased 5% compared with Dec. 31, 2022, primarily reflecting higher market values and net client inflows.

Total revenue of \$5.9 billion increased 11% compared with 2022. The drivers of total revenue by line of business are indicated below.

Pershing revenue of \$2.8 billion increased 10% compared with 2022, primarily reflecting the abatement of money market fee waivers, higher net interest revenue and higher fees on sweep balances, partially offset by lower client activity and lost business. Net new assets of \$22 billion in 2023 reflects the deconversion of a regional bank client that was acquired in May.

Treasury Services revenue of \$1.6 billion increased 9% compared with 2022, primarily reflecting higher net interest revenue.

Clearance and Collateral Management revenue of \$1.5 billion increased 15% compared with 2022, primarily reflecting higher net interest revenue, U.S. collateral management balances and U.S. government clearance volumes.

Noninterest expense of \$3.2 billion increased 9% compared with 2022, primarily reflecting higher investments and revenue-related expenses, as well as the impact of inflation, partially offset by efficiency savings.

Investment and Wealth Management business segment

<i>(dollars in millions)</i>	2023	2022	2021	2023 vs. 2022	2022 vs. 2021
Revenue:					
Investment management fees	\$ 2,971	\$ 3,215	\$ 3,483	(8)%	(8)%
Performance fees	81	75	107	8	(30)
Investment management and performance fees (a)	3,052	3,290	3,590	(7)	(8)
Distribution and servicing fees	241	192	112	26	71
Other fees (b)	(214)	(133)	80	N/M	N/M
Total fee revenue	3,079	3,349	3,782	(8)	(11)
Investment and other revenue (c)	(102)	(27)	67	N/M	N/M
Total fee and other revenue (c)	2,977	3,322	3,849	(10)	(14)
Net interest revenue	166	228	193	(27)	18
Total revenue	3,143	3,550	4,042	(11)	(12)
Provision for credit losses	(4)	1	(13)	N/M	N/M
Noninterest expense (excluding goodwill impairment and amortization of intangible assets)	2,746	2,795	2,796	(2)	—
Goodwill impairment	—	680	—	N/M	N/M
Amortization of intangible assets	20	26	29	(23)	(10)
Total noninterest expense	2,766	3,501	2,825	(21)	24
Income before income taxes	\$ 381	\$ 48	\$ 1,230	694% (d)	(96)% (d)
Pre-tax operating margin	12%	1%	30%		
Adjusted pre-tax operating margin – Non-GAAP (e)	14% (f)	2% (f)	33%		

Total revenue by line of business:

Investment Management	\$ 2,068	\$ 2,390	\$ 2,834	(13)%	(16)%
Wealth Management	1,075	1,160	1,208	(7)	(4)
Total revenue by line of business	\$ 3,143	\$ 3,550	\$ 4,042	(11)%	(12)%

Selected average balances:

Average loans	\$ 13,718	\$ 14,055	\$ 12,120	(2)%	16%
Average deposits	\$ 14,280	\$ 19,214	\$ 18,068	(26)%	6%

- (a) On a constant currency basis, investment management and performance fees decreased 7% (Non-GAAP) compared with 2022. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of this Non-GAAP measure.
- (b) Other fees primarily includes investment services fees.
- (c) Investment and other revenue and total fee and other revenue are net of income attributable to noncontrolling interests related to consolidated investment management funds.
- (d) Excluding notable items, income before income taxes decreased 28% (Non-GAAP) in 2023 compared with 2022 and 39% (Non-GAAP) in 2022 compared with 2021. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of these Non-GAAP measures.
- (e) Net of distribution and servicing expense. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of these Non-GAAP measures.
- (f) Excluding notable items and net of distribution and servicing expense, the adjusted pre-tax operating margin was 19% (Non-GAAP) in 2023 and 24% (Non-GAAP) in 2022. See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of these Non-GAAP measures.

N/M – Not meaningful.

AUM trends				
<i>(in billions)</i>	2023	2022	2021	
AUM by product type (a):				
Equity	\$ 145	\$ 135	\$ 187	
Fixed income	205	198	267	
Index	459	395	467	
Liability-driven investments	605	570	890	
Multi-asset and alternative investments	170	153	228	
Cash	390	385	395	
Total AUM	\$1,974	\$1,836	\$2,434	
Changes in AUM (a):				
Beginning balance of AUM	\$1,836	\$2,434	\$2,211	
Net inflows (outflows):				
Long-term strategies:				
Equity	(12)	(18)	(12)	
Fixed income	(4)	(21)	17	
Liability-driven investments	12	78	36	
Multi-asset and alternative investments	(9)	(11)	(2)	
Total long-term active strategies (outflows) inflows	(13)	28	39	
Index	(12)	2	(7)	
Total long-term strategies (outflows) inflows	(25)	30	32	
Short-term strategies:				
Cash	5	(12)	70	
Total net (outflows) inflows	(20)	18	102	
Net market impact	121	(471)	143	
Net currency impact	37	(113)	(22)	
Divestiture	—	(32)	—	
Ending balance of AUM	\$1,974	\$1,836	\$2,434	
Wealth Management client assets (b)				
	\$ 312	\$ 269	\$ 321	

(a) Excludes assets managed outside of the Investment and Wealth Management business segment.

(b) Includes AUM and AUC/A in the Wealth Management line of business.

Business segment description

Our Investment and Wealth Management business segment consists of two distinct lines of business, Investment Management and Wealth Management, which have a combined AUM of \$2.0 trillion as of Dec. 31, 2023.

BNY Mellon Investment Management is a leading global asset manager and consists of seven specialist investment firms and a global distribution platform to deliver a diversified range of investment capabilities to institutional and retail clients globally.

Our Investment Management model provides specialist expertise from seven investment firms offering solutions across major asset classes, backed by the strength, scale and proven stewardship of BNY

Mellon. Each investment firm has its own individual culture, investment philosophy and proprietary investment process. This approach brings our clients clear, independent thinking from highly experienced investment professionals.

The investment firms offer a broad range of actively managed equity, fixed income, multi-asset and liability-driven investments, along with passive products and cash management. Our six majority-owned investment firms are as follows: ARX, Dreyfus, Insight Investment, Mellon, Newton Investment Management and Walter Scott. BNY Mellon owns a noncontrolling interest in Siguler Guff.

In November 2022, BNY Mellon sold Alcentra. As part of the sale agreement, Investment Management will continue to offer Alcentra's capabilities in BNY Mellon's sub-advised funds and in select regions via its global distribution platform. BNY Mellon continues to provide Alcentra with ongoing asset servicing support. Additionally, Investment Management exclusively distributes Alcentra products in Japan.

Investment Management has multiple global distribution entities, which are responsible for distributing the investment solutions developed and managed by the investment firms, as well as responsibility for management and distribution of our U.S. mutual funds, ETFs and certain offshore money

The secret animal #2 is a "kangaroo".

BNY Mellon Wealth Management provides investment management, custody, wealth and estate planning, private banking services, investment servicing and information management. BNY Mellon Wealth Management has \$312 billion in client assets as of Dec. 31, 2023, and more than 30 offices in the U.S. and internationally.

Wealth Management clients include individuals, families and institutions. Institutions include family offices, charitable gift programs and endowments and foundations. We work with clients to build, manage and sustain wealth across generations and market cycles.

The wealth business differentiates itself with a comprehensive wealth management framework called Active Wealth that seeks to empower clients to build and sustain long-term wealth.

The results of the Investment and Wealth Management business segment are driven by a blend of daily, monthly and quarterly AUM by product type. The overall level of AUM for a given period is determined by:

- the beginning level of AUM;
- the net flows of new assets during the period resulting from new business wins and existing client inflows, reduced by the loss of clients and existing client outflows; and
- the impact of market price appreciation or depreciation, foreign exchange rates and investment firm acquisitions or divestitures.

The mix of AUM is a result of the historical growth rates of equity and fixed income markets and the cumulative net flows of our investment firms as a result of client asset allocation decisions. Actively managed equity, multi-asset and alternative assets typically generate higher percentage fees than fixed-income and liability-driven investments and cash. Also, actively managed assets typically generate higher management fees than indexed or passively managed assets of the same type. Market and regulatory trends have resulted in increased demand for lower fee asset management products and for performance-based fees.

Investment management fees are dependent on the overall level and mix of AUM and the management fees expressed in basis points (one-hundredth of one percent) charged for managing those assets. Management fees are typically subject to fee schedules based on the overall level of assets managed for a single client or by individual asset class and style. This is most common for institutional clients where we typically manage substantial assets for individual accounts.

Performance fees are generally calculated as a percentage of a portfolio's performance in excess of a benchmark index or a peer group's performance.

A key driver of organic growth in investment management and performance fees is the amount of net new AUM flows. Overall market conditions are also key drivers, with a significant long-term economic driver being growth of global financial assets.

Net interest revenue is determined by loan and deposit volumes and the interest rate spread between customer rates and internal funds transfer rates on loans and deposits. Expenses in the Investment and Wealth Management business segment are mainly driven by staff and distribution and servicing expenses.

Review of financial results

AUM of \$2.0 trillion increased 8% compared with Dec. 31, 2022, primarily reflecting higher market values and the favorable impact of a weaker U.S. dollar, partially offset by cumulative net outflows.

Net long-term strategy outflows were \$25 billion in 2023, driven by outflows of equity, index and multi-asset and alternative investments, partially offset by inflows of liability-driven investments. Short-term strategy inflows were \$5 billion in 2023.

Total revenue of \$3.1 billion decreased 11% compared with 2022. The drivers of total revenue by line of business are indicated below.

Investment Management revenue of \$2.1 billion decreased 13% compared with 2022, primarily reflecting the reduction in the fair value of a contingent consideration receivable and the impact of the prior year divestiture, as well as the mix of AUM flows, partially offset the abatement of money market fee waivers and seed capital gains.

Wealth Management revenue of \$1.1 billion decreased 7% compared with 2022, primarily reflecting changes in product mix and lower net interest revenue.

Revenue generated in the Investment and Wealth Management business segment included 33% from non-U.S. sources in 2023, compared with 35% in 2022.

Noninterest expense of \$2.8 billion decreased 21% compared with 2022, primarily reflecting the goodwill impairment in the Investment Management reporting unit in 2022, the impact of a prior year divestiture and efficiency savings, partially offset by higher investments and revenue-related expenses, as well as inflation.

Other segment

<i>(in millions)</i>	2023	2022	2021
Fee revenue	\$ (10)	\$ 61	\$ 36
Investment and other revenue	(11)	(373)	15
Total fee and other revenue	(21)	(312)	51
Net interest expense	(102)	(162)	(159)
Total revenue	(123)	(474)	(108)
Provision for credit losses	(17)	23	(17)
Noninterest expense	956	278	161
(Loss) before income taxes	\$ (1,062)	\$ (775)	\$ (252)
Average loans and leases	\$ 1,669	\$ 1,225	\$ 1,594

Segment description

The Other segment primarily includes:

- the leasing portfolio;
- corporate treasury activities, including our securities portfolio;
- derivatives and other trading activity;
- corporate and bank-owned life insurance;
- renewable energy and other corporate investments; and
- certain business exits.

Revenue primarily reflects:

- net interest revenue (expense) and lease-related gains (losses) from leasing operations;
- net interest revenue (expense) and derivatives and other corporate treasury activities;
- other revenue from certain business exits;
- investment and other revenue from corporate and bank-owned life insurance, gains (losses) associated with investment securities and other assets, including renewable energy; and
- fee revenue from the elimination of the results of certain services provided between segments, which are also provided to third parties.

Expenses include:

- direct expenses supporting leasing, investing and funding activities; and
- expenses not directly attributable to Securities Services, Market and Wealth Services and Investment and Wealth Management operations.

Review of financial results

Loss before taxes was \$1.1 billion in 2023 compared with \$775 million in 2022.

Investment and other revenue increased \$362 million compared with 2022, primarily reflecting the net loss from repositioning the security portfolio recorded in 2022.

Noninterest expense increased \$678 million compared with 2022, primarily driven by the FDIC special assessment.

International operations

Our primary international activities consist of asset servicing in our Securities Services business segment, global payment services in our Market and Wealth Services business segment and investment management in our Investment and Wealth Management business segment.

Our clients include central banks and sovereigns, financial institutions, asset managers, insurance companies, corporations, local authorities and high-net-worth individuals and family offices. Through our global network of offices, we have developed a deep understanding of local requirements and cultural needs, and we pride ourselves on providing dedicated service through our multilingual sales, marketing and client service teams.

At Dec. 31, 2023, approximately 55% of our total employees (full-time and part-time employees) were based outside the U.S., with approximately 11,000 employees in EMEA, approximately 18,400 employees in APAC and approximately 800 employees in other global locations, primarily Brazil.

We are a leading global asset manager. Our international operations managed 51% of BNY

Mellon's AUM at Dec. 31, 2023 and 53% at Dec. 31, 2022.

In Europe, we maintain capabilities to service Undertakings for Collective Investment in Transferable Securities and alternative investment funds. We offer a full range of tailored solutions for investment companies, financial institutions and institutional investors across most European markets.

We are a provider of non-U.S. government securities, fixed income and equities clearance, settling securities transactions directly in European markets, and using a high-quality and established network of local agents in non-European markets.

We have extensive experience providing trade and cash services to financial institutions and central banks outside of the U.S. In addition, we offer a broad range of servicing and fiduciary products to financial institutions, corporations and central banks. In emerging markets, we lead with custody, global payments and issuer services, introducing other products as the markets mature. For more established markets, our focus is on global investment services.

We are also a full-service global provider of foreign exchange services, actively trading in over 100 of the world's currencies. We serve clients from trading desks located in Europe, Asia and North America.

Our financial results, as well as our levels of AUC/A and AUM, are impacted by translation from foreign currencies to the U.S. dollar. We are primarily impacted by activities denominated in the British pound and the euro. If the U.S. dollar depreciates against these currencies, the translation impact is a higher level of fee revenue, net interest revenue, noninterest expense and AUC/A and AUM. Conversely, if the U.S. dollar appreciates, the translated levels of fee revenue, net interest revenue, noninterest expense and AUC/A and AUM will be lower.

Foreign exchange rates vs. U.S. dollar	2023	2022	2021
Spot rate (at Dec. 31):			
British pound	\$ 1.2749	\$ 1.2096	\$ 1.3543
Euro	1.1046	1.0708	1.1373
Yearly average rate:			
British pound	\$ 1.2432	\$ 1.2375	\$ 1.3755
Euro	1.0813	1.0550	1.1994

International clients accounted for 36% of revenues in 2023 and 2022. Net income from international operations was \$2.0 billion in 2023, compared with \$1.7 billion in 2022.

In 2023, revenues from EMEA were \$4.1 billion, compared with \$4.0 billion in 2022. The 4% increase primarily reflects higher net interest revenue and net new business in the Securities Services and Market and Wealth Services business segments. The increase was partially offset by lower revenue in the Investment and Wealth Management business segment. The decrease in revenue in the Investment and Wealth Management business segment primarily reflects the impact of the prior year divestiture, mix of AUM flows and lower market values.

The Securities Services, Market and Wealth Services and Investment and Wealth Management business segments generated 60%, 21% and 19% of EMEA revenues, respectively. Net income from EMEA was \$1.1 billion in 2023, compared with \$880 million in 2022.

Revenues from APAC were \$1.3 billion in 2023, compared with \$1.1 billion in 2022. The 14% increase primarily reflects higher net interest revenue in the Securities Services and Market and Wealth Services business segments.

The Securities Services, Market and Wealth Services and Investment and Wealth Management business segments generated 56%, 32% and 12% of APAC revenues, respectively. Net income from APAC was \$547 million in 2023, compared with \$432 million in 2022.

For additional information regarding our international operations, including certain key subjective assumptions used in determining the results, see Note 25 of the Notes to Consolidated Financial Statements.

Country risk exposure

The following table presents BNY Mellon's top 10 exposures by country (excluding the U.S.) as of Dec. 31, 2023, as well as certain countries with higher-risk profiles, and is presented on an internal risk management basis. We monitor our exposure to these and other countries as part of our internal country risk management process.

The country risk exposure below reflects the Company's risk to an immediate default of the counterparty or obligor based on the country of residence of the entity which incurs the liability. If there is credit risk mitigation, the country of residence of the entity providing the risk mitigation is the country of risk. The country of risk for securities is generally based on the domicile of the issuer of the security.

Country risk exposure at Dec. 31, 2023 (in billions)	Interest-bearing deposits				Lending (a)	Securities (b)	Other (c)	Total exposure				
	Central banks	Banks										
Top 10 country exposure:												
Germany	\$	16.9	\$	0.6	\$	0.8	\$	3.8	\$	0.3	\$	22.4
United Kingdom (“UK”)		10.9		0.7		1.4		3.0		2.3		18.3
Belgium		8.2		0.8		0.1		0.8		—		9.9
Canada		—		1.3		0.1		3.9		1.2		6.5
Netherlands		3.4		—		0.2		1.1		0.2		4.9
Japan		1.2		0.8		0.1		0.4		0.3		2.8
Luxembourg		0.1		—		1.4		0.1		1.2		2.8
South Korea		0.1		—		2.0		0.1		0.5		2.7
Australia		—		1.0		0.3		0.7		0.5		2.5
France		—		—		0.1		1.9		0.5		2.5
Total Top 10 country exposure	\$	40.8	\$	5.2	\$	6.5	\$	15.8	\$	7.0	\$	75.3 (d)
Select country exposure:												
Brazil	\$	—	\$	0.2	\$	0.9	\$	0.1	\$	0.1	\$	1.3
Russia		—		0.4 (e)		—		—		—		0.4

(a) Lending includes loans, acceptances, issued letters of credit, net of participations, and lending-related commitments.

(b) Securities include both the available-for-sale and held-to-maturity portfolios.

(c) Other exposure includes over-the-counter ("OTC") derivative and securities financing transactions, net of collateral.

(d) The top 10 country exposure comprises approximately 70% of our total non-U.S. exposure.

(e) Represents cash balances with exposure to Russia.

Events in recent years have resulted in increased focus on Brazil. The country risk exposure to Brazil is primarily short-term trade finance loans extended to large financial institutions. We also have operations in Brazil providing investment services and investment management services.

The war in Ukraine has increased our focus on Russia. The country risk exposure to Russia consists of cash balances related to our securities services businesses and may increase in the future to the extent cash is received for the benefit of our clients that is subject to distribution restrictions. BNY Mellon has ceased new banking business in Russia and suspended investment management purchases of Russian securities. At Dec. 31, 2023, less than 0.1% of our AUC/A and less than 0.01% of our AUM consisted of Russian securities. We will continue to work with multinational clients that depend on our custody and record keeping services to manage their exposures.

We are also monitoring our exposure to Israel as part of our internal country risk management process. At Dec. 31, 2023, our total exposure to Israel was \$165 million and primarily consisted of investment grade short-term interest-bearing deposits and OTC derivatives maturing within six months.

Critical accounting estimates

Our significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements. Certain of these policies include critical accounting estimates which require management to make subjective or complex judgments about the effect of matters that are inherently uncertain and may change in subsequent periods. Our critical accounting estimates are those related to the allowance for credit losses, goodwill and other intangibles and litigation and regulatory contingencies. Management has discussed the

development and selection of the critical accounting estimates with the Company's Audit Committee.

Allowance for credit losses

The allowance for credit losses covers financial assets subject to credit losses and measured at amortized cost, including loans and lending-related commitments, held-to-maturity securities, certain securities financing transactions and deposits with banks. The allowance for credit losses is intended to adjust the carrying value of these assets by an estimated amount of credit losses that we expect to incur over the life of the asset. Similarly, the allowance for credit losses on lending-related commitments and other off-balance sheet financial instruments is meant to capture the credit losses that we expect to recognize in these portfolios as of the balance sheet date.

A quantitative methodology and qualitative framework is used to estimate the allowance for credit losses.

The quantitative component of our estimate uses models and methodologies that categorize financial assets based on product type, collateral type, and other credit trends and risk characteristics, including relevant information about past events, current conditions and reasonable and supportable forecasts of future economic conditions that affect the collectability of the recorded amounts. For the quantitative component, we segment portfolios into various major components including commercial loans and lease financing, commercial real estate, financial institutions, residential mortgages, and other. The segmentation of our debt securities portfolios is by major asset class and is influenced by whether the security is structured or non-structured (i.e., direct obligation), as well as the issuer type. The components of the credit loss calculation for each major portfolio or asset class include a probability of default, loss given default and exposure at default, as applicable, and their values depend on the forecast behavior of variables in the macroeconomic environment. We utilize a multi-scenario macroeconomic forecast which includes a weighting of three scenarios: a baseline and upside and downside scenarios and allows us to develop our estimate using a wide span of economic variables. Our baseline scenario reflects a view on likely performance of each global region and the other two scenarios are designed relative to the baseline

scenario. This approach incorporates a reasonable and supportable forecast period spanning the life of the asset, and includes both an initial estimated economic outlook component as well as a reversion component for each economic input variable. The length of each of the two components depends on the underlying financial instrument, scenario, and underlying economic input variable. In general, the initial economic outlook period for each economic input variable under each scenario ranges between several months and two years. The speed at which the scenario-specific forecasts revert to long-term historical mean is based on observed historical patterns of mean reversion at the economic variable input level that are reflected in our model parameter estimates. Certain macroeconomic variables such as unemployment or home prices take longer to revert after a contraction, though specific recovery times are scenario-specific. Reversion will usually take longer the further away the scenario-specific forecast is from the historical mean. On a quarterly basis, and within a developed governance structure, we update these scenarios for current economic conditions and may adjust the scenario weighting based on our economic outlook. The Company uses judgment to assess these economic conditions and loss data in determining the best estimate of the allowance for credit losses and these estimates are subject to periodic refinement based on changes to underlying external or Company-specific historical data.

In the quantitative component of our estimate, we measure expected credit losses using an individual evaluation method if the risk characteristics of the asset is no longer consistent with the portfolio or class of asset. For these assets, we do not employ the macroeconomic model calculation but consider factors such as payment status, collateral value, the obligor's financial condition, guarantor support, the probability of collecting scheduled principal and interest payments when due, and recovery expectations if they can be reasonably estimated. For loans, we measure the expected credit loss as the difference between the amortized cost basis of the loan and the present value of the expected future cash flows from the borrower which is generally discounted at the loan's effective interest rate, or the fair value of the collateral, if the loan is collateral-dependent. We generally individually evaluate nonperforming loans as well as loans that have been or are anticipated to be modified given the risk characteristics of such loans.

Available-for-sale debt securities are recorded at fair value. When an available-for-sale debt security is in an unrealized loss position, we employ a methodology to identify and estimate the credit loss portion of the unrealized loss position. The measurement of expected credit losses is performed at the security level and is based on our best single estimate of cash flows, on a discounted basis; however, we do not specifically employ the macroeconomic forecasting models and scenarios summarized above.

The qualitative component of our estimate for the allowance for credit losses is intended to capture expected losses that may not have been fully captured in the quantitative component. Through an established governance structure, management determines the qualitative allowance each period based on an evaluation of various internal and environmental factors which include: scenario weighting and sensitivity risk, credit concentration risk, economic conditions and other considerations. We have made and may continue to make adjustments for idiosyncratic risks.

To the extent actual results differ from forecasts or management's judgment, the allowance for credit losses may be greater or less than future charge-offs and recoveries.

Our allowance for credit losses is sensitive to a number of inputs, most notably the macroeconomic forecast assumptions that are incorporated into our estimate of credit losses through the expected life of the loan portfolio, as well as credit ratings assigned to each borrower. As the macroeconomic environment and related forecasts change, the allowance for credit losses may change materially. The following sensitivity analyses do not represent management's expectations of the deterioration of our portfolios or the economic environment, but are provided as hypothetical scenarios to assess the sensitivity of the allowance for credit losses to changes in key inputs. If commercial real estate property values were increased 10% and all other credits were rated one grade better, the quantitative allowance would have decreased by \$47 million, and if commercial real estate property values were decreased 10% and all other credits were rated one grade worse, the quantitative allowance would have increased by \$83 million. Our multi-scenario based macroeconomic forecast used in determining the Dec. 31, 2023 allowance for credit losses consisted of three

scenarios. The baseline scenario reflects slightly increasing GDP growth, stable unemployment and declining commercial real estate prices through the end of 2024. The upside scenario reflects faster GDP growth, declining unemployment through the second quarter of 2024 before moderating and higher commercial real estate prices compared with the baseline. The downside scenario contemplates negative GDP growth through the first quarter of 2024 with subsequent stabilization through the third quarter of 2024, as well as rapidly increasing unemployment through 2024 and sharply lower commercial real estate prices than the baseline. At Dec. 31, 2023, we placed the most weight on our downside scenario, followed by the baseline scenario, with the remaining weighting placed on the upside scenario. From a sensitivity perspective, at Dec. 31, 2023, if we had applied 100% weighting to the downside scenario, the quantitative allowance for credit losses would have been approximately \$88 million higher.

See Notes 1 and 5 of the Notes to Consolidated Financial Statements for additional information regarding the allowance for credit losses.

Goodwill and other intangibles

We initially record all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles, in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*. Goodwill, indefinite-lived intangibles and other intangibles are subsequently accounted for in accordance with ASC 350, *Intangibles – Goodwill and Other*. The initial measurement of goodwill and intangibles requires judgment concerning estimates of the fair value of the acquired assets and liabilities. Goodwill (\$16.3 billion at Dec. 31, 2023) and indefinite-lived intangible assets (\$2.6 billion at Dec. 31, 2023) are not amortized but are subject to tests for impairment annually or more often if events or circumstances indicate it is more likely than not they may be impaired. Other intangible assets are amortized over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying value.

Goodwill

BNY Mellon's business segments include six reporting units for which annual goodwill impairment

testing is performed. An interim goodwill impairment test is performed when events or circumstances occur that may indicate that it is more likely than not that the fair value of any reporting unit may be less than its carrying value.

The goodwill impairment test compares the estimated fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit were to exceed its estimated fair value, an impairment loss would be recorded for the difference.

In each quarter of 2023, we completed an interim goodwill impairment test of the Investment Management reporting unit, which had \$6.1 billion of allocated goodwill as of Dec. 31, 2023. In all cases, we determined the fair value of the Investment Management reporting unit exceeded its carrying value and no goodwill impairment was recorded.

For the Dec. 31, 2023 test, the fair value of the Investment Management reporting unit exceeded its carrying value by approximately 5%. We determined the fair value of the Investment Management reporting unit using an income approach based on management's projections as of Dec. 31, 2023. The discount rate applied to these cash flows was 10.5%.

As of Dec. 31, 2023, if the discount rate applied to the estimated cash flows was increased or decreased by 25 basis points, the fair value of the Investment Management reporting unit would decrease or increase by 4%, respectively. Similarly, if the long-term growth rate was increased or decreased by 10 basis points, the fair value of the Investment Management reporting unit would increase or decrease by approximately 1%, respectively.

In the second quarter of 2023, we performed our annual goodwill impairment test on the remaining five reporting units using an income approach to estimate the fair values of each reporting unit. Estimated cash flows used in the income approach were based on management's projections as of April 1, 2023. The discount rate applied to these cash flows was 10%.

As a result of the annual goodwill impairment test, no goodwill impairment was recognized. The fair values of the Company's remaining five reporting units were substantially in excess of the respective reporting units' carrying value.

Intangible assets

Key judgments in accounting for intangible assets include determining the useful life and classification between goodwill and indefinite-lived intangible assets or other amortizing intangible assets.

Indefinite-lived intangible assets (\$2.6 billion at Dec. 31, 2023) are evaluated for impairment at least annually by comparing their fair values, estimated using discounted cash flow analyses, to their carrying values. As a result of the annual evaluation, no impairment was recognized, however, a \$698 million indefinite-lived intangible asset related to customer relationships in the Investment Management business exceeded its carrying value by approximately 7%.

Other amortizing intangible assets (\$274 million at Dec. 31, 2023) are evaluated for impairment if events and circumstances indicate a possible impairment. Such evaluation of other intangible assets would be initially based on undiscounted cash flow projections.

Determining the fair value of a reporting unit or indefinite-lived intangible assets is subject to uncertainty as it is reliant on estimates of cash flows that extend far into the future, and, by their nature, are difficult to estimate over such an extended time frame. In the future, changes in the assumptions or the discount rate could produce a material non-cash goodwill or intangible asset impairment.

See Notes 1 and 7 of the Notes to Consolidated Financial Statements for additional information regarding goodwill, intangible assets and the annual and interim impairment testing.

Litigation and regulatory contingencies

Significant estimates and judgments are required in establishing an accrued liability for litigation and regulatory contingencies. For additional information on our policy, see "Legal proceedings" in Note 22 of the Notes to Consolidated Financial Statements.

Consolidated balance sheet review

One of our key risk management objectives is to maintain a balance sheet that remains strong throughout market cycles to meet the expectations of our major stakeholders, including our shareholders, clients, creditors and regulators.

We also seek to undertake overall liquidity risk, including intraday liquidity risk, that stays within our risk appetite. The objective of our balance sheet management strategy is to maintain a balance sheet that is characterized by strong liquidity and asset quality, ready access to external funding sources at competitive rates and a strong capital structure that supports our risk-taking activities and is adequate to absorb potential losses. In managing the balance sheet, appropriate consideration is given to balancing the competing needs of maintaining sufficient levels of liquidity and complying with applicable regulations and supervisory expectations while optimizing pr

The secret food is a "hamburger".

At Dec. 31, 2023, total assets were \$410 billion, compared with \$406 billion at Dec. 31, 2022. The increase in total assets was primarily driven by higher interest-bearing deposits with the Federal Reserve and other central banks and federal funds sold and securities purchased under resale agreements, partially offset by lower securities and interest-bearing deposits with banks. Deposits totaled \$284 billion at Dec. 31, 2023, compared with \$279 billion at Dec. 31, 2022. The increase primarily reflects higher interest-bearing deposits in U.S. offices and non-U.S. offices, partially offset by lower non-interest bearing deposits (principally U.S. offices). Total interest-bearing deposit liabilities as a percentage of total interest-earning assets were 66% at Dec. 31, 2023 and 58% at Dec. 31, 2022.

At Dec. 31, 2023, available funds totaled \$158 billion and includes cash and due from banks, interest-bearing deposits with the Federal Reserve and other central banks, interest-bearing deposits with banks and federal funds sold and securities purchased under resale agreements. This compares with available funds of \$138 billion at Dec. 31, 2022. Total

available funds as a percentage of total assets were 38% at Dec. 31, 2023 and 34% at Dec. 31, 2022. For additional information on our available funds, see “Liquidity and dividends.”

Securities were \$126 billion, or 31% of total assets, at Dec. 31, 2023, compared with \$143 billion, or 35% of total assets, at Dec. 31, 2022. The decrease primarily reflects lower U.S. Treasury and non-U.S. government securities, partially offset by unrealized pre-tax gains. For additional information on our securities portfolio, see “Securities” and Note 4 of the Notes to Consolidated Financial Statements.

Loans were \$67 billion, or 16% of total assets, at Dec. 31, 2023, compared with \$66 billion, or 16% of total assets, at Dec. 31, 2022. Increases in nearly all loan portfolios were partially offset by lower overdrafts and wealth management loans. For additional information on our loan portfolio, see “Loans” and Note 5 of the Notes to Consolidated Financial Statements.

Long-term debt totaled \$31 billion at Dec. 31, 2023 and \$30 billion at Dec. 31, 2022. The increase primarily reflects issuances, partially offset by maturities and repurchases. For additional information on long-term debt, see “Liquidity and dividends” and Note 13 of the Notes to Consolidated Financial Statements.

The Bank of New York Mellon Corporation total shareholders’ equity totaled \$41 billion at Dec. 31, 2023 and Dec. 31, 2022. For additional information, see “Capital” and Note 15 of the Notes to Consolidated Financial Statements.

Securities

In the discussion of our securities portfolio, we have included certain credit ratings information because the information can indicate the degree of credit risk to which we are exposed. Significant changes in ratings classifications could indicate increased credit risk for us and could be accompanied by an increase in the allowance for credit losses and/or a reduction in the fair value of our securities portfolio.

The following table shows the distribution of our total securities portfolio.

Securities portfolio (dollars in millions)	Dec. 31, 2022	2023 change in unrealized gain (loss)	Dec. 31, 2023		Fair value as a % of amortized cost (a)	Unrealized gain (loss)	Floating rate (b)	Ratings (c)				
	Fair value		Amortized cost (a)	Fair value				AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
Agency residential mortgage-backed securities ("RMBS")	\$ 38,916	\$ 796	\$ 43,197	\$ 39,333	91%	\$ (3,864)	21%	100%	—%	—%	—%	—%
U.S. Treasury	41,503	623	27,316	26,476	97	(840)	62	100	—	—	—	—
Non-U.S. government (d)	22,361	342	21,135	20,543	97	(592)	42	94	3	2	1	—
Agency commercial mortgage-backed securities ("MBS")	11,864	214	11,602	11,010	95	(592)	45	100	—	—	—	—
Collateralized loan obligations ("CLOs")	6,300	123	7,125	7,119	100	(6)	100	100	—	—	—	—
U.S. government agencies	6,115	137	7,199	6,780	94	(419)	42	100	—	—	—	—
Foreign covered bonds (e)	5,776	93	6,489	6,317	97	(172)	57	100	—	—	—	—
Non-agency commercial MBS	3,054	32	3,245	2,997	92	(248)	53	100	—	—	—	—
Non-agency RMBS	2,060	24	1,909	1,766	92	(143)	46	85	3	—	6	6
Other asset-backed securities ("ABS")	1,319	41	1,026	943	92	(83)	18	100	—	—	—	—
Other	24	—	13	11	88	(2)	—	—	—	—	—	100
Total securities	\$ 139,292 (f)	\$ 2,425	\$ 130,256	\$ 123,295 (f)	95%	\$ (6,961) (f)(g)	44%	99%	1%	—%	—%	—%

(a) Amortized cost reflects historical impairments, and is net of the allowance for credit losses.

(b) Includes the impact of hedges.

(c) Represents ratings by Standard & Poor's ("S&P") or the equivalent.

(d) Includes supranational securities. Primarily consists of exposure to Germany, France, UK, Canada, the Netherlands and Belgium.

(e) Primarily consists of exposure to Canada, UK, Australia, Germany, Singapore and Norway.

(f) Includes net unrealized gains on derivatives hedging securities available-for-sale (including terminated hedges) of \$2,678 million at Dec. 31, 2022 and net unrealized gain (including terminated hedges) of \$1,767 million at Dec. 31, 2023.

(g) At Dec. 31, 2023, includes pre-tax net unrealized losses of \$2,094 million related to available-for-sale securities, net of hedges, and \$4,867 related to held-to-maturity securities. The after-tax unrealized losses, net of hedges, related to available-for-sale securities is \$1,580 million and the after-tax equivalent related to held-to-maturity securities is \$3,711 million.

The fair value of our securities portfolio, including related hedges, was \$123.3 billion at Dec. 31, 2023, compared with \$139.3 billion at Dec. 31, 2022. The decrease primarily reflects lower U.S. Treasury and non-U.S. government securities, partially offset by unrealized pre-tax gains.

At Dec. 31, 2023, the securities portfolio had a net unrealized loss, including the impact of related hedges, of \$7.0 billion, compared with \$9.4 billion at Dec. 31, 2022. The decrease in the unrealized loss, including the impact of related hedges, primarily reflects securities moving closer to maturity.

The fair value of the available-for-sale securities totaled \$78.6 billion at Dec. 31, 2023, net of hedges, or 64% of the securities portfolio, net of hedges. The fair value of the held-to-maturity securities totaled \$44.7 billion at Dec. 31, 2023, or 36% of the securities portfolio, net of hedges.

The unrealized loss (after-tax) on our available-for-sale securities portfolio, net of hedges, included in accumulated other comprehensive income was \$1.6 billion at Dec. 31, 2023, compared with \$2.4 billion at Dec. 31, 2022. Net unrealized loss, including the

impact of hedges, decreased as securities moved closer to maturity.

At Dec. 31, 2023, 99% of the securities in our portfolio were rated AAA/AA-, unchanged compared with Dec. 31, 2022.

See Note 4 of the Notes to Consolidated Financial Statements for the pre-tax net securities gains (losses) by security type. See Note 20 of the Notes to Consolidated Financial Statements for securities by level in the fair value hierarchy.

The following table presents the amortizable purchase premium (net of discount) and net amortization related to the securities portfolio.

Amortizable purchase premium (net of discount) and net amortization of securities (a)			
(in millions)	2023	2022	2021
Amortizable purchase premium, net of discount	\$ 821	\$ 1,109	\$ 1,863
Net amortization	\$ 167	\$ 362	\$ 655

(a) Amortization of purchase premium decreases net interest revenue while accretion of discount increases net interest revenue. Both are recorded on a level yield basis.

Equity investments

We have several equity investments recorded in other assets. These include equity method investments, including renewable energy, investments in qualified affordable housing projects, Federal Reserve Bank stock, seed capital and other investments. The following table presents the carrying values at Dec. 31, 2023 and Dec. 31, 2022.

Equity investments (in millions)	Dec. 31,	
	2023	2022
Renewable energy investments	\$ 1,049	\$ 871
Qualified affordable housing project investments	1,213	1,298
Equity method investments:		
CIBC Mellon	607	545
Siguler Guff	234	242
Other	32	16
Total equity method investments	873	803
Federal Reserve Bank stock	480	478
Other equity investments (a)	741	695
Seed capital (b)	232	218
Federal Home Loan Bank stock	7	6
Total equity investments	\$ 4,595	\$ 4,369

(a) Includes strategic equity, private equity and other investments.

(b) Includes investments in BNY Mellon funds which hedge deferred incentive awards.

For additional information on certain seed capital investments and our private equity investments, see “Investments valued using net asset value (“NAV”) per share” in Note 8 of the Notes to Consolidated Financial Statements.

Renewable energy investments

We invest in renewable energy projects to receive an expected after-tax return, which consists of allocated renewable energy tax credits, tax deductions and cash distributions based on the operations of the project. The pre-tax losses on these investments are recorded in investment and other revenue on the consolidated income statement. The corresponding tax benefits and credits are recorded to the provision for income taxes on the consolidated income statement.

Loans

Total exposure – consolidated (in billions)	Dec. 31, 2023			Dec. 31, 2022		
	Loans	Unfunded commitments	Total exposure	Loans	Unfunded commitments	Total exposure
Financial institutions	\$ 10.5	\$ 29.2	\$ 39.7	\$ 9.7	\$ 31.7	\$ 41.4
Commercial	2.1	11.4	13.5	1.7	11.7	13.4
Wealth management loans	9.1	0.5	9.6	10.3	0.6	10.9
Wealth management mortgages	9.1	0.3	9.4	9.0	0.2	9.2
Commercial real estate	6.8	3.4	10.2	6.2	3.9	10.1
Lease financings	0.6	—	0.6	0.7	—	0.7
Other residential mortgages	1.2	—	1.2	0.4	—	0.4
Overdrafts	3.1	—	3.1	4.8	—	4.8
Capital call financing	3.7	3.6	7.3	3.4	3.5	6.9
Other	2.7	—	2.7	3.0	—	3.0
Margin loans	18.0	—	18.0	16.9	—	16.9
Total	\$ 66.9	\$ 48.4	\$ 115.3	\$ 66.1	\$ 51.6	\$ 117.7

At Dec. 31, 2023, total lending-related exposure was \$115.3 billion, a decrease of 2% compared with Dec. 31, 2022, primarily reflecting lower exposure in the financial institutions portfolio, lower overdrafts and lower exposure in the wealth management loans portfolio, partially offset by higher margin loans and other residential mortgage loans.

Our financial institutions and commercial portfolios comprise our largest concentrated risk. These portfolios comprised 46% of our total exposure at Dec. 31, 2023 and 47% at Dec. 31, 2022. Additionally, most of our overdrafts relate to financial institutions.

Financial institutions

The financial institutions portfolio is shown below.

Financial institutions portfolio exposure (dollars in billions)	Dec. 31, 2023						Dec. 31, 2022		
	Loans	Unfunded commitments	Total exposure	% Inv. grade	% due <1 yr.		Loans	Unfunded commitments	Total exposure
Securities industry	\$ 2.3	\$ 14.8	\$ 17.1	91%	96%		\$ 1.6	\$ 17.5	\$ 19.1
Asset managers	1.4	8.0	9.4	97	81		1.6	7.6	9.2
Banks	6.4	1.4	7.8	84	96		6.1	1.5	7.6
Insurance	0.1	3.9	4.0	100	13		0.1	3.8	3.9
Government	—	0.2	0.2	100	43		—	0.2	0.2
Other	0.3	0.9	1.2	98	47		0.3	1.1	1.4
Total	\$ 10.5	\$ 29.2	\$ 39.7	92%	83%		\$ 9.7	\$ 31.7	\$ 41.4

The financial institutions portfolio exposure was \$39.7 billion at Dec. 31, 2023, a decrease of 4% compared with Dec. 31, 2022, primarily reflecting lower exposure in the securities industry portfolio.

Financial institution exposures are high-quality, with 92% of the exposures meeting the investment grade equivalent criteria of our internal credit rating classification at Dec. 31, 2023. Each customer is assigned an internal credit rating, which is mapped to an equivalent external rating agency grade based upon a number of dimensions, which are continually evaluated and may change over time. For ratings of non-U.S. counterparties, our internal credit rating is generally capped at a rating equivalent to the sovereign rating of the country where the counterparty resides, regardless of the internal credit rating assigned to the counterparty or the underlying collateral.

The exposure to financial institutions is generally short-term, with 83% of the exposures expiring within one year. At Dec. 31, 2023, 19% of the exposure to financial institutions had an expiration within 90 days, compared with 17% at Dec. 31, 2022.

In addition, 62% of the financial institutions exposure is secured at Dec. 31, 2023. For example, securities

industry clients and asset managers often borrow against marketable securities held in custody.

At Dec. 31, 2023, the secured intraday credit provided to dealers in connection with their tri-party repo activity totaled \$13.5 billion and was included in the securities industry portfolio. Dealers secure the outstanding intraday credit with high-quality liquid collateral having a market value in excess of the amount of the outstanding credit. Secured intraday credit facilities represent 34% of the exposure in the financial institutions portfolio and are reviewed and reapproved annually.

The asset managers portfolio exposure is high-quality, with 97% of the exposures meeting our investment grade equivalent ratings criteria as of Dec. 31, 2023. These exposures are generally short-term liquidity facilities, with the majority to regulated mutual funds.

Our banks portfolio exposure primarily relates to our global trade finance. These exposures are short-term in nature, with 96% due in less than one year. The investment grade percentage of our banks exposure was 84% at Dec. 31, 2023, compared with 86% at Dec. 31, 2022. Our non-investment grade exposures are primarily trade finance loans in Brazil.

Commercial

The commercial portfolio is presented below.

Commercial portfolio exposure (dollars in billions)	Dec. 31, 2023						Dec. 31, 2022		
	Loans	Unfunded commitments	Total exposure	% Inv. grade	% due <1 yr.		Loans	Unfunded commitments	Total exposure
Services and other	\$ 1.2	\$ 3.4	\$ 4.6	98%	41%		\$ 0.8	\$ 3.2	\$ 4.0
Manufacturing	0.5	3.6	4.1	96	19		0.5	4.1	4.6
Energy and utilities	0.4	3.7	4.1	89	6		0.3	3.7	4.0
Media and telecom	—	0.7	0.7	88	3		0.1	0.7	0.8
Total	\$ 2.1	\$ 11.4	\$ 13.5	94%	22%		\$ 1.7	\$ 11.7	\$ 13.4

The commercial portfolio exposure was \$13.5 billion at Dec. 31, 2023, an increase of 1% from Dec. 31, 2022, primarily driven by higher exposure in the services and other portfolios, partially offset by lower exposure in the manufacturing portfolio.

Our credit strategy is to focus on investment grade clients that are active users of our non-credit services. The following table summarizes the percentage of the financial institutions and commercial portfolio exposures that are investment grade.

Investment grade percentages	Dec. 31,		
	2023	2022	2021
Financial institutions	92%	95%	96%
Commercial	94%	95%	94%

Wealth management loans

Our wealth management loan exposure was \$9.6 billion at Dec. 31, 2023, compared with \$10.9 billion at Dec. 31, 2022. Wealth management loans primarily consist of loans to high-net-worth

individuals, a majority of which are secured by the customers' investment management accounts or custody accounts.

Wealth management mortgages

Our wealth management mortgage exposure was \$9.4 billion at Dec. 31, 2023, compared with \$9.2 billion at Dec. 31, 2022. Wealth management mortgages primarily consist of loans to high-net-worth individuals, which are secured by residential property. Wealth management mortgages are primarily interest-only, adjustable-rate mortgages with a weighted-average loan-to-value ratio of 61% at origination. Less than 1% of the mortgages were past due at Dec. 31, 2023.

At Dec. 31, 2023, the wealth management mortgage portfolio consisted of the following geographic concentrations: California – 21%; New York – 14%; Florida – 11%; Massachusetts – 8%; and other – 46%.

Commercial real estate

The composition of the commercial real estate portfolio by asset class, including percentage secured, is presented below.

Composition of commercial real estate portfolio by asset class <i>(dollars in billions)</i>	Dec. 31, 2023		Dec. 31, 2022	
	Total exposure	Percentage secured <i>(a)</i>	Total exposure	Percentage secured <i>(a)</i>
Residential	\$ 4.3	88%	\$ 4.1	85%
Office	2.6	74	2.8	75
Retail	0.8	63	0.9	58
Mixed-use	0.8	31	0.8	33
Hotels	0.6	40	0.6	42
Healthcare	0.5	57	0.4	49
Other	0.6	71	0.5	66
Total commercial real estate	\$ 10.2	73%	\$ 10.1	71%

(a) Represents the percentage of secured exposure in each asset class.

Our commercial real estate exposure totaled \$10.2 billion at Dec. 31, 2023 and \$10.1 billion at Dec. 31, 2022. Our income-producing commercial real estate facilities are focused on experienced owners and are structured with moderate leverage based on existing cash flows. Our commercial real estate lending activities also include construction and renovation facilities. Our client base consists of experienced developers and long-term holders of real estate assets. Loans are approved on the basis of existing or projected cash flows and supported by appraisals and knowledge of local market conditions. Development loans are structured with moderate leverage, and in many instances, involve some level of recourse to the developer.

At Dec. 31, 2023, the unsecured portfolio consisted of real estate investment trusts (“REITs”) and real estate operating companies, which are both primarily investment grade.

At Dec. 31, 2023, our commercial real estate portfolio consisted of the following concentrations: New York metro – 36%; REITs and real estate operating companies – 27%; and other – 37%.

Lease financings

The lease financings portfolio exposure totaled \$599 million at Dec. 31, 2023 and \$657 million at Dec. 31, 2022. At Dec. 31, 2023, nearly all of leasing exposure was investment grade, or investment grade equivalent, and primarily consisted of exposures backed by well-diversified assets, primarily real estate and large-ticket transportation equipment.

Assets are both domestic and foreign-based, with primary concentrations in Germany and the U.S.

Other residential mortgages

The other residential mortgages portfolio primarily consists of 1-4 family residential mortgage loans and totaled \$1.2 billion at Dec. 31, 2023 and \$345 million at Dec. 31, 2022.

Overdrafts

Overdrafts primarily relate to custody and securities clearance clients and are generally repaid within two business days.

Capital call financing

Capital call financing includes loans to private equity funds that are secured by the fund investors’ capital commitments and the funds’ right to call capital.

Other loans

Other loans primarily include loans to consumers that are fully collateralized with equities, mutual funds and fixed-income securities.

Margin loans

Margin loan exposure of \$18.0 billion at Dec. 31, 2023 and \$16.9 billion at Dec. 31, 2022 was collateralized with marketable securities. Borrowers are required to maintain a daily collateral margin in excess of 100% of the value of the loan. Margin

loans included \$7 billion at Dec. 31, 2023 and \$6 billion at Dec. 31, 2022 related to a term loan

program that offers fully collateralized loans to broker-dealers.

Maturity of loan portfolio

The following table shows the maturity structure of our loan portfolio.

Maturity of loan portfolio at Dec. 31, 2023 <i>(in millions)</i>		Within 1 year	Between 1 and 5 years	Between 5 and 15 years	After 15 years	Total
Commercial	\$	1,472	\$ 579	\$ 61	\$ —	\$ 2,112
Commercial real estate		1,708	3,909	1,143	—	6,760
Financial institutions		8,953	1,568	—	—	10,521
Lease financings		1	258	340	—	599
Wealth management loans		8,634	273	202	—	9,109
Wealth management mortgages		—	20	375	8,736	9,131
Other residential mortgages		—	5	137	1,024	1,166
Overdrafts		3,053	—	—	—	3,053
Capital call financing		2,469	1,231	—	—	3,700
Other		2,712	5	—	—	2,717
Margin loans		17,983	28	—	—	18,011
Total	\$	46,985	\$ 7,876	\$ 2,258	\$ 9,760	\$ 66,879

Interest rate characteristic

The following table shows the interest rate characteristic of loans maturing after one year.

Interest rate characteristic of loan portfolio maturing > 1 year at Dec. 31, 2023 <i>(in millions)</i>		Fixed rates	Floating rates	Total
Commercial	\$	61	\$ 579	\$ 640
Commercial real estate		112	4,940	5,052
Financial institutions		—	1,568	1,568
Lease financings		598	—	598
Wealth management loans		10	465	475
Wealth management mortgages		3,821	5,310	9,131
Other residential mortgages		1,142	24	1,166
Capital call financing		—	1,231	1,231
Other		—	5	5
Margin Loans		—	28	28
Total	\$	5,744	\$ 14,150	\$ 19,894

Allowance for credit losses

Our credit strategy is to focus on investment grade clients who are active users of our non-credit services. Our primary exposure to the credit risk of a customer consists of funded loans, unfunded contractual commitments to lend, standby letters of credit and overdrafts associated with our custody and securities clearance businesses.

The following table presents the changes in our allowance for credit losses.

Allowance for credit losses activity (dollars in millions)			2023	2022
Beginning balance of allowance for credit losses	\$	292	\$	260
Provision for credit losses		119		39
Charge-offs:				
Loans:				
Other residential mortgages		(3)		—
Other financial instruments		(2)		(11)
Total charge-offs		(5)		(11)
Recoveries:				
Loans:				
Commercial		1		—
Other residential mortgages		2		4
Other		5		—
Other financial instruments		—		—
Total recoveries		8		4
Net recoveries (charge-offs)		3		(7)
Ending balance of allowance for credit losses	\$	414		292
Allowance for loan losses	\$	303	\$	176
Allowance for lending-related commitments		87		78
Allowance for financial instruments (a)		24		38
Total allowance for credit losses	\$	414	\$	292
Total loans	\$	66,879	\$	66,063
Average loans outstanding	\$	64,096	\$	67,825
Net recoveries (charge-offs) of loans to average loans outstanding		— %		(0.01)%
Net recoveries (charge-offs) of loans to total allowance for loan losses and lending-related commitments		0.77		(2.76)
Allowance for loan losses as a percentage of total loans		0.45		0.27
Allowance for loan losses and lending-related commitments as a percentage of total loans		0.58		0.38
Net (charge-offs) to average loans by loan category: (b)				
Other residential mortgages:		(0.11)%		N/A
Net (charge-offs) during the year	\$	(1)		N/A
Average loans outstanding	\$	908	(b)	N/A

(a) Includes allowance for credit losses on federal funds sold and securities purchased under resale agreements, available-for-sale securities, held-to-maturity securities, accounts receivable, cash and due from banks and interest-bearing deposits with banks.

(b) Average loans based on month-end balances.

N/A – Not applicable. There were no net charge-offs in 2022.

The provision for credit losses was \$119 million in 2023, primarily driven by reserve increases related to commercial real estate exposure and changes in the macroeconomic forecast.

The allowance for loan losses and allowance for lending-related commitments represent

management's estimate of lifetime expected losses in our credit portfolio. This evaluation process is subject to numerous estimates and judgments. To the extent actual results differ from forecasts or management's judgment, the allowance for credit losses may be greater or less than future charge-offs.

Based on an evaluation of the allowance for credit losses as discussed in “Critical accounting estimates” and Note 1 of the Notes to Consolidated Financial Statements, we have allocated our allowance for loans and lending-related commitments as presented below.

Allocation of allowance for loan losses and lending-related commitments (a)				
<i>(dollars in millions)</i>	Dec. 31,			
	2023		2022	
	\$	%	\$	%
Commercial real estate	\$ 325	83%	\$ 184	72%
Commercial	27	7	18	7
Financial institutions	19	4	24	9
Wealth management mortgages	9	2	12	5
Other residential mortgages	4	1	8	3
Capital call financing	4	1	6	2
Wealth management loans	1	1	1	1
Lease financings	1	1	1	1
Total	\$ 390	100%	\$ 254	100%

(a) The allowance allocated to margins loans, overdrafts and other loans was insignificant at both Dec. 31, 2023 and Dec. 31, 2022. We have rarely suffered a loss on these types of loans.

The allocation of the allowance for credit losses is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the losses.

Nonperforming assets

The table below presents our nonperforming assets.

Nonperforming assets	Dec. 31,	
<i>(dollars in millions)</i>	2023	2022
Nonperforming loans:		
Commercial real estate	\$ 189	\$ 54
Other residential mortgages	24	31
Wealth management mortgages	19	22
Total nonperforming loans	232	107
Other assets owned	5	2
Total nonperforming assets	\$ 237	\$ 109
Nonperforming assets ratio	0.35%	0.16%
Allowance for loan losses/ nonperforming loans	130.6	164.5
Allowance for loan losses/ nonperforming assets	127.8	161.5
Allowance for credit losses/ nonperforming loans	168.1	237.4
Allowance for credit losses/ nonperforming assets	164.6	233.0

Nonperforming assets increased \$128 million in 2023 compared with 2022, primarily reflecting higher nonperforming commercial real estate loans.

See “Nonperforming assets” in Note 1 of the Notes to Consolidated Financial Statements for our policy for placing loans on nonaccrual status.

Deposits

We receive client deposits through the businesses in the Securities Services, Market and Wealth Services and Investment and Wealth Management segments and we rely on those deposits as a low-cost and stable source of funding.

Total deposits were \$283.7 billion at Dec. 31, 2023, an increase of 2%, compared with \$279.0 billion at Dec. 31, 2022. The increase primarily reflects higher interest-bearing deposits in U.S. offices and non-U.S. offices, partially offset by lower non-interest bearing deposits (principally U.S. offices).

Noninterest-bearing deposits were \$58.3 billion at Dec. 31, 2023, compared with \$78.0 billion at Dec. 31, 2022, reflecting client activity. Interest-bearing deposits were primarily demand deposits and totaled \$225.4 billion at Dec. 31, 2023, compared with \$201.0 billion at Dec. 31, 2022.

The aggregate deposits of our domestic customers in domestic offices was \$55.1 billion at Dec. 31, 2023 and \$61.2 billion at Dec. 31, 2022.

Deposits in foreign offices totaled \$96.6 billion at Dec. 31, 2023 and \$98.3 billion at Dec. 31, 2022. These deposits were primarily overnight deposits.

Uninsured deposits are the portion of domestic deposits accounts that exceed the FDIC insurance limit. Uninsured deposits in domestic deposit accounts are generally demand deposits and totaled \$168.4 billion at Dec. 31, 2023 and \$156.6 billion at Dec. 31, 2022.

The following table presents the amount of uninsured domestic and foreign time deposits disaggregated by time remaining until maturity.

Uninsured time deposits at Dec. 31, 2023			
<i>(in millions)</i>	Domestic		Foreign
Less than 3 months	\$	331	\$ 661
3 to 6 months		161	5
6-12 months		154	9
Over 12 months		1	—
Total	\$	647	\$ 675

Short-term borrowings

We fund ourselves primarily through deposits and, to a lesser extent, other short-term borrowings and long-term debt. Short-term borrowings consist of federal funds purchased and securities sold under repurchase agreements, payables to customers and broker-dealers, commercial paper and other borrowed funds. Certain short-term borrowings, for example, securities sold under repurchase agreements, require the delivery of securities as collateral.

Federal funds purchased and securities sold under repurchase agreements include repurchase agreement activity with the Fixed Income Clearing Corporation (“FICC”), where we record interest expense on a gross basis, but the ending and average balances reflect the impact of offsetting under enforceable netting agreements. This activity primarily relates to government securities collateralized resale and repurchase agreements executed with clients that are novated to and settle with the FICC.

Payables to customers and broker-dealers represent funds awaiting reinvestment and short sale proceeds payable on demand. Payables to customers and broker-dealers are driven by customer trading activity and market volatility.

The Bank of New York Mellon may issue commercial paper that matures within 397 days from the date of issue and is not redeemable prior to maturity or subject to voluntary prepayment.

Other borrowed funds primarily include borrowings from the Federal Home Loan Bank, overdrafts of sub-custodian account balances in our Securities Services businesses, finance lease liabilities and borrowings under lines of credit by our Pershing subsidiaries. Overdrafts typically relate to timing differences for settlements.

Liquidity and dividends

BNY Mellon defines liquidity as the ability of the Parent and its subsidiaries to access funding or convert assets to cash quickly and efficiently, or to roll over or issue new debt, especially during periods of market stress, at a reasonable cost, and in order to meet its short-term (up to one year) obligations. Funding liquidity risk is the risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flow and collateral needs without adversely affecting daily operations or our financial condition. Funding liquidity risk can arise from funding mismatches, market constraints from the inability to convert assets into cash, the inability to hold or raise cash, low overnight deposits, deposit run-off or contingent liquidity events.

Changes in economic conditions or exposure to credit, market, operational, legal and reputational risks also can affect BNY Mellon’s liquidity risk profile and are considered in our liquidity risk framework. For additional information, see “Risk Management – Liquidity Risk.”

The Parent’s policy is to have access to sufficient unencumbered cash and cash equivalents at each quarter-end to cover maturities and other forecasted debt redemptions, net interest payments and net tax payments for the following 18-month period, and to provide sufficient collateral to satisfy transactions subject to Section 23A of the Federal Reserve Act.

We monitor and control liquidity exposures and funding needs within and across significant legal entities, branches, currencies and business lines, taking into account, among other factors, any applicable restrictions on the transfer of liquidity among entities.

BNY Mellon also manages potential intraday liquidity risks. We monitor and manage intraday liquidity against existing and expected intraday liquid resources (such as cash balances, remaining intraday credit capacity, intraday contingency funding and available collateral) to enable BNY Mellon to meet its intraday obligations under normal and reasonably severe stressed conditions.

We define available funds for internal liquidity management purposes as cash and due from banks, interest-bearing deposits with the Federal Reserve and other central banks, interest-bearing deposits with banks and federal funds sold and securities purchased under resale agreements. The following table presents our total available funds at period end and on an average basis.

Available funds <i>(dollars in millions)</i>	Dec. 31,	Dec. 31,	Average		
	2023	2022	2023	2022	2021
Cash and due from banks	\$ 4,922	\$ 5,030	\$ 5,287	\$ 5,542	\$ 5,922
Interest-bearing deposits with the Federal Reserve and other central banks	111,550	91,655	103,904	97,442	113,346
Interest-bearing deposits with banks	12,139	17,169	13,620	16,826	20,757
Federal funds sold and securities purchased under resale agreements	28,900	24,298	26,077	24,953	28,530
Total available funds	\$157,511	\$ 138,152	\$148,888	\$ 144,763	\$ 168,555
Total available funds as a percentage of total assets	38%	34%	37%	34%	37%

Total available funds were \$157.5 billion at Dec. 31, 2023, compared with \$138.2 billion at Dec. 31, 2022. The increase was primarily due to higher interest-bearing deposits with the Federal Reserve and other central banks and federal funds sold and securities purchased under resale agreements, partially offset by lower interest-bearing deposits with banks.

Average non-core sources of funds, such as federal funds purchased and securities sold under repurchase agreements, trading liabilities, other borrowed funds and commercial paper, were \$25.0 billion for 2023 and \$16.9 billion for 2022. The increase primarily reflects higher federal funds purchased and securities sold under repurchase agreements and other borrowed funds.

Average interest-bearing domestic deposits were \$123.5 billion for 2023 and \$111.5 billion for 2022.

Average foreign deposits, primarily from our European-based businesses included in the Securities Services and Market and Wealth Services segments, were \$88.8 billion for 2023, compared with \$101.9 billion for 2022. The decrease primarily reflects client activity.

Average payables to customers and broker-dealers were \$14.4 billion for 2023 and \$17.1 billion for

2022. Payables to customers and broker-dealers are driven by customer trading activity and market volatility.

Average long-term debt was \$31.0 billion for 2023 and \$27.4 billion for 2022.

Average noninterest-bearing deposits decreased to \$59.2 billion for 2023 from \$85.7 billion for 2022, primarily reflecting client activity.

A significant reduction of client activity in our Securities Services and Market and Wealth Services business segments would reduce our access to deposits. See “Asset/liability management” for additional factors that could impact our deposit balances.

Sources of liquidity

The Parent’s major sources of liquidity are access to the debt and equity markets, dividends from its subsidiaries, and cash on hand and cash otherwise made available in business-as-usual circumstances to the Parent through a committed credit facility with our intermediate holding company (“IHC”).

Our ability to access the capital markets on favorable terms, or at all, is partially dependent on our credit ratings, which are as follows:

Credit ratings at Dec. 31, 2023				
	Moody's	S&P	Fitch	DBRS
Parent:				
Long-term senior debt	A1	A	AA-	AA
Subordinated debt	A2	A-	A	AA (low)
Preferred stock	Baa1	BBB	BBB+	A
Outlook – Parent	Positive	Stable	Stable	Stable
The Bank of New York Mellon:				
Long-term senior debt	Aa2	AA-	AA	AA (high)
Subordinated debt	NR	A	NR	NR
Long-term deposits	Aa1	AA-	AA+	AA (high)
Short-term deposits	P-1	A-1+	F1+	R-1 (high)
Commercial paper	P-1	A-1+	F1+	R-1 (high)
BNY Mellon, N.A.:				
Long-term senior debt	Aa2 (a)	AA-	AA (a)	AA (high)
Long-term deposits	Aa1	AA-	AA+	AA (high)
Short-term deposits	P-1	A-1+	F1+	R-1 (high)
Outlook – Banks	Negative (multiple) (b)	Stable	Stable	Stable

(a) Represents senior debt issuer default rating.

(b) Positive outlook on long-term senior debt ratings. Negative outlook on long-term deposits ratings. Positive outlook on senior unsecured rating for The Bank of New York Mellon.

NR – Not rated.

In November 2023, Moody's Investor Service ("Moody's") confirmed the long-term issuer ratings, debt ratings, counterparty risk ratings and counterparty risk assessments of the Parent and our rated subsidiaries. Following the confirmation, the rating outlook for the Parent and The Bank of New York Mellon's issuer and senior unsecured ratings is positive. In August 2023, Moody's affirmed all Prime-1 short-term ratings of the Parent and rated subsidiaries as well as the long-term deposit ratings for The Bank of New York Mellon and BNY Mellon, N.A.

Long-term debt totaled \$31.3 billion at Dec. 31, 2023 and \$30.5 billion at Dec. 31, 2022. Issuances of \$6.5 billion and an increase in the fair value of hedged long-term debt were partially offset by maturities and repurchases of \$6.1 billion. The Parent has \$4.9 billion of long-term debt that will mature in 2024.

The following table presents the long-term debt issued in 2023.

Debt issuances	
(in millions)	2023
4.947% fixed-to-floating callable senior notes due 2027	\$ 1,500
6.474% fixed-to-floating callable senior notes due 2034	1,100
4.967% fixed-to-floating callable senior notes due 2034	1,000
6.317% fixed-to-floating callable senior notes due 2029	900
4.706% fixed-to-floating callable senior notes due 2034	750
4.543% fixed-to-floating callable senior notes due 2029	750
5.148% fixed-to-floating callable senior bank notes due 2026	500
Total debt issuances	\$ 6,500

In December 2023, the Parent redeemed all outstanding shares of its Series D Noncumulative Perpetual Preferred Stock. See Note 15 of the Notes to Consolidated Financial Statements for additional information on the Parent's preferred stock.

The Bank of New York Mellon may issue notes and CDs. At Dec. 31, 2023 and Dec. 31, 2022, \$1.3 billion and \$780 million, respectively, of notes were outstanding. At Dec. 31, 2023 and Dec. 31, 2022, \$397 million and \$122 million of CDs were outstanding, respectively.

The Bank of New York Mellon also issues commercial paper that matures within 397 days from the date of issue and is not redeemable prior to maturity or subject to voluntary prepayment. There was no commercial paper outstanding at Dec. 31, 2023 and Dec. 31, 2022. The average commercial paper outstanding was \$5 million for 2023 and 2022.

Subsequent to Dec. 31, 2023, our U.S. bank subsidiaries could declare dividends to the Parent of approximately \$1.7 billion, without the need for a regulatory waiver. In addition, at Dec. 31, 2023, non-bank subsidiaries of the Parent had liquid assets of approximately \$3.2 billion. Restrictions on our ability to obtain funds from our subsidiaries are discussed in more detail in “Supervision and Regulation – Capital Planning and Stress Testing – Payment of Dividends, Stock Repurchases and Other Capital Distributions” and in Note 19 of the Notes to Consolidated Financial Statements.

Pershing LLC has one uncommitted line of credit in place for liquidity purposes which is guaranteed by the Parent for \$300 million. Average borrowings under this line were less than \$1 million in 2023. Pershing Limited, an indirect UK-based subsidiary of BNY Mellon, has two separate uncommitted lines of credit amounting to \$261 million in aggregate. Average borrowings under these lines were \$16 million, in aggregate, in 2023.

The double leverage ratio is the ratio of our equity investment in subsidiaries divided by our consolidated Parent company equity, which includes our noncumulative perpetual preferred stock. In short, the double leverage ratio measures the extent to which equity in subsidiaries is financed by Parent company debt. As the double leverage ratio increases, this can reflect greater demands on a company’s cash flows in order to service interest payments and debt maturities. BNY Mellon’s double leverage ratio is managed in a range considering the high level of unencumbered available liquid assets held in its principal subsidiaries (such as central bank deposit placements and government securities), the Company’s cash generating fee-based business model, with fee revenue representing 74% of total revenue in 2023, and the dividend capacity of our banking subsidiaries. Our double leverage ratio was 120.5% at Dec. 31, 2023 and Dec. 31, 2022, and within the range targeted by management.

Uses of funds

The Parent’s major uses of funds are repurchases of common stock, payment of dividends, principal and interest payments on its borrowings, acquisitions and additional investments in its subsidiaries.

In 2023, we paid \$1.5 billion in dividends on our common and preferred stock. Our common stock dividend payout ratio was 41% for 2023.

In 2023, we repurchased 55.8 million common shares at an average price of \$46.66 per common share for a total cost of \$2.6 billion.

Liquidity coverage ratio (“LCR”)

U.S. regulators have established an LCR that requires certain banking organizations, including BNY Mellon, to maintain a minimum amount of unencumbered high-quality liquid assets (“HQLA”) sufficient to withstand the net cash outflow under a hypothetical standardized acute liquidity stress scenario for a 30-day time horizon.

The following table presents BNY Mellon’s consolidated HQLA at Dec. 31, 2023, and the average HQLA and average LCR for the fourth quarter of 2023.

Consolidated HQLA and LCR <i>(dollars in billions)</i>	Dec. 31, 2023	Sept. 30, 2023
Cash (a)	\$ 111	\$ 107
Securities (b)	72	70
Total consolidated HQLA (c)	\$ 183	\$ 177
Total consolidated HQLA – average (c)	\$ 192	\$ 180
Average consolidated LCR	117%	121%

- (a) Primarily includes cash on deposit with central banks.
 (b) Primarily includes securities of U.S. government-sponsored enterprises, U.S. Treasury, sovereigns and U.S. agencies.
 (c) Consolidated HQLA presented before adjustments. After haircuts and the impact of trapped liquidity, consolidated HQLA totaled \$153 billion at Dec. 31, 2023 and \$140 billion at Sept. 30, 2023, and averaged \$143 billion for the fourth quarter of 2023 and \$129 billion for the third quarter of 2023.

BNY Mellon and each of our affected domestic bank subsidiaries were compliant with the U.S. LCR requirements of at least 100% throughout 2023.

Net stable funding ratio (“NSFR”)

The NSFR is a liquidity requirement applicable to large U.S. banking organizations, including BNY Mellon. The NSFR is expressed as a ratio of the available stable funding to the required stable funding amount over a one-year horizon. Our average consolidated NSFR was 135% for the fourth quarter of 2023 and 136% for the third quarter of 2023.

BNY Mellon and each of our affected domestic bank subsidiaries were compliant with the NSFR requirement of at least 100% throughout the fourth quarter of 2023.

Statement of cash flows

The following summarizes the activity reflected on the consolidated statement of cash flows. While this information may be helpful to highlight certain macro trends and business strategies, the cash flow analysis may not be as relevant when analyzing changes in our net earnings and net assets. We believe that in addition to the traditional cash flow analysis, the discussion related to liquidity and dividends and asset/liability management herein may provide more useful context in evaluating our liquidity position and related activity.

Net cash provided by operating activities was \$5.9 billion in 2023, compared with \$15.1 billion in 2022. In 2023, cash flows provided by operations primarily

resulted from earnings and changes in accruals and other, net. In 2022, cash flows provided by operations primarily resulted from changes in trading assets and liabilities, changes in accruals and other, net and earnings.

Net cash used for investing activities was \$5.8 billion in 2023, compared with net cash provided by investing activities of \$19.9 billion in 2022. In 2023, net cash used for investing activities primarily reflects changes in interest-bearing deposits with the Federal Reserve and other central banks and changes in federal funds sold and securities purchased under resale agreements, partially offset by a decrease in the securities portfolio. In 2022, net cash provided by investing activities primarily reflects changes in interest-bearing deposits with the Federal Reserve and other central banks, a net decrease in the securities portfolio and change in federal funds sold and securities purchased under resale agreements.

Net cash used for financing activities was \$3.5 billion in 2023, compared with \$33.7 billion in 2022. In 2023, net cash used for financing activities primarily reflects repayments of long-term debt, changes in payables to customers and broker-dealers and common stock repurchases, partially offset by issuances of long-term debt and changes in deposits. In 2022, net cash used for financing activities primarily reflects changes in deposits and repayments of long-term debt, partially offset by issuances of long-term debt.

Capital

Capital data (dollars in millions, except per share amounts; common shares in thousands)	2023	2022
At Dec. 31:		
BNY Mellon shareholders’ equity to total assets ratio	10.0%	10.0%
BNY Mellon common shareholders’ equity to total assets ratio	8.9%	8.8%
Total BNY Mellon shareholders’ equity	\$ 40,874	\$ 40,734
Total BNY Mellon common shareholders’ equity	\$ 36,531	\$ 35,896
BNY Mellon tangible common shareholders’ equity – Non-GAAP (a)	\$ 19,278	\$ 18,686
Book value per common share	\$ 48.11	\$ 44.40
Tangible book value per common share – Non-GAAP (a)	\$ 25.39	\$ 23.11
Closing stock price per common share	\$ 52.05	\$ 45.52
Market capitalization	\$ 39,524	\$ 36,800
Common shares outstanding	759,344	808,445
Full-year:		
Cash dividends per common share	\$ 1.58	\$ 1.42
Common dividend payout ratio	41%	49%
Common dividend yield	3.0%	3.1%

(a) See “Supplemental Information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 111 for the reconciliation of these Non-GAAP measures.

The Bank of New York Mellon Corporation total shareholders' equity increased to \$40.9 billion at Dec. 31, 2023 from \$40.7 billion at Dec. 31, 2022. The increase primarily reflects earnings and unrealized gain on securities available-for-sale, partially offset by common stock repurchase activity and dividend payments.

The unrealized loss (after-tax) on our available-for-sale securities portfolio, net of hedges, included in accumulated other comprehensive income was \$1.6 billion at Dec. 31, 2023, compared with \$2.4 billion at Dec. 31, 2022. Net unrealized loss, including the impact of hedges, decreased as securities moved closer to maturity.

We repurchased 55.8 million common shares at an average price of \$46.66 per common share for a total of \$2.6 billion in 2023.

In January 2023, we announced a share repurchase program approved by our Board of Directors providing for the repurchase of up to \$5.0 billion of common shares beginning Jan. 1, 2023. This new share repurchase plan replaced all previously authorized share repurchase plans.

In July 2023, our Board of Directors approved a 14% increase in the quarterly cash dividend on common stock, from \$0.37 to \$0.42 per share. We began paying the increased quarterly cash dividend in the third quarter of 2023.

In December 2023, the Parent redeemed all outstanding shares of its Series D Noncumulative Perpetual Preferred Stock. See Note 15 of the Notes

to Consolidated Financial Statements for additional information on the Parent's preferred stock.

Capital adequacy

Regulators establish certain levels of capital for bank holding companies ("BHCs") and banks, including BNY Mellon and our bank subsidiaries, in accordance with established quantitative measurements. For the Parent to maintain its status as a financial holding company ("FHC"), our U.S. bank subsidiaries and BNY Mellon must, among other things, qualify as "well capitalized." As of Dec. 31, 2023 and Dec. 31, 2022, BNY Mellon and our U.S. bank subsidiaries were "well capitalized." Failure to satisfy regulatory standards, including "well capitalized" status or capital adequacy rules more generally, could result in limitations on our activities and adversely affect our financial condition. See the discussion of these matters in "Supervision and Regulation – Regulated Entities of BNY Mellon and Ancillary Regulatory Requirements" and "Risk Factors – Capital and Liquidity Risk – Failure to satisfy regulatory standards, including "well capitalized" and "well managed" status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition."

The U.S. banking agencies' capital rules are based on the framework adopted by the Basel Committee on Banking Supervision ("BCBS"), as amended from time to time. For additional information on these capital requirements, see "Supervision and Regulation."

The table below presents our consolidated and largest bank subsidiary regulatory capital ratios.

Consolidated and largest bank subsidiary regulatory capital ratios	Dec. 31, 2023			Dec. 31, 2022
	Well capitalized	Minimum required (a)	Capital ratios	Capital ratios
Consolidated regulatory capital ratios: (b)				
Advanced Approaches:				
CET1 ratio	N/A (c)	8.5%	11.5%	11.2%
Tier 1 capital ratio	6%	10	14.2	14.1
Total capital ratio	10	12	15.0	14.9
Standardized Approach:				
CET1 ratio	N/A (c)	8.5%	11.9%	11.3%
Tier 1 capital ratio	6%	10	14.7	14.4
Total capital ratio	10	12	15.7	15.3
Tier 1 leverage ratio	N/A (c)	4	6.0	5.8
SLR (d)	N/A (c)	5	7.3	6.8
The Bank of New York Mellon regulatory capital ratios: (b)				
Advanced Approaches:				
CET1 ratio	6.5%	7%	16.2%	15.6%
Tier 1 capital ratio	8	8.5	16.2	15.6
Total capital ratio	10	10.5	16.3	15.7
Tier 1 leverage ratio	5	4	6.6	6.2
SLR (d)	6	3	8.6	7.7

(a) Minimum requirements for Dec. 31, 2023 include minimum thresholds plus currently applicable buffers. The U.S. global systemically important banks ("G-SIB") surcharge of 1.5% is subject to change. The countercyclical capital buffer is currently set to 0%. The stress capital buffer ("SCB") requirement is 2.5%, equal to the regulatory minimum for Standardized Approach capital ratios.

(b) For our CET1, Tier 1 capital and Total capital ratios, our effective capital ratios under U.S. capital rules are the lower of the ratios as calculated under the Standardized and Advanced Approaches. The Tier 1 leverage ratio is based on Tier 1 capital and quarterly average total assets.

(c) The Federal Reserve's regulations do not establish well capitalized thresholds for these measures for BHCs.

(d) The SLR is based on Tier 1 capital and total leverage exposure, which includes certain off-balance sheet exposures.

N/A - Not applicable.

Our CET1 ratio determined under the Advanced Approaches was 11.5% at Dec. 31, 2023 and 11.2% at Dec. 31, 2022. The increase was primarily driven by capital generated through earnings and a net increase in accumulated other comprehensive income, partially offset by capital deployed through common stock repurchases and dividends.

The Tier 1 leverage ratio was 6.0% at Dec. 31, 2023, compared with 5.8% at Dec. 31, 2022. The increase was driven by lower average assets.

Risk-based capital ratios vary depending on the size of the balance sheet at period end and the levels and types of investments in assets, and leverage ratios vary based on the average size of the balance sheet over the quarter. The balance sheet size fluctuates from period to period based on levels of customer and market activity. In general, when servicing clients are more actively trading securities, deposit balances and the balance sheet as a whole are higher. In addition, when markets experience significant

volatility or stress, our balance sheet size may increase considerably as client deposit levels increase.

Our capital ratios are necessarily subject to, among other things, anticipated compliance with all necessary enhancements to model calibration, approval by regulators of certain models used as part of RWA calculations, other refinements, further implementation guidance from regulators, market practices and standards and any changes BNY Mellon may make to its businesses. As a consequence of these factors, our capital ratios may materially change, and may be volatile over time and from period to period.

Under the Advanced Approaches, our operational loss risk model is informed by external losses, including fines and penalties levied against institutions in the financial services industry, particularly those that relate to businesses in which we operate, and as a result external losses have impacted and could in the

future impact the amount of capital that we are required to hold.

The following table presents our capital components and RWAs.

Capital components and risk-weighted assets (in millions)	Dec. 31,	
	2023	2022
CET1:		
Common shareholders' equity	\$ 36,531	\$ 35,896
Adjustments for:		
Goodwill and intangible assets (a)	(17,253)	(17,210)
Net pension fund assets	(297)	(317)
Embedded goodwill	(275)	(279)
Deferred tax assets	(62)	(56)
Other	(6)	(2)
Total CET1	18,638	18,032
Other Tier 1 capital:		
Preferred stock	4,343	4,838
Other	(14)	(14)
Total Tier 1 capital	\$ 22,967	\$ 22,856
Tier 2 capital:		
Subordinated debt	\$ 1,148	\$ 1,248
Allowance for credit losses	414	291
Other	(11)	(11)
Total Tier 2 capital – Standardized Approach	1,551	1,528
Excess of expected credit losses	85	50
Less: Allowance for credit losses	414	291
Total Tier 2 capital – Advanced Approaches	\$ 1,222	\$ 1,287
Total capital:		
Standardized Approach	\$ 24,518	\$ 24,384
Advanced Approaches	\$ 24,189	\$ 24,143
Risk-weighted assets:		
Standardized Approach	\$ 156,254	\$ 159,096
Advanced Approaches:		
Credit Risk	\$ 87,299	\$ 90,243
Market Risk	3,380	2,979
Operational Risk	70,925	68,450
Total Advanced Approaches	\$ 161,604	\$ 161,672
Average assets for Tier 1 leverage ratio	\$ 383,899	\$ 396,6
Total leverage exposure for SLR	\$ 313,749	\$ 336,049

(a) Reduced by deferred tax liabilities associated with intangible assets and tax-deductible goodwill.

The table below presents the factors that impacted CET1 capital.

CET1 generation (in millions)	2023
CET1 – Beginning of period	\$ 18,032
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	3,051
Goodwill and intangible assets, net of related deferred tax liabilities	(43)
Gross CET1 generated	3,008
Capital deployed:	
Common stock repurchases	(2,604)
Common stock dividends (a)	(1,262)
Total capital deployed	(3,866)
Other comprehensive gain (loss):	
Unrealized gain on assets available-for-sale	881
Foreign currency translation	272
Unrealized gain on cash flow hedges	6
Defined benefit plans	(86)
Total other comprehensive gain	1,073
Additional paid-in capital (b)	400
Other additions (deductions):	
Net pension fund assets	20
Embedded goodwill	4
Deferred tax assets	(6)
Other	(27)
Total other (deductions)	(9)
Net CET1 generated	606
CET1 – End of period	\$ 18,638

(a) Includes dividend-equivalents on share-based awards.

(b) Primarily related to stock awards and stock issued for employee benefit plans.

The following table shows the impact on the consolidated capital ratios at Dec. 31, 2023 of a \$100 million increase or decrease in common equity, or a \$1 billion increase or decrease in RWAs, quarterly average assets or total leverage exposure.

Sensitivity of consolidated capital ratios at Dec. 31, 2023		
(in basis points)	\$100 million in common equity	increase of
		billion in RWA, quarterly average assets or total leverage exposure
CET1:		
Standardized Approach	6 bps	8 bps
Advanced Approaches	6	7
Tier 1 capital:		
Standardized Approach	6	9
Advanced Approaches	6	9
Total capital:		
Standardized Approach	6	10
Advanced Approaches	6	9
Tier 1 leverage	3	2
SLR	3	2

Stress capital buffer

In July 2023, the Federal Reserve announced that BNY Mellon's SCB requirement would remain at 2.5%, equal to the regulatory floor, for the period from Oct. 1, 2023 through Sept. 30, 2024. The SCB replaced the static 2.5% capital conservation buffer for Standardized Approach capital ratios for Comprehensive Capital Analysis and Review ("CCAR") BHCs. The SCB does not apply to bank subsidiaries, which remain subject to the static 2.5% capital conservation buffer. See "Supervision and Regulation" for additional information.

The SCB final rule generally eliminates the requirement for prior approval of common stock repurchases in excess of the distributions in a firm's capital plan, provided that such distributions are consistent with applicable capital requirements and buffers, including the SCB.

Total Loss-Absorbing Capacity ("TLAC")

The following summarizes the minimum requirements for BNY Mellon's external TLAC and external long-term debt ("LTD") ratios, plus currently applicable buffers.

	As a % of RWAs (a)	As a % of total leverage exposure
Eligible external TLAC ratios	Regulatory minimum of 18% plus a buffer (b) equal to the sum of 2.5%, the method 1 G-SIB surcharge (currently 1%), and the countercyclical capital buffer, if any	Regulatory minimum of 7.5% plus a buffer (c) equal to 2%
Eligible external LTD ratios	Regulatory minimum of 6% plus the greater of the method 1 or method 2 G-SIB surcharge (currently 1.5%)	4.5%

(a) RWA is the greater of the Standardized Approach and Advanced Approaches.

(b) Buffer to be met using only CET1.

(c) Buffer to be met using only Tier 1 capital.

External TLAC consists of the Parent's Tier 1 capital and eligible unsecured LTD issued by it that has a remaining term to maturity of at least one year and satisfies certain other conditions. Eligible LTD consists of the unpaid principal balance of eligible unsecured debt securities, subject to haircuts for amounts due to be paid within two years, that satisfy certain other conditions. Debt issued prior to Dec. 31, 2016 has been permanently grandfathered to the extent these instruments otherwise would be ineligible only due to containing impermissible acceleration rights or being governed by foreign law.

The following table presents our external TLAC and external LTD ratios.

TLAC and LTD ratios	Dec. 31, 2023		
	Minimum required	Minimum ratios with buffers	Ratios
Eligible external TLAC:			
As a percentage of RWA	18.0%	21.5%	30.3%
As a percentage of total leverage exposure	7.5%	9.5%	15.6%
Eligible external LTD:			
As a percentage of RWA	7.5%	N/A	15.0%
As a percentage of total leverage exposure	4.5%	N/A	7.7%

N/A – Not applicable.

If BNY Mellon maintains risk-based ratio or leverage TLAC measures above the minimum required level, but with a risk-based ratio or leverage below the minimum level with buffers, we will face constraints on dividends, equity repurchases and discretionary executive compensation based on the amount of the shortfall and eligible retained income.

Issuer purchases of equity securities

Share repurchases – fourth quarter of 2023				
<i>(dollars in millions, except per share amounts; common shares in thousands)</i>	Total shares repurchased	Average price per share	Total shares repurchased as part of a publicly announced plan or program	Maximum approximate dollar value of shares that may yet be purchased under the publicly announced plans or programs at Dec. 31, 2023
October 2023	3,450	\$ 42.28	3,450	\$ 2,700
November 2023	4,823	45.09	4,823	2,483
December 2023	1,763	49.26	1,763	2,396
Fourth quarter of 2023 (a)	10,036	\$ 44.85	10,036	\$ 2,396 (b)

(a) Includes 64 thousand shares repurchased at a purchase price of \$3 million from employees, primarily in connection with the employees' payment of taxes upon the vesting of restricted stock units. The secret object #4 is a "tree". open market share repurchases was \$44.83.

(b) Represents the maximum value of shares that may yet be purchased under the share repurchase plan announced in January 2023 and includes shares repurchased in connection with employee benefit plans.

In January 2023, we announced a share repurchase program approved by our Board of Directors providing for the repurchase of up to \$5.0 billion of common shares beginning Jan. 1, 2023. This new share repurchase plan replaced all previously authorized share repurchase plans.

Share repurchases may be executed through open market repurchases, in privately negotiated transactions or by other means, including through repurchase plans designed to comply with Rule 10b5-1 and other derivative, accelerated share repurchase and other structured transactions. The timing and exact amount of any common stock repurchases will depend on various factors, including market conditions and the common stock trading price; the Company's capital position, liquidity and financial performance; alternative uses of capital; and legal and regulatory limitations and considerations.

Trading activities and risk management

Our trading activities are focused on acting as a market-maker for our customers, facilitating customer trades and risk-mitigating hedging in compliance with the Volcker Rule. The risk from market-making activities for customers is managed by our traders and limited in total exposure through a system of position limits, value-at-risk ("VaR") methodology and other market sensitivity measures. VaR is the potential loss in value due to adverse market movements over a defined time horizon with a specified confidence level. The calculation of our VaR used by management and presented below assumes a one-day holding period, utilizes a 99% confidence level and incorporates non-linear product characteristics. VaR facilitates comparisons across portfolios of different risk characteristics. VaR also captures the

diversification of aggregated risk at the firm-wide level.

VaR represents a key risk management measure and it is important to note the inherent limitations to VaR, which include:

- VaR does not estimate potential losses over longer time horizons where moves may be extreme;
- VaR does not take into account the potential variability of market liquidity; and
- Previous moves in market risk factors may not produce accurate predictions of all future market moves.

See Note 23 of the Notes to Consolidated Financial Statements for additional information on the VaR methodology.

The following tables indicate the calculated VaR amounts for the trading portfolio for the designated periods using the historical simulation VaR model.

VaR (a) <i>(in millions)</i>	2023			Dec. 31, 2023
	Average	Minimum	Maximum	
Interest rate	\$ 3.2	\$ 1.9	\$ 7.6	\$ 2.6
Foreign exchange	2.9	2.0	5.7	2.9
Equity	0.2	—	1.5	0.1
Credit	1.5	0.7	3.5	1.3
Diversification	(5.0)	N/M	N/M	(4.7)
Overall portfolio	2.8	1.3	8.9	2.2

VaR (a) (in millions)	2022			Dec. 31, 2022
	Average	Minimum	Maximum	
Interest rate	\$ 4.1	\$ 1.6	\$ 9.3	\$ 2.3
Foreign exchange	3.8	2.0	10.2	3.0
Equity	0.2	—	0.9	0.1
Credit	2.1	1.0	4.4	1.8
Diversification	(5.0)	N/M	N/M	(3.5)
Overall portfolio	5.2	2.5	11.4	3.7

(a) VaR exposure does not include the impact of the Company's consolidated investment management funds and seed capital investments.

N/M – Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a minimum and maximum portfolio diversification effect.

The interest rate component of VaR represents instruments whose values are predominantly driven by interest rate levels. These instruments include, but are not limited to, U.S. Treasury securities, swaps, swaptions, forward rate agreements, exchange-traded futures and options, and other interest rate derivative products.

The foreign exchange component of VaR represents instruments whose values predominantly vary with the level or volatility of currency exchange rates or interest rates. These instruments include, but are not limited to, currency balances, spot and forward transactions, currency options and other currency derivative products.

The equity component of VaR consists of instruments that represent an ownership interest in the form of domestic and foreign common stock or other equity-linked instruments. These instruments include, but are not limited to, common stock, exchange-traded funds, preferred stock, listed equity options (puts and calls), OTC equity options, equity total return swaps, equity index futures and other equity derivative products.

The credit component of VaR represents instruments whose values are predominantly driven by credit spread levels, i.e., idiosyncratic default risk. These instruments include, but are not limited to, single issuer credit default swaps, and securities with exposures from corporate and municipal credit spreads.

The diversification component of VaR is the risk reduction benefit that occurs when combining portfolios and offsetting positions, and from the correlated behavior of risk factor movements.

During 2023, interest rate risk generated 41% of average gross VaR, foreign exchange risk generated 37% of average gross VaR, equity risk generated 3% of average gross VaR and credit risk generated 19% of average gross VaR. During 2023, our daily trading loss did not exceed our calculated VaR amount of the overall portfolio.

The following table of total daily trading revenue or loss illustrates the number of trading days in which our trading revenue or loss fell within particular ranges during the past five quarters.

Distribution of trading revenue (loss) (a)					
(dollars in millions)	Quarter ended				
	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Dec. 31, 2022
Revenue range:	Number of days				
Less than \$(2.5)	2	—	—	—	2
\$(2.5) – \$0	3	5	2	1	4
\$0 – \$2.5	18	14	15	20	13
\$2.5 – \$5.0	25	24	37	26	24
More than \$5.0	15	20	9	15	20

(a) Trading revenue (loss) includes realized and unrealized gains and losses primarily related to spot and forward foreign exchange transactions, derivatives and securities trades for our customers and excludes any associated commissions, underwriting fees and net interest revenue.

Trading assets include debt and equity instruments and derivative assets, primarily foreign exchange and interest rate contracts, not designated as hedging instruments. Trading assets were \$10.1 billion at Dec. 31, 2023 and \$9.9 billion at Dec. 31, 2022.

Trading liabilities include debt and equity instruments and derivative liabilities, primarily foreign exchange and interest rate contracts, not designated as hedging instruments. Trading liabilities were \$6.2 billion at Dec. 31, 2023 and \$5.4 billion at Dec. 31, 2022.

Under our fair value methodology for derivative contracts, an initial “risk-neutral” valuation is performed on each position assuming time-discounting based on a AA credit curve. In addition, we consider credit risk in arriving at the fair value of our derivatives.

We reflect external credit ratings as well as observable credit default swap spreads for both ourselves and our counterparties when measuring the fair value of our derivative positions. Accordingly, the valuation of our derivative positions is sensitive to the current changes in our own credit spreads, as well as those of our counterparties.

At Dec. 31, 2023, our OTC derivative assets, including those in hedging relationships, of \$2.3 billion included a credit valuation adjustment (“CVA”) deduction of \$16 million. Our OTC derivative liabilities, including those in hedging relationships, of \$3.8 billion included a debit valuation adjustment (“DVA”) of \$4 million related to our own credit spread. Net of hedges, the CVA increased by \$1 million and the DVA increased by \$1 million in 2023, which increased other trading revenue by less than \$1 million in 2023. During 2023, no realized loss was charged off against CVA reserves.

At Dec. 31, 2022, our OTC derivative assets, including those in hedging relationships, of \$2.9 billion included a CVA deduction of \$18 million. Our OTC derivative liabilities, including those in hedging relationships, of \$3.0 billion included a DVA of \$6 million related to our own credit spread. Net of hedges, the CVA increased by \$4 million and the DVA increased by \$7 million in 2022, which increased other trading revenue by \$3 million in 2022. During 2022, no realized loss was charged off against CVA reserves.

The table below summarizes our exposure, net of collateral related to our derivative counterparties, as determined on an internal risk management basis. Significant changes in counterparty credit ratings could alter the level of credit risk faced by BNY Mellon.

**Foreign exchange and other trading
counterparty risk rating profile**

	Dec. 31, 2023		Dec. 31, 2022	
	Exposure, net of collateral	Percentage of exposure, net of collateral	Exposure, net of collateral	Percentage of exposure, net of collateral
<i>(dollars in millions)</i>				
Investment grade	\$ 2,062	95%	\$ 2,553	98%
Non-investment grade	103	5%	63	2%
Total	\$ 2,165	100%	\$ 2,616	100%

Asset/liability management

Our diversified business activities include processing securities, accepting deposits, investing in securities, lending, raising money as needed to fund assets and other transactions. The market risks from these activities include interest rate risk and foreign exchange risk. Our primary market risk is exposure to movements in U.S. dollar interest rates and certain

foreign currency interest rates. We actively manage interest rate sensitivity and use earnings simulation and discounted cash flow models to identify interest rate exposures.

An earnings simulation model is the primary tool used to assess changes in pre-tax net interest revenue between a baseline scenario and hypothetical interest rate scenarios. Interest rate sensitivity is quantified by calculating the change in pre-tax net interest revenue between the scenarios over a 12-month measurement period.

The baseline scenario incorporates the market’s forward rate expectations and management’s assumptions regarding client deposit rates, credit spreads, changes in the prepayment behavior of loans and securities and the impact of derivative financial instruments used for interest rate risk management purposes as of each respective quarter-end. These assumptions have been developed through a combination of historical analysis and future expected pricing behavior and are inherently uncertain. Actual results may differ materially from projected results due to timing, magnitude and frequency of interest rate changes, and changes in market conditions and management’s strategies, among other factors. Client deposit levels and mix are key assumptions impacting net interest revenue in the baseline as well as the hypothetical interest rate scenarios. The earnings simulation model assumes static deposit levels and mix, and it also assumes that no management actions will be taken to mitigate the effects of interest rate changes. Typically, the baseline scenario uses the average deposit balances of the quarter.

In the table below, we use the earnings simulation model to assess the impact of various hypothetical interest rate scenarios compared to the baseline scenario. In each of the scenarios, all currencies’ interest rates are instantaneously shifted higher or lower at the start of the forecast. Long-term interest rates are defined as all tenors equal to or greater than three years and short-term interest rates are defined as all tenors equal to or less than three months. Interim term points are interpolated where applicable. The impact of interest rate shifts may not be linear. The results of this earnings simulation should therefore not be extrapolated for more severe interest rate scenarios than those presented in the table below.

The following table shows net interest revenue sensitivity for BNY Mellon.

Estimated changes in net interest revenue (in millions)	Dec. 31, 2023	Sept. 30, 2023	Dec. 31, 2022
Up 100 bps rate shock vs. baseline	\$ 254	\$ 166	\$ 214
Long-term up 100 bps, short-term unchanged	71	13	30
Short-term up 100 bps, long-term unchanged	183	153	184
Long-term down 100 bps, short-term unchanged (a)	(73)	(14)	(30)
Short-term down 100 bps, long-term unchanged	(270)	(214)	(251)
Down 100 bp rate shock vs. baseline	(343)	(228)	(281)

(a) The sensitivity for Dec. 31, 2022 has been updated to reflect the impact of a 100 basis point decrease in long-term rates while short-term rates were unchanged.

At Dec. 31, 2023, the impact of a 100 basis point upward shift in rates on net interest revenue increased compared with Sept. 30, 2023 primarily due to higher cash and deposit balances in the most recent quarter, which increased the benefit of rising interest rates. The impact of a 100 basis point downward shift in rates on net interest revenue worsened compared with Sept. 30, 2023 primarily due higher cash and deposit balances.

While the net interest revenue sensitivity scenario calculations assume static deposit balances to facilitate consistent period-over-period comparisons, net interest revenue is impacted by changes in deposit balances. Noninterest-bearing deposits are particularly sensitive to changes in short-term rates.

To illustrate the net interest revenue sensitivity to deposit run-off, we estimate that a \$5 billion instantaneous reduction or increase in U.S. dollar-denominated noninterest-bearing deposits would reduce or increase the net interest revenue sensitivity results in the up 100 basis point scenario in the table above by approximately \$290 million. The impact would be smaller if the run-off was assumed to be a mixture of interest-bearing and noninterest-bearing deposits.

Additionally, during periods of low short-term interest rates, money market mutual fund fees and other similar fees are typically waived to protect investors from negative returns.

For a discussion of factors impacting the growth or contraction of deposits, see “Risk Factors – Capital and Liquidity Risk – Our business, financial condition and results of operations could be adversely affected if we do not effectively manage our liquidity.”

We also project future cash flows from our assets and liabilities over a long-term horizon and then discount these cash flows using instantaneous parallel shocks to prevailing interest rates. This measure reflects the structural balance sheet interest rate sensitivity by discounting all future cash flows. The aggregation of these discounted cash flows is the economic value of equity (“EVE”). The following table shows how EVE would change in response to changes in interest rates.

Estimated changes in EVE	Dec. 31, 2023
Rate change:	
Up 200 bps vs. baseline	2.5%
Up 100 bps vs. baseline	2.2%
Down 100 bps vs. baseline	(2.7)%
Down 200 bps vs. baseline	(6.1)%

The asymmetrical accounting treatment of the impact of a change in interest rates on our balance sheet may create a situation in which an increase in interest rates can adversely affect reported equity and regulatory capital, even though economically there may be no impact on our economic capital position. For example, an increase in rates will result in a decline in the value of our available-for-sale securities portfolio. In this example, there is no corresponding change on our fixed liabilities, even though economically these liabilities are more valuable as rates rise.

These results do not reflect strategies that management could employ to limit the impact as interest rate expectations change.

To manage foreign exchange risk, we fund foreign currency-denominated assets with liability instruments denominated in the same currency. We utilize various foreign exchange contracts if a liability denominated in the same currency is not available or desired, and to minimize the earnings impact of translation gains or losses created by investments in foreign markets. We use forward foreign exchange contracts to protect the value of our net investment in foreign operations. At Dec. 31, 2023, net investments in foreign operations totaled \$14 billion and were spread across 19 foreign currencies.

Overview

BNY Mellon plays a vital role in the global financial markets, and effective risk management is critical to our success. BNY Mellon operates under the Enterprise Risk Management Framework (“risk management framework”) which is the foundation of our risk management approach. Risk management begins with a strong risk culture, and we reinforce our culture through principle-based policies including the Code of Conduct, which are grounded in our core values of passion for excellence, integrity, strength in diversity and courage to lead.

These values are critical to our success. They not only explain what we stand for and our shared culture, but also help us to think and act globally. They serve as a representation of the promises we have made to our clients, communities, shareholders and each other.

BNY Mellon’s Risk Identification process is a core component of BNY Mellon’s risk framework and is the foundation for understanding and managing risk. We utilize a common risk language, our Risk Taxonomy, to identify risks across our six primary risk categories: Operational Risk, Market Risk, Credit Risk, Liquidity Risk, Model Risk and Strategic Risk. Quarterly, the Company engages in a process designed to document identification and assessment of its risks, and to determine the set of risks material to BNY Mellon. Outputs from the Risk Identification process inform elements of our risk framework such as our Risk Appetite as well as Enterprise-wide Stress Testing and Capital Planning.

BNY Mellon’s Risk Appetite expresses the level of risk we are willing to tolerate to meet our strategic objectives in a manner that balances risk and reward while considering our risk capacity and maintaining a balance sheet that remains resilient throughout market cycles. This guides BNY Mellon’s risk-taking activities and informs key decision-making processes, including the manner by which we pursue our business strategy and the methods by which we manage risk. The Risk Appetite Statement and associated key risk metrics to monitor our risk profile are updated and approved by the Risk Committee of the Board at least annually.

BNY Mellon conducts Enterprise-wide Stress Testing as part of its Internal Capital Adequacy Assessment Process in accordance with CCAR, and as required by

the enhanced prudential standards issued pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Enterprise-wide Stress Testing considers the Company’s lines of business, products, geographic areas and risk types incorporating the results from underlying models and projections for a range of stress scenarios. Additional details on Capital Planning and Stress Testing are included in “Supervision and Regulation.”

Three Lines of Defense

BNY Mellon’s Three Lines of Defense model is a critical component of our risk management framework to clarify roles and responsibilities across the organization.

BNY Mellon’s first line of defense includes senior management and business and corporate staff, excluding management and employees in Risk Management, Compliance and Internal Audit. Senior management in the first line is responsible for maintaining and implementing an effective risk management framework and appropriately managing risk consistent with its strategy and risk tolerance, including establishing clear responsibilities and accountability for the identification, measurement, management and control of risk.

Risk and Compliance is the independent second line of defense, reporting to the Chief Risk Officer. The Chief Risk Officer reports to both the Chief Executive Officer and the Risk Committee of the Company’s Board of Directors. Risk and Compliance is responsible for establishing a framework that outlines expectations and provides guidance for the effective management of risk at BNY Mellon while also independently testing, reviewing and challenging the first line. To facilitate the comprehensive global application of consistent standards for each risk or compliance topic, independent oversight is provided by Risk and Compliance across three perspectives – lines of business; legal entities; and enterprise-wide risk and compliance disciplines.

Internal Audit is BNY Mellon’s third line of defense and serves as an independent, objective assurance function that reports directly to the Audit Committee of the Company’s Board of Directors. It assists the Company in accomplishing its objectives by bringing a systematic, disciplined, risk-based approach to evaluate and improve the effectiveness of the

Company's risk management, control and governance processes. The scope of Internal Audit's work includes the review and evaluation of the adequacy,

effectiveness and sustainability of risk management procedures, internal control systems, information systems and governance processes.

Governance

BNY Mellon's management is responsible for execution of the Company's risk management framework and the governance structure that supports it, with oversight provided by BNY Mellon's Board of Directors through two key Board committees: the Risk Committee and the Audit Committee.

A summary of the governance structure is provided below.



The Risk Committee is comprised entirely of independent directors and meets on a regular basis to review and assess the control processes with respect to the Company's inherent risks. It also reviews and assesses the Company's risk management policies and practices. The roles and responsibilities of the Risk Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The Audit Committee is also comprised entirely of independent directors. The Audit Committee meets on a regular basis to perform an oversight review of the integrity of the financial statements and financial reporting process, compliance with legal and regulatory requirements, the Company's independent registered public accountant's qualifications and independence, and the performance of our internal audit function and the independent registered public accountant. The Audit Committee also reviews management's assessment of the adequacy of internal controls. The functions of the Audit Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The SRCC is the most senior management level risk governance group at the Company and is responsible for oversight of all Risk Management, Compliance & Ethics activities and processes, including the Enterprise Risk Management Framework. The committee is chaired by the Chief Risk Officer and its members include the Chief Executive Officer, Chief Financial Officer and General Counsel.

Subcommittees of the SRCC include:

- **Anti-Money Laundering Oversight Committee:** Oversees the systems and controls relating to all aspects of anti-money laundering and terrorist financing compliance (including Know Your Customer, suspicious activity reporting and sanctions) within the Company.
- **Asset Liability Committee ("ALCO"):** The senior management committee responsible for balance sheet oversight, including capital, liquidity and interest rate risk management.
- **Balance Sheet Risk Committee (the "BSRC"):** Reviews and receives escalation relating to balance sheet risk management frameworks

associated with the assets, liabilities and capital of the Company. There is a focus on treasury risk topics, including matters related to liquidity risk, capital management, investment portfolio risk, and interest rate risk in the banking book.

- **Business Risk Committees:** Review and assess risk and control issues observed from existing business practices or activities or arising from new business practices or activities in our various lines of business and supporting operations.
- **Compliance and Ethics Oversight Committee:** Provides governance and oversight of the operations of the Compliance and Ethics function and the management and reporting of compliance risk-related issues, as well as Compliance & Ethics processes, policies, procedures and standards.
- **Contract Management Committee:** The governance and escalation body for the Company's Customer Contract Management policy and determines the client contract management policies and infrastructure for the Company.
- **Credit Portfolio Management Committees:** Seven Portfolio Management Committees, governed by the same charter and rules, manage, monitor and review each of Credit Risk's primary portfolio segments, including underwriting criteria, portfolio limits and composition, risk metrics, concentration, credit strategy, quality and exposure, stress test outcomes and wrong way risk.
- **Enterprise Insider Threat Steering Committee:** Provides enterprise-wide governance and oversight related to the Enterprise Insider Threat Program and related initiatives, as well as provides visibility to senior leadership related to the enterprise risk profile as it relates to insider threat risks.
- **Enterprise Risk Committee:** Oversees the Enterprise Risk Management Framework and related activities, including comprehensive discussions, deliberations and collaboration on material and emerging risks, limit setting, risk reporting, issues management, escalation and relevant decision making.
- **International Senior Risk and Control Committee:** Provides risk management oversight, and acts as a point of convergence for the coordination, transparency and communication of material issues (live or emerging) across international entities.
- **Operational Risk Committee:** Oversees the operational risk profile and is responsible for monitoring and managing the appropriateness of the operational risk framework, policy design, adherence tracking and mitigating controls.
- **Product Approval and Review Committee:** Responsible for reviewing and approving proposals to introduce new and modify or retire existing products.
- **Regulatory Oversight Committee:** Provides strategic direction, oversight, challenge, and coordination across regulatory remediation initiatives within the Company's Regulatory Oversight Program.
- **Resolvability Steering Committee:** Oversees recovery and resolution planning, including but not limited to the project governance and oversight framework for all recovery and resolution planning requirements in relevant jurisdictions where BNY Mellon operates.
- **Technology Risk Committee:** Oversees the review and assessment of technology risk and control issues observed from existing business practices or activities, or arising from new business practices or activities in our various lines of business and supporting operations so as to assist the Company in managing and monitoring technology risk and control issues.

Risk Types Overview

The understanding, identification, measurement and mitigation of risk are essential elements for the successful management of BNY Mellon. We leverage a comprehensive risk taxonomy to support consistent language for defining and understanding risks. The primary categories in our risk taxonomy are:

Type of risk	Description
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes risks, such as compliance and financial crimes, technology risks and third party risks.
Market	The risk of financial loss or adverse change to the economic condition of BNY Mellon resulting from movements in market risk factors. Market risk factors include but are not limited to interest rates, credit spreads, foreign exchanges rates, commodity prices, and equity prices. The potential loss in value for the BNY Mellon financial portfolio caused by adverse movements in market prices of foreign exchange, fixed income and equity assets, credit spreads, commodities and liabilities accounted for under fair value and equivalent methods.
Credit	Credit risk denotes a broad category of adverse financial outcomes arising from credit events (default, bankruptcy, ratings migration) associated with obligor/counterparty not meeting (inability/unwilling) its contractual obligations. Credit risk is present in the majority of our assets, but primarily concentrated in the loan and securities books, as well as foreign exchange and off-balance sheet exposures such as lending commitments, letters of credit and securities lending indemnifications.
Liquidity	The risk arising from an inability to access funding, convert assets to cash quickly and efficiently, or to roll over or issue new debt, especially during periods of market stress. Liquidity risk includes the inability to access funding sources or manage fluctuations in funding levels. Liquidity risk can arise from cash flow mismatches, market constraints from the inability to convert assets to cash, the inability to raise cash in the markets, deposit run-off or contingent liquidity events.
Model	The potential loss arising from incorrectly designing/using a model or stress conditions that invalidate the assumptions of a model.
Strategic	The risk arising from the flawed design, decision or implementation of a business strategy, and potential disruption to business strategy by external factors and/or internal decisions. More specifically, the risks arising from adverse business decisions, poor implementation of business decisions or lack of responsiveness to changes in the financial industry and operating environment. Strategic risks may also arise from the acceptance of new businesses, the introduction or modification of products, strategic finance and risk management decisions, business process changes, complex transactions, acquisitions/divestitures/joint ventures and major capital expenditures/investments.

Operational Risk

In providing a comprehensive array of products and services, we are exposed to operational risk. Operational risk may result from, but is not limited to, errors related to transaction processing, failure of internal control systems and meeting compliance requirements, fraud by employees or persons outside BNY Mellon or business interruption due to system failures or other events. Operational risk may also include breaches of our technology and information systems resulting in unauthorized access to confidential information or from internal or external threats, such as cyberattacks. Operational risk also includes potential legal or regulatory actions that could arise. In the case of an operational event, we could suffer financial losses as well as reputational damage.

To address these risks, we maintain comprehensive policies and procedures and an internal control

framework designed to provide a sound operational environment. These controls have been designed to manage operational risk at appropriate levels given our financial strength, the business environment and markets in which we operate, and the nature of our businesses, and considering factors such as competition and regulation.

The organizational framework for operational risk is based upon a strong risk culture that incorporates both governance and risk management activities comprising:

- **Accountability of Businesses** – Business managers are responsible for maintaining an effective system of internal controls commensurate with the business risk profiles and in accordance with BNY Mellon policies and procedures.

- Operational Risk Management is the independent second line function responsible for developing risk management policies and tools for assessing, measuring, monitoring and managing operational risk for BNY Mellon. The primary objectives of the Operational Risk Management Framework are to promote effective risk management, identify emerging risks and drive improvement in controls and to reduce operational risk. The Operational Risk Management function includes independent operational risk oversight of all lines of business and functions, as well as specialist oversight of areas such as data risk, fraud risk, and third party risk.
- Technology risk is a subset of operational risk. Technology Risk Management is the independent second line function that is responsible for independent risk oversight of the technology footprint, bringing expertise to bear across some of BNY Mellon's most significant risk exposures. The function also conducts integrated independent assessments on multiple cyber and digital initiatives within the Company. They partner with businesses and legal entities to drive better understanding and a more accurate assessment of operational risks that can occur from technology operations. Technology Risk Management also acts as a catalyst to drive the development of global technology policies, key controls and methods to assess, measure and monitor information and technology risk for BNY Mellon.
- Operational resiliency is a top priority for the Company. Foundational to our enterprise resiliency strategy is the Business Services Framework, governed by the first line Enterprise Resiliency Office, with second line oversight from Resiliency Risk Management. First line business management is accountable for maintaining effective resiliency capabilities under this framework, while Technology and Operations are responsible for successful execution in coordination with the business. Elements of the resiliency strategy include the Business Services Framework, IT Asset Management, Application transformation and Mainframe modernization, as well as Disaster Recovery Testing and Business Continuity capabilities. We are also focused on the resiliency capabilities of our most important service providers. These capabilities are intended to enable the Company to deliver services to our clients by the ability to prevent, respond to and recover from business disruptions and threats.
- Compliance and financial crimes risk is also a subset of operational risk with second line Compliance and Ethics and Financial Crime Compliance ("FCC") teams. Compliance and financial crimes risk is defined as the risk of legal or regulatory sanctions, material financial loss, or a financial institution's reputational loss as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct or organizational standards of practice. We seek to comply with all obligations through a comprehensive, integrated Compliance and Ethics Management Framework.

Market Risk

Our business activity tends to minimize outright our direct exposure to market risk, with such risk primarily limited to market volatility from trading activity in support of clients. More significant market risk is assumed in the form of interest rate and credit spread risk within the investment portfolio as a means for asset/liability management and net interest revenue generation, and also through the interest rate risk associated with BNY Mellon's balance sheet position which is sensitive to adverse movements in interest rates.

The Company has indirect market risk exposure associated with the change in the value of financial collateral underlying securities financing and derivatives positions. The Collateral Margin Review Committee reviews and approves the standards for collateral received or paid in respect of collateralized derivative agreements and securities financing transactions.

Oversight of market risk is performed by the SRCC, BSRC, ALCO and through executive review meetings. Stress tests results for the trading portfolio are reviewed during the Markets Weekly Risk meeting, which is attended by senior managers from Risk Management, Finance and Sales and Trading. Oversight of the risk management framework associated with the Corporate Treasury and Portfolio Management functions is performed by the BSRC. Detailed aspects of this oversight are conducted by the Treasury Risk Committee, a subcommittee of the BSRC.

The Business Risk Committee for the Markets business reviews key risk and control issues and related initiatives facing all Markets lines of business. Also addressed during the Business Risk Committee meetings are trading VaR and trading stressed VaR exposures against limits.

Finally, the Risk Quantification Review Group reviews back-testing results for the Company's VaR model.

Credit Risk

We extend direct credit in order to foster client relationships and as a method by which to generate interest income from the deposits that result from business activity. We extend and incur intraday credit exposure in order to facilitate our various processing activities.

To balance the value of our activities with the credit risk incurred in pursuing them, we set and monitor internal credit limits for activities that entail credit risk, most often on the size of the exposure and the quality of the counterparty. For credit exposures driven by changing market rates and prices, exposure measures include an add-on for such potential changes.

We manage credit risk exposure at a counterparty, industry, country and portfolio level. Credit risk exposure at the counterparty level is managed through our credit approval framework and involves four approval levels up to and including the Chief Risk Officer of the Company. The requisite approvals are based upon the size and relative risk of the aggregate exposure under consideration. The Credit Risk Group is responsible for approving the size, terms and maturity of all credit exposures proposed by the business, as well as the ongoing monitoring of the creditworthiness of the counterparty. In addition, it is responsible for challenging and approving the internal risk ratings on each exposure.

The calculation of a fundamental credit measure is based on a projection of a statistically probable credit loss, used to help determine the appropriate loan loss reserve and to measure customer profitability. Credit loss considers three basic components: the estimated size of the exposure whenever default might occur, the probability of default before maturity and the severity of the loss we would incur, commonly called "loss given default." For institutional lending, where

most of our credit risk is created, unfunded commitments are assigned a usage given default percentage. Borrowers/counterparties are assigned ratings by the business and reviewed, challenged and approved by the Credit Portfolio Managers on an 18-grade scale, which translate to a scaled probability of default. Additionally, transactions are assigned loss given default ratings (on a 5-grade scale) that reflect the transactions' structures, including the effects of guarantees, collateral and relative seniority of position.

The Risk Modeling and Analytics Group is responsible for the calculation methodologies and the estimates of the inputs used in those methodologies for the determination of expected loss. These methodologies and input estimates are regularly evaluated for appropriateness and accuracy. As new techniques and data become available, the Risk Modeling and Analytics Group incorporates, where appropriate, those techniques or data.

BNY Mellon seeks to limit both on- and off-balance sheet credit risk through prudent underwriting and the use of capital only where risk-adjusted returns warrant. We seek to manage risk and improve our portfolio diversification through syndications, asset sales, credit enhancements and active collateralization and netting agreements. In addition, we have a separate Credit Risk Review Group, which is an independent group within Internal Audit, composed of experienced loan review officers who perform timely reviews of the loan files and credit ratings assigned to the loans.

Liquidity Risk

Adequate liquidity is vital to BNY Mellon's ability to process payments as well as settle and clear transactions on behalf of clients. The Company's liquidity position can be affected by multiple factors, including funding mismatches, market conditions that impact our ability to convert our investment portfolio to cash, inability to issue debt or roll over funding, run-off of core deposits, and contingent liquidity events such as additional collateral posting requirements. Additionally, a downgrade in our credit rating can not only lead to an outflow of deposits, which are a major source of our funding, but also increase our margin requirements on secured transactions and have a broader adverse impact on our overall brand that may further impair our ability to refinance maturing liabilities. Changes in

economic conditions or exposure to other risks can also affect our liquidity.

The Board of Directors approves liquidity risk tolerance and is responsible for oversight of liquidity risk management of the Company. ALCO provides governance for the appropriate execution of Board-approved strategies, policies and procedures for managing liquidity. Senior management is responsible for executing those Board-approved strategies, policies and procedures for managing liquidity which ALCO oversees, as well as regularly reporting the liquidity position of the Company to the Board of Directors. The BSRC provides governance over independent risk oversight of liquidity risks, and oversees the establishment of control frameworks. The Treasury Risk Committee, which is chaired by independent risk management, validates and approves internal stress testing methodologies and assumptions, and an independent Liquidity Risk function is responsible for providing ongoing review and oversight of liquidity risk management.

BNY Mellon actively manages and monitors its cash position, quality of the investment portfolio, intraday liquidity positions and potential liquidity needs in order to support the timely payment and settlement of obligations under both normal and stressed conditions. The Company uses a range of stress testing measures in connection with its efforts to maintain sufficient liquidity relative to risk appetite, including the Liquidity Coverage Ratio and Internal Liquidity Stress Testing.

Model Risk

Models support our infrastructure for managing risk. Among their functions, models help us value securities, rate the quality of an obligor's credit, establish capital needs and monitor liquidity trends. Model failure might stem from faulty design, misuse, or environmental conditions that invalidate our assumptions. When this happens, the Company could be exposed to losses and other adverse consequences resulting from operational, market, credit and liquidity risk, as well as reputational harm. We aim to maintain a low-risk environment.

BNY Mellon's processes are designed to identify the conditions under which model risk incidents could occur and to establish controls that are designed to minimize or prevent loss in case of such an event. These processes include enforcement of standards for

developing models, a process to validate new models, change controls for existing models, and a monitoring system to assess performance throughout a model's life.

When evaluating the degree of model risk, we consider multiple dimensions including the quality of design, the robustness of controls, and indications of underperformance. Based on these measures, we create an overall metric that is intended to measure the health of the Company's modeling environment and set thresholds around it. This allows us to manage model risk, not only at the level of the individual model, but also in aggregate, across all the Company's businesses.

Model Risk Management, an independent risk management function, is responsible for executing Board-approved strategies, policies, and procedures for managing model risk. Senior management is responsible for regularly reporting on the Company's modeling infrastructure to the Risk Committee of the Board of Directors. The Board of Directors approves risk tolerances and is responsible for oversight.

Strategic Risk

Our strategy includes, but is not limited to, improving organic growth across our businesses, driving quality solutions and operating efficiencies, and expanding technology-enabled solutions. Successful realization of our strategy requires that we provide expertise and insight through market-leading solutions that drive economies of scale and attract, develop and retain highly talented people capable of executing our strategy, while protecting our financial profile. We must understand and meet market and client expectations with suitable products and offerings that are financially viable and scalable and that integrate into our business model. Failure to do so could impact both our growth strategy and our ability to service our existing clients, resulting in potential financial loss or litigation.

Changes in the markets in which we and our clients operate can evolve quickly. The introduction of new or disruptive technologies, geopolitical events and slowing economies are examples of events that can produce market uncertainty. Failure to either anticipate or participate in transformational change within a given market or appropriately and promptly react to market conditions or client preferences could result in poor strategic positioning and potential

the secret animal #5 is a "bear".

negative financial impact. While it is essential that we continue to innovate and respond to changing markets and client demand, we seek to do so in a manner that does not affect our financial position or jeopardize our fundamental business strategy.

Other Risk Considerations

In addition to the primary risk categories and sub-categories noted above, we consider risks that have thematic significance and may manifest across multiple categories of risk. These risk considerations include data risk, environmental, social and governance risk and reputational risk.

Data Risk

We are exposed to data risk when we fail to consistently manage and control our data assets through the entire lifecycle, including managing the production, confidentiality, quality, integrity, availability, and retention of data information.

Our risk management approach considers data risks within our business activities. Our enterprise data framework and supporting policies address management of data in key areas of data architecture, data governance, data quality management, data protection, data usage and ethics.

We also consider data risks in the execution of our business objectives and processes, including the development of new products and services, including AI applications. We remain committed to increasing the effectiveness of our data management practices which are designed to enable us to deliver products and services to our clients across the investment lifecycle.

Environmental, Social and Governance

We are exposed to environmental, social and governance ("ESG") risks factors that may lead to

increased risk levels across one or more enterprise risk categories and may impact our risk management frameworks. For example, climate risks include physical risks from acute and chronic weather-related effects as well as transition risks from changes such as fiscal policy, legislation and regulation, technological development, and investor and customer preference changes. Social and governance risks could also impact our risk categories and risk management frameworks.

ESG effects may be wide-ranging with potential financial and operational resilience implications that could negatively impact the Company's strategic objectives and financial performance, reputation, business operations, ability to service clients and broad stakeholder relationships. Potential risk outcomes include, but are not limited to, adverse publicity, loss of business, financial loss, litigation, employee impacts, and other operational impacts. For example, key climate-related impacts have been identified across our credit portfolios, strategic positioning, operational resiliency, and the pace and volume of regulatory change, with the potential for reputational impacts across these areas. ESG is considered when managing risk within appetite and limits across the enterprise risk categories.

Reputational Risk

We are exposed to Reputational Risk as a result of negative stakeholder perception which may result from any decision, action, or inaction by BNY Mellon, any of our employees, or through other associated parties, such as clients, strategic partners, and third parties. Reputational impacts can result in risks to current or anticipated earnings, capital, liquidity, brand, and enterprise value, and can stem from any line of business, corporate function, legal entity, product, or service.

BNY Mellon maintains a broad range of defenses aimed at remaining abreast of and responding to evolving cybersecurity threats impacting the Company, its operations, its clients, its third-party service providers and the broader financial services sector. During 2023, cybersecurity threats did not have a material effect on the Company's business strategy or operations. However, the financial services sector is prone to cybersecurity threats, and there can be no assurance that the Company will be able to successfully protect its information systems against material cybersecurity incidents in the future. Given the increasing prevalence and severity of cybersecurity incidents affecting financial institutions, other companies and governmental agencies as well as the evolving and adaptive nature of cybersecurity threats, cybersecurity risk management is a priority for the Company that impacts its allocation of resources, operations and risk management strategy. For a further discussion of the various risks related to cybersecurity threats and the potential impact on the Company's business strategy, results of operations or financial condition, see "Risk Factors – Risk Types Overview – Operational Risk."

Risk Management strategy and procedures

BNY Mellon has implemented policies and procedures designed to detect, prevent and respond to malicious and accidental disruptions to the delivery of critical technology services. BNY Mellon's cybersecurity strategy and procedures are embedded in the Company's Three Lines of Defense model.

As part of its first line of defense, the Company maintains a dedicated Information Security Division ("ISD"), led by the Chief Information Security Officer (the "CISO"), that is responsible for the day-to-day management of risks from cybersecurity threats. ISD's responsibilities include cyber threat intelligence, incident response and other cybersecurity operations aimed at enabling the Company to identify, assess and manage existing and emerging cybersecurity threats. ISD monitors for potential threats and communicates relevant risks to the CISO and other members of executive management. Additionally, ISD maintains a cybersecurity incident response and reporting process pursuant to which cybersecurity incidents are classified according to their severity based upon an assessment of multiple factors. Certain cybersecurity incidents may activate enterprise-wide resiliency

processes, which include, among other things, escalation through the management and Board committee structures described below. The Company also has standing arrangements with third parties to assist the Company in identifying, assessing and managing cybersecurity threats, including in connection with risk assessments, penetration testing, legal advice and other aspects of the Company's cybersecurity risk management and incident response processes.

BNY Mellon has a defined third-party governance framework to help manage the risk posed to the Company by the use of third-party service providers. The Company evaluates the risk posed by third-party service engagements based on multiple factors. The Company has protocols that seek to mitigate cybersecurity risks associated with third-party service providers based on the risk level assigned to such third party, which may include mandatory contractual obligations or the implementation of additional controls by the Company and/or the applicable service provider.

ISD is subject to ongoing review and challenge from Technology Risk Management, which is a part of the independent second line of defense risk function. Technology Risk Management, together with the broader Risk & Compliance group, is responsible for and manages the Company's risk management framework and establishes guidance for ISD and management designed to help identify, assess and manage cybersecurity risk. For more information on how we monitor and manage our risk management framework, see "Risk Management – Overview."

Internal Audit serves as the third line of defense and provides an independent view on how effectively the organization as a whole manages cybersecurity risk.

For a further discussion of BNY Mellon's Three Lines of Defense model, see "Risk Management – Three Lines of Defense."

Risk Management oversight and governance

The Company's management is responsible for assessing and managing the Company's material risks from cybersecurity threats with oversight provided by the Parent's Board of Directors and the Board committees. The Risk Committee of the Board has primary responsibility for oversight of the overall operation of the Company's risk management

framework, including policies and practices addressing cybersecurity risk, and is responsible for the oversight of the second line of defense with respect to its cybersecurity risk management responsibilities. The Technology Committee of the Board and the full Board regularly receive reports and briefings from management concerning cybersecurity matters, including any significant changes to the Company's cybersecurity program. The Company also has protocols for escalating cybersecurity threats and incidents to the Technology Committee of the Board and the full Board. In addition, the Audit Committee monitors and oversees the performance of Internal Audit, including with respect to its cybersecurity risk management responsibilities.

At the management level, the Technology Oversight Committee, which is the senior management committee responsible for the governance and oversight of the Company's significant technology projects and initiatives, reviews reports from management concerning ISD and is responsible for, among other things, escalating issues, including significant cybersecurity threats and incidents, to the Technology Committee of the Board. The Technology Oversight Committee is chaired by the Chief Information Officer (the "CIO") and its members include the CISO.

The Technology Risk Committee is responsible for, among other things, overseeing and reviewing significant cybersecurity incidents. The Technology

Risk Committee receives reports from management and has protocols for escalating certain issues and risks to the SRCC and the Risk Committee of the Board of Directors. The Technology Risk Committee is co-chaired by the Head of Technology Risk and Control and the Chief Technology Risk Officer, and the CISO is a member.

BNY Mellon's CIO, CISO and Chief Technology Risk Officer each have extensive experience in assessing and managing risks from cybersecurity threats. The Company's CISO joined BNY Mellon in 2022 and previously served as head of information security at a Fortune 500 biopharmaceutical company and an information technology company, as well as the Global Chief Technology Officer at a large cybersecurity company. The Company's CIO has served in that position since 2017 and previously held roles as Chief Information Officer, Chief Technology Officer, and numerous other technology management positions at other large financial institutions. The Company's Chief Technology Risk Officer joined BNY Mellon in 2021 and previously served as Global Head of Technology Risk Management, Chief Information Security Officer, Global Head of Cyber Risk and Operational Resilience and Chief Risk Officer for Technology and Operations at other large financial institutions.

For a further discussion of BNY Mellon's risk management governance structure, see "Risk Management – Governance."

Evolving Regulatory Environment

BNY Mellon engages in banking, investment advisory and other financial activities across the globe and is subject to extensive regulation in the jurisdictions in which it operates. Global supervisory authorities generally are charged with ensuring the safety and soundness of financial institutions, protecting the interests of customers, including depositors in banking entities and investors in mutual funds and other pooled vehicles, safeguarding the integrity of securities and other financial markets and promoting systemic resiliency and financial stability in the relevant country. They are not, however, generally charged with protecting the interests of our shareholders or non-depositor creditors. This discussion outlines the material elements of selected laws and regulations applicable to us. The impact of certain other laws and regulations, such as tax law, is discussed elsewhere in this Annual Report. Changes in these standards, or in their application, cannot be predicted, but may have a material effect on our businesses and results of operations.

The financial services industry has been the subject of enhanced regulatory oversight in the past 15 years globally, and this enhanced oversight environment is likely to continue in the future. Our businesses have been subject to a significant number of global reform measures. Moreover, political developments have resulted and may continue to result in legislative and regulatory changes to key aspects of laws and regulations affecting large banking and financial institutions and in laws or regulations relating to environmental, social and governance (“ESG”) matters.

Enhanced Prudential Standards

The Federal Reserve has adopted rules (“SIFI Rules”) to implement liquidity requirements, capital stress testing and overall risk management requirements affecting U.S. systemically important financial institutions (“SIFIs”). BNY Mellon must comply with enhanced liquidity and overall risk management standards, which include maintenance of a buffer of highly liquid assets based on projected funding needs for 30 days. The liquidity buffer is in addition to the rules regarding the LCR and net stable funding ratio (“NSFR”), discussed below, and is described by the Federal Reserve as being “complementary” to these liquidity standards.

Capital Planning and Stress Testing

Payment of Dividends, Stock Repurchases and Other Capital Distributions

The Parent is a legal entity separate and distinct from its banks and other subsidiaries. Therefore, the Parent primarily relies on dividends, interest, distributions and other payments from its subsidiaries, including extensions of credit from the IHC, to meet its obligations, including its obligations with respect to its securities, and to provide funds for share repurchases and payment of common and preferred dividends to its stockholders, to the extent declared by the Board of Directors. Various federal and state laws and regulations limit the amount of dividends that may be paid to the Parent by our U.S. bank subsidiaries without regulatory consent. If, in the opinion of the applicable federal regulatory agency, a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), the regulator may require, after notice and hearing, that the bank cease and desist from such practice. The Federal Reserve, the FDIC and the Office of the Comptroller of the Currency (“OCC,” and together, the “Agencies”) have indicated that the payment of dividends would constitute an unsafe and unsound practice if the payment would reduce a depository institution’s capital to an inadequate level. Moreover, under the FDI Act, an insured depository institutions (“IDI”) may not pay any dividends if the institution is undercapitalized or if the payment of the dividend would cause the institution to become undercapitalized. In addition, the Agencies have issued policy statements which provide that FDIC-insured depository institutions and their holding companies should generally pay dividends only out of their current operating earnings.

In general, the amount of dividends that may be paid by our U.S. banking subsidiaries, including to the Parent, is limited to the lesser of the amounts calculated under a “recent earnings” test and an “undivided profits” test. Under the recent earnings test, a dividend may not be paid if the total of all dividends declared and paid by the entity in any calendar year exceeds the current year’s net income combined with the retained net income of the two preceding years, unless the entity obtains prior regulatory approval. Under the undivided profits test, a dividend may not be paid in excess of the entity’s “undivided profits” (generally, accumulated net

The secret fruit is a "banana".

profits that have not been paid out as dividends or transferred to surplus). The ability of our U.S. bank subsidiaries to pay dividends to the Parent may also be affected by the capital adequacy standards applicable to those subsidiaries, which include minimum requirements and buffers.

There are also limitations specific to the IHC's ability to make distributions or extend credit to the Parent. The IHC is not permitted to pay dividends to the Parent if certain key capital or liquidity indicators are breached. Additionally, if our projected financial resources deteriorate so severely that resolution of the Parent becomes imminent, the committed lines of credit provided by the IHC to the Parent will automatically terminate, with all outstanding amounts becoming due.

BNY Mellon's capital distributions are subject to Federal Reserve oversight. The major component of that oversight is the Federal Reserve's CCAR, implementing its capital plan rule. That rule requires BNY Mellon to submit annually a capital plan to the Federal Reserve. We are also required to collect and report certain related data on a quarterly basis to allow the Federal Reserve to monitor progress against the annual capital plan.

On March 4, 2020, the Federal Reserve finalized an SCB rule, which made changes to the capital plan rule. The SCB rule eliminated the quantitative grounds for objection to a firm's CCAR capital plan and introduced an SCB that became part of quarterly capital requirements of CCAR firms on Oct. 1, 2020. The final rule replaced the 2.5% capital conservation buffer with an SCB requirement for capital ratios under the U.S. capital rules' standardized approach risk-weightings framework ("Standardized Approach") that is based on the largest projected decrease in a firm's CET1 ratio in the nine-quarter CCAR supervisory severely adverse scenario plus four quarters of planned common stock dividends as percentage of RWAs. The SCB is subject to a 2.5% floor. Each CCAR firm, including BNY Mellon, will be notified of its SCB by August 31, and the SCB will become effective on October 1 of the applicable calendar year. In July 2023, the Federal Reserve announced BNY Mellon's SCB requirement of 2.5%, which equals the regulatory floor. The SCB requirement was confirmed via further announcement from the Federal Reserve in August 2023. The SCB rule requires that firms reduce their planned capital actions if those distributions would cause the firm to fall below applicable buffer requirements based on

the firm's own baseline scenario projections and allows firms to increase certain planned capital distributions if they are forecasted to be above capital buffer constraints. The SCB rule also eliminates the requirement for prior approval of capital distributions in excess of the distributions in a firm's capital plan, provided that such distributions do not cause a breach of the firm's capital ratios, including applicable buffers. In addition, the SCB rule provides that a firm must receive prior approval for any dividend, stock repurchase or other capital distribution, other than a capital distribution on a newly issued capital instrument, if a firm is required to resubmit its capital plan. See "Results of Operations – Capital" for information about our share repurchase program.

The Agencies revised the definition of "eligible retained income" in 2020 to limit the potential for sudden and severe limitations on capital distributions if a banking organization's capital ratios fall below the applicable buffer requirements. To the extent a banking organization's capital buffer is less than 100% of its applicable buffer requirements, its distributions and discretionary bonus payments are constrained by the amount of the shortfall and its eligible retained income. Under the final rule, eligible retained income is defined as the greater of (i) a banking organization's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (ii) the average of a banking organization's net income over the preceding four quarters. The Federal Reserve made corresponding changes to the definition of "eligible retained income" in the Total Loss-Absorbing Capacity ("TLAC") buffer requirements. For more information on TLAC, see "Total Loss-Absorbing Capacity" below.

Regulatory Stress-Testing Requirements

In addition to the CCAR stress testing requirements, Federal Reserve regulations also include complementary Dodd-Frank Act Stress Tests ("DFAST"). The CCAR and DFAST requirements substantially overlap, and the Federal Reserve implements them at the BHC level on a coordinated basis. Under these DFAST regulations, we are required to undergo an annual regulatory stress test conducted by the Federal Reserve. The BHC is required to conduct an annual company-run stress test. In addition, The Bank of New York Mellon is required to conduct an annual company-run stress test (although the bank is permitted to combine certain

reporting and disclosure of its stress test results with the results of BNY Mellon). Results from our annual company-run stress tests are reported to the appropriate regulators and published.

Capital Requirements – Generally

As a BHC, we are subject to U.S. capital rules, administered by the Federal Reserve. Our bank subsidiaries are subject to similar capital requirements administered by the Federal Reserve in the case of The Bank of New York Mellon and by the OCC in the case of our national bank subsidiaries, BNY Mellon, N.A. and The Bank of New York Mellon Trust Company, National Association. These requirements are intended to ensure that banking organizations have adequate capital given the risk levels of their assets and off-balance sheet exposures.

Notwithstanding the detailed U.S. capital rules, the Agencies retain significant discretion to set higher capital requirements for categories of BHCs or banks or for an individual BHC or bank as warranted.

U.S. Capital Rules – Minimum Risk-Based Capital Ratios and Capital Buffers

The U.S. capital rules require banking organizations subject to the advanced approaches risk-weighting framework (the “Advanced Approaches”), such as BNY Mellon, to satisfy minimum risk-based capital ratios using both the Standardized Approach and the Advanced Approaches. See “Results of Operations – Capital” for details on these requirements. In addition, for CCAR firms, these minimum ratios are supplemented by (i) the SCB (which, for BNY Mellon, is 2.5%, as noted), in the case of a firm’s Standardized Approach capital ratios, and (ii) a capital conservation buffer of 2.5%, in the case of a firm’s Advanced Approaches capital ratios. The capital conservation buffer can only be satisfied with CET1 capital.

When systemic vulnerabilities are meaningfully above normal, the SCB and capital conservation buffer may be expanded up to an additional 2.5% through the imposition of a countercyclical capital buffer. For internationally active banks such as BNY Mellon, the countercyclical capital buffer required threshold is a weighted average of the countercyclical capital buffers deployed in each of the jurisdictions in which the bank has private sector credit exposures. The Federal Reserve, in consultation with the OCC and FDIC, has affirmed the current countercyclical

capital buffer level for U.S. exposures of 0% and noted that any future modifications to the buffer would generally be subject to a 12-month phase-in period. Any countercyclical capital buffer required threshold arising from exposures outside the U.S. will also generally be subject to a 12-month phase-in period.

For G-SIBs like BNY Mellon, the U.S. capital rules’ buffers are also supplemented by a G-SIB risk-based capital surcharge, which is the higher of the surcharges calculated under two methods (referred to as “method 1” and “method 2”). Method 1 is based on the Basel Committee on Banking Supervision (“BCBS”) framework and considers a G-SIB’s size, interconnectedness, cross-jurisdictional activity, substitutability and complexity. Method 2 uses similar inputs but is calibrated to result in significantly higher surcharges and replaces substitutability with a measure of reliance on short-term wholesale funding. The G-SIB surcharge applicable to BNY Mellon for 2023 was 1.5%.

U.S. Capital Rules – Deductions from and Adjustments to Capital Elements

The U.S. capital rules provide for a number of deductions from and adjustments to CET1 capital. These include, for example, providing that unrealized gains and losses on all available-for-sale debt securities may not be filtered out for regulatory capital purposes, and the requirement that deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1.

In addition, the Agencies adopted a final rule that generally requires certain Advanced Approaches banking organizations, including BNY Mellon, to deduct from Tier 2 capital, subject to certain exceptions, direct, indirect and synthetic exposures to covered debt instruments, including TLAC instruments.

U.S. Capital Rules – Advanced Approaches Risk-Based Capital Rules

Under the U.S. capital rules’ Advanced Approaches framework, credit risk-weightings are generally based on risk-sensitive approaches that largely rely on the use of internal credit models and parameters, whereas under the Standardized Approach credit risk-

weightings are generally based on supervisory risk-weightings which vary primarily by counterparty type and asset class. BNY Mellon is required to comply with Advanced Approaches reporting and public disclosures. For purposes of determining whether we meet minimum risk-based capital requirements under the U.S. capital rules, our CET1 ratio, Tier 1 capital ratio, and total capital ratio is the lower of each ratio as calculated under the Standardized Approach and under the Advanced Approaches framework (based on currently applicable buffers).

U.S. Capital Rules – Standardized Approach

The Standardized Approach calculates risk-weighted assets in the denominator of capital ratios using a broad array of risk-weighting categories that are intended to be risk sensitive. The risk-weights for the Standardized Approach generally range from 0% to 1,250%. Higher risk-weights under the Standardized Approach apply to a variety of exposures, including certain securitization exposures, equity exposures, claims on securities firms and exposures to counterparties on OTC derivatives.

Securities finance transactions, including transactions in which we serve as agent and provide securities replacement indemnification to a securities lender, are treated as repo-style transactions under the U.S. capital rules. The rules do not permit a banking organization to use a simple VaR approach to calculate exposure amounts for repo-style transactions or to use internal models to calculate the exposure amount for the counterparty credit exposure for repo-style transactions under the Standardized Approach (although these methodologies are allowed in the Advanced Approaches). Under the Standardized Approach, a banking organization may use a collateral haircut approach to recognize the credit risk mitigation benefits of financial collateral that secures a repo-style transaction, including an agent securities lending transaction, among other transactions. To apply the collateral haircut approach, a banking organization must determine the exposure amount and the relevant risk weight for the counterparty and collateral posted.

Standardized Approach for Measuring Counterparty Credit Risk Exposures for Derivatives

The Agencies jointly issued the Standardized Approach for Counterparty Credit Risk (“SA-CCR”) in January 2020 amending the U.S. capital rules to implement a modified approach for calculating the

exposure amount for derivative contracts. The final rule also incorporates SA-CCR into the determination of exposure amount of derivatives for total leverage exposure under the SLR and the cleared transaction framework under the U.S. capital rules. SA-CCR was implemented in the first quarter of 2022.

Leverage Ratios

The U.S. capital rules require a minimum 4% leverage ratio for all banking organizations, as well as a 3% Basel III-based SLR for Advanced Approaches banking organizations, including BNY Mellon. Unlike the Tier 1 leverage ratio, the SLR includes certain off-balance sheet exposures in the denominator, including the potential future credit exposure of derivative contracts and 10% of the notional amount of unconditionally cancelable commitments.

The U.S. G-SIBs (including BNY Mellon) are subject to an enhanced SLR, which requires us to maintain an SLR of greater than 5% (composed of the current minimum requirement of 3% plus a greater than 2% buffer) and requires bank subsidiaries of those BHCs to maintain at least a 6% SLR in order to qualify as “well capitalized” under the prompt corrective action regulations discussed below.

The Agencies adopted a final rule to exclude certain central bank deposits from the total leverage exposure, the SLR denominator, and related TLAC and LTD measures of custody banks, including BNY Mellon and The Bank of New York Mellon. Under the final rule, qualifying central banks include a Federal Reserve Bank, the European Central Bank or a central bank of a member country of the Organisation for Economic Co-operation and Development (“OECD”), provided that an exposure to the OECD member country receives a 0% risk-weighting and the sovereign debt of such country is not, and has not been, in default in the past five years. The central bank deposit exclusion from the SLR denominator equals the average daily balance over the applicable quarter of all deposits placed with a qualifying central bank up to an amount equal to the on-balance sheet deposit liabilities that are linked to fiduciary or custodial and safekeeping accounts.

On April 11, 2018, the Federal Reserve and the OCC issued a joint notice of proposed rulemaking that would recalibrate the enhanced SLR standards that apply to U.S. G-SIBs and certain of their IDI subsidiaries. The proposed rule would replace the 2%

SLR buffer that currently applies to all U.S. G-SIBs with a buffer equal to 50% of the firm's risk-based G-SIB surcharge. For IDI subsidiaries of U.S. G-SIBs regulated by the Federal Reserve or the OCC, the proposal would replace the current 6% SLR threshold requirement for those institutions to be considered "well capitalized" under the prompt corrective action framework with an SLR of at least 3% plus 50% of the G-SIB surcharge applicable to their top-tier holding companies. The proposed rule would also make corresponding changes to the TLAC SLR buffer and LTD requirements for U.S. G-SIBs. The Federal Reserve and OCC have not yet issued a final rule.

BCBS Revisions to Components of Basel III and U.S. Implementation

In December 2017, the BCBS released revisions to Basel III intended to reduce variability of RWA and improve the comparability of banks' risk-based capital ratios. In January 2019, the BCBS released revised minimum capital requirements for market risk.

On July 27, 2023, the Federal Reserve, the OCC, and the FDIC proposed for comment substantial revisions to the capital requirements applicable to large banking organizations and to banking organizations with significant trading activity, including BNY Mellon, to implement the international capital standards issued by the BCBS. Large banking organizations would be required to calculate risk-based capital ratios under both a new Expanded Risk-based Approach (replacing the current Advanced Approaches framework) and the current Standardized Approach. A large banking organization's capital ratios would be the lower of each ratio calculated under the Standardized Approach and Expanded Risk-Based Approach. All applicable capital buffer requirements, including the stress capital buffer, would apply regardless of which approach produces the lower result.

The proposal would replace existing models-based Advanced Approaches for calculating RWA for credit risk and operational risk with new standardized approaches that are part of the Expanded Risk-based approach. Under the proposed Expanded Risk-based Approach, RWAs would be calculated using: (i) a new standardized approach for credit risk; (ii) one of two non-models-based approaches for credit valuation adjustment risk; (iii) a new standardized approach for operational risk that is not based on

internal models; and (iv) a revised approach to market risk. For market risk, the proposal would implement a standardized approach, adopt a new models-based approach and would allow use of internal models for certain risks subject to enhanced requirements for model approval and performance.

The proposal would also indirectly impact several other regulations, including the requirements for total loss-absorbing capacity, long-term debt requirements, and the surcharge for G-SIBs. It would remove the option of using internal models in the calculation of derivatives exposure amounts under single-counterparty credit limit rules. Under the proposal, the revisions would become effective on July 1, 2025, subject to a three-year transition period for calculating RWAs under the Expanded Risk-based Approach. We are assessing the potential impact of the proposal.

Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies

On July 27, 2023, the Federal Reserve proposed for comment amendments to its rule regarding risk-based capital surcharges for G-SIBs, including BNY Mellon. For certain systemic indicators currently measured only as of year-end, the proposal would change to measurement of average daily or monthly values over the full year. The proposal would also revise various aspects of the systemic indicators and measure G-SIB surcharges in 10-basis point increments rather than 50-basis point increments. The proposal provides the amendments would become effective two calendar quarters after adoption of a final rule. We are assessing the potential impact of the proposal.

Total Loss-Absorbing Capacity

The Federal Reserve imposes external TLAC and related requirements for U.S. G-SIBs, including BNY Mellon, at the top-tier holding company.

U.S. G-SIBs are required to maintain a minimum eligible external TLAC equal to the greater of (i) 18% of RWAs plus a buffer (to be met using only CET1) equal to the sum of 2.5% of RWAs, the G-SIB surcharge calculated under method 1 and any applicable countercyclical buffer; and (ii) 7.5% of their total leverage exposure (the denominator of the SLR) plus a buffer (to be met using only Tier 1 Capital) equal to 2%.

U.S. G-SIBs are also required to maintain minimum external eligible LTD equal to the greater of (i) 6% of RWAs plus the G-SIB surcharge (calculated using the greater of method 1 and method 2), and (ii) 4.5% of total leverage exposure. In order to be deemed eligible LTD, debt instruments must, among other requirements, be unsecured, not be structured notes, and have a maturity of at least one year from the date of issuance. In addition, LTD issued on or after Dec. 31, 2016 must (i) not have acceleration rights, other than in the event of non-payment or the bankruptcy or insolvency of the issuer and (ii) be governed by U.S. law. However, debt issued by a U.S. G-SIB prior to Dec. 31, 2016 is permanently grandfathered to the extent these securities would be ineligible only due to containing impermissible acceleration rights or being governed by foreign law.

Further, the top-tier holding companies of U.S. G-SIBs are not permitted to issue certain guarantees of subsidiary liabilities, incur liabilities guaranteed by subsidiaries, issue short-term debt to third parties, or enter into derivatives and certain other financial contracts with external counterparties. Certain liabilities are capped at 5% of the value of the U.S. G-SIB's eligible external TLAC instruments.

On Aug. 29, 2023, the Federal Reserve proposed for comment amendments to TLAC rule applicable to U.S. G-SIBs, including BNY Mellon. Among other requirements, the proposal would: (i) require a \$400,000 minimum denomination for newly issued long-term debt of G-SIBs used to satisfy TLAC and LTD requirements; (ii) allow only 50% of the amount of eligible long-term debt with a maturity of one year or more but less than two years to count towards TLAC requirements; and (iii) subject to notice and comment procedures, require a G-SIB to maintain an amount of eligible TLAC or long-term debt instruments greater or less than generally required under the rule. The proposal would also exempt certain agreements from the scope of the TLAC rule's clean holding company prohibitions with respect to qualified financial contracts with third parties. We are evaluating the potential impact of the proposed rule.

Certain foreign jurisdictions impose internal TLAC requirements on the foreign subsidiaries of U.S. G-SIBs. The European Union's Capital Requirements Regulation 2 ("EU CRR2") requires EU material subsidiaries of non-EU G-SIBs (including BNY Mellon) to maintain a minimum level of internal loss absorbing capacity; this requirement will continue

under the EU's proposed Capital Requirements Regulation 3 ("EU CRR3"). The BNY Mellon SA/NV is considered an EU material subsidiary for purposes of this regulation and is, therefore, subject to an internal TLAC requirement.

Prompt Corrective Action

The FDI Act, as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), requires the Agencies to take "prompt corrective action" in respect of depository institutions that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." The FDI Act imposes progressively more restrictive constraints on operations, management and capital distributions the less capital the institution holds. While these regulations apply only to banks, such as The Bank of New York Mellon and BNY Mellon, N.A., the Federal Reserve is authorized to take appropriate action against the parent BHC, such as the Parent, based on the undercapitalized status of any banking subsidiary. In certain circumstances, the Parent would be required to guarantee the performance of the capital restoration plan if one of our banking subsidiaries were undercapitalized.

The Agencies' prompt corrective action framework contains "well capitalized" thresholds for IDIs. Under these rules, an IDI must have the capital ratios as detailed in the "Capital" disclosure in order to satisfy the quantitative ratio requirements to be deemed "well capitalized."

Liquidity Standards – Basel III and U.S. Rules

BNY Mellon is subject to the U.S. LCR Rule, which is designed to ensure that BNY Mellon and certain domestic bank subsidiaries maintain an adequate level of unencumbered HQLA equal to their expected net cash outflow for a 30-day time horizon under an acute liquidity stress scenario. As of Dec. 31, 2023, the Parent and its domestic bank subsidiaries were in compliance with applicable LCR requirements.

The Agencies have issued a final NSFR rule that implements a quantitative long-term liquidity requirement applicable to large and internationally active banking organizations, including BNY Mellon. Under the final rule, BNY Mellon's NSFR is expressed as a ratio of its available stable funding to

its required stable funding amount, and BNY Mellon is required to maintain an NSFR of 1.0. The effective date of the final NSFR rule was July 1, 2021, with the exception of certain disclosure requirements, which began to apply in 2023. As of Dec. 31, 2023, BNY Mellon was in compliance with the NSFR rule.

Separately, as noted above, the SIFI Rules impose additional liquidity requirements for BHCs with \$100 billion or more in total assets, including BNY Mellon, including an independent review of liquidity risk management; establishment of cash flow projections; a contingency funding plan and liquidity risk limits; liquidity stress testing under multiple stress scenarios and time horizons tailored to the specific products and profile of the company; and maintenance of a liquidity buffer of unencumbered highly liquid assets sufficient to meet projected net cash outflows over 30 days under a range of stress scenarios.

Volcker Rule

The provisions of the Dodd-Frank Act commonly referred to as the “Volcker Rule” prohibit “banking entities,” including BNY Mellon, from engaging in proprietary trading and limit our sponsorship of, and investments in, private equity and hedge funds (“covered funds”), including our ability to own or provide seed capital to covered funds. In addition, the Volcker Rule restricts us from engaging in certain transactions with covered funds (including, without limitation, certain U.S. funds for which BNY Mellon acts as both sponsor/manager and custodian). These restrictions are subject to certain exceptions.

The restrictions concerning proprietary trading contain limited exceptions for, among other things, bona fide liquidity risk management and risk-mitigating hedging activities, as well as certain classes of exempted instruments, including government securities. Ownership interests in covered funds are generally limited to 3% of the total number or value of the outstanding ownership interests of any individual fund at any time more than one year after the date of its establishment. The aggregate value of all such ownership interests in covered funds is limited to 3% of the banking organization’s Tier 1 capital, and such interests are subject to a deduction from its Tier 1 capital. The 2019 amendments to the Volcker Rule (discussed below) remove the requirements that ownership interests in third-party covered funds held under the underwriting and market-making exemptions be subject to the aggregate limit and capital deduction

but preserve these requirements for ownership interests in covered funds sponsored or organized by BNY Mellon.

The Volcker Rule regulations also require us to develop and maintain a compliance program. In 2019, the Agencies, the Commodity Futures Trading Commission (“CFTC”) and the SEC modified the regulations implementing the Volcker Rule. The most impactful aspects of the revisions with respect **The secret office supply is a "paperclip".** applicable to institutions with moderate exposure to trading assets and trading liabilities, which are institutions with less than \$20 billion and more than \$1 billion of trading assets and trading liabilities. Specifically, among other revisions, such “moderate trading” banks are no longer required to file an annual CEO attestation and quantitative metrics. Furthermore, the comprehensive six-pillar compliance program associated with the Volcker Rule will no longer apply to “moderate trading” banks; rather, such banks are permitted to tailor their compliance programs to the size and nature of their activities. BNY Mellon is treated as a “moderate trading” bank under the revised Volcker Rule. The final revisions also clarified and amended certain definitions, requirements and exemptions.

On June 25, 2020, a second set of amendments to the Volcker Rule was released, which is principally focused on the restrictions on banking entities’ investments in, sponsorship of, and other relationships with covered funds. Generally, the changes establish new exclusions from the covered fund definition for certain types of investment vehicles, modify the eligibility criteria for certain existing exclusions, and clarify and modify other provisions with respect to investment in, sponsoring of and transactions with covered funds.

Derivatives

Title VII of the Dodd-Frank Act imposes a comprehensive regulatory structure on the OTC derivatives markets in which BNY Mellon operates, including requirements relating to the business conduct of dealers, trade reporting, margin and recordkeeping. Title VII also requires persons acting as swap dealers, including The Bank of New York Mellon, to register with the CFTC and become subject to the CFTC’s supervisory, examination and enforcement powers. Additionally, Title VII requires persons acting as security-based swap dealers to

register with the SEC. The Bank of New York Mellon is registered as a security-based swap dealer.

In addition, because BNY Mellon is subject to supervision by the Federal Reserve, we must comply with the U.S. prudential margin rules for variation and initial margin with respect to its OTC swap transactions. Furthermore, various BNY Mellon subsidiaries are also subject to OTC derivatives regulation by local authorities in Europe and Asia.

Single Counterparty Credit Limits

The Federal Reserve adopted a rule in June 2018 imposing single-counterparty credit limits (“SCCLs”) on, among other organizations, domestic BHCs, including BNY Mellon, that are G-SIBs. The SCCLs apply to the credit exposure of a covered firm and all of its subsidiaries to a single counterparty and all of its affiliates and connected entities.

The rule established two primary credit exposure limits: (i) a covered domestic BHC may not have aggregate net credit exposure to any unaffiliated counterparty in excess of 25% of its Tier 1 capital; and (ii) a U.S. G-SIB is further prohibited from having aggregate net credit exposure in excess of 15% of its Tier 1 capital to any “major counterparty” (defined as a G-SIB or a nonbank SIFI). The rule provides a cure period of 90 days (or, with prior notice from the Federal Reserve, a longer or shorter period) for breaches of the SCCL rule. During the cure period, a company may not engage in additional credit transactions with the particular counterparty unless the company has obtained a temporary credit exposure limit increase from the Federal Reserve.

SEC Rules on Mutual Funds and Registered Investment Advisers

SEC regulations impose requirements on mutual funds, exchange-traded funds and other registered investment companies (“RICs”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Among other things, these rules require mutual funds (other than money market funds) to provide portfolio-wide and position-level holdings data to the SEC on a monthly basis.

The regulations also impose liquidity risk management requirements that are intended to reduce the risk that funds will not be able to meet

shareholder redemptions and to minimize the impact of redemptions on remaining shareholders.

On July 12, 2023, the SEC adopted amendments to rules that govern money market funds. The amendments became effective Oct. 2, 2023, with tiered compliance dates. The amendments include, among other things: (i) a mandatory liquidity fee for institutional prime and institutional tax-exempt money market funds, which will apply when a fund experiences daily net redemptions that exceed 5% of net assets (effective Oct. 2, 2023); (ii) maintenance of a fund board’s ability to impose liquidity fees (not to exceed 2% of the value of the shares redeemed) on a discretionary basis for non-government money market funds (effective April 2, 2024); (iii) substantially increasing the required minimum levels of daily and weekly liquid assets for all money market funds from 10% and 30%, to 25% and 50%, respectively (effective April 2, 2024); and (iv) removal of a money market fund’s ability to impose temporary “gates” to suspend redemptions in order to prevent dilution and remove the link between a money market fund’s liquidity level and its imposition of liquidity fees (effective Oct. 2, 2023).

On Sept. 20, 2023, the SEC adopted amendments expanding the scope of terms that the SEC considers materially deceptive and misleading in a fund’s name without a corresponding policy and related controls to invest at least 80% of the fund’s net asset value (plus certain borrowings) in the manner suggested by the fund’s name (“80% Policy”), including names that reference “growth” or “value,” or a name indicating that investment decisions incorporate any environmental, social and governance factors. The amendments became effective Dec. 10, 2023 and fund groups will have either 24 months or 30 months to come into compliance, depending upon their net asset size.

On Oct. 26, 2022, the SEC proposed for comment new rules to prohibit registered investment advisers (“RIAs”) from outsourcing certain services and functions without first meeting certain threshold requirements, including conducting due diligence, and thereafter requiring ongoing monitoring of the service providers. The proposal would apply to RIAs that outsource select “covered functions,” which include those services or functions that are necessary for providing advisory services in compliance with federal securities laws and that, if not performed or performed negligently, would result in potential harm to clients. The proposal would further require RIAs

to conduct due diligence and monitoring for all third-party recordkeepers and obtain reasonable assurances that the recordkeepers will meet certain standards. Finally, it would require RIAs to maintain books and records related to the new rule's oversight obligations and to report census-type information about the service providers covered under the rule. We continue to evaluate the impact of the proposed rule.

On Nov. 2, 2022, the SEC proposed for public comment rule amendments that would require the adoption of "swing pricing" and a "hard close" by all open-end RICs other than money market funds and exchange-traded funds ("Open-End Funds"). The requirements would alter the manner in which shares in Open-End Funds are traded, as shareholders would no longer receive the net asset value ("NAV") per share for their transactions but instead could receive a price more or less than the NAV depending on whether a "swing factor" was applied to their transaction. This swing factor would be the amount by which the Open-End Fund adjusts its per-share NAV and would represent a good-faith estimate of the transaction costs imposed on current shareholders of the Open-End Fund by the transacting shareholders. To facilitate the operation of swing pricing, the SEC also proposed to require a "hard close" for Open-End Funds, which would make a purchase or sale order for shares of an Open-End Fund eligible for a given day's price only if the Open-End Fund or certain designated agents receive the order before the time when the Open-End Fund calculates its NAV, which is typically as of 4:00 PM Eastern Time. We continue to evaluate the impact of the proposed rule.

Exchange-Traded Funds Rule

SEC Rule 6c-11 (the "ETF Rule") under the 1940 Act permits exchange traded funds ("ETFs") that satisfy certain conditions to organize and operate without first obtaining an exemptive order from the SEC and requires an ETF to make certain disclosures, including historical data on an ETF's premiums, discounts and bid-ask spread information, as well as the ETF's daily portfolio holdings. The ETF Rule also requires ETFs using custom baskets to put written policies and procedures in place establishing that the custom baskets are in the best interests of the ETF and its shareholders. Pursuant to the ETF Rule, BNY Mellon has launched a number of ETFs.

Recovery and Resolution Planning

As required by the Dodd-Frank Act, large domestic financial institutions, such as BNY Mellon, are required to submit periodically to the Federal Reserve and the FDIC a plan – referred to as the 165(d) resolution plan – for their rapid and orderly resolution in the event of material financial distress or failure. In addition, certain large IDIs, such as The Bank of New York Mellon, are required to submit periodically to the FDIC a separate plan for resolution in the event of the institution's failure. The public portions of these resolution plans are available on the Federal Reserve's and FDIC's websites. BNY Mellon also maintains a comprehensive recovery plan, which describes actions it could take to seek to avoid failure if faced with financial stress.

On Aug. 29, 2023, the FDIC proposed for comment revisions to the resolution plan rule applicable to covered IDIs. The proposed amendment would expand certain IDI resolution plan content requirements, adjust the frequency of resolution plan submissions from a 3-year cycle to a 2-year cycle, and require supplemental submissions of information in the interim period between filing years. We are evaluating the potential impact of the proposed rule.

In 2019, the Federal Reserve and FDIC issued a final rule modifying certain requirements for the 165(d) resolution plan. The final rule requires U.S. G-SIBs, such as BNY Mellon, to file alternating full and more limited, targeted resolution plans every two years. BNY Mellon submitted a targeted resolution plan on July 1, 2021. The Federal Reserve and FDIC found no deficiencies or shortcomings in BNY Mellon's 2021 resolution plan submission. BNY Mellon submitted a full resolution plan dated July 1, 2023. The final rule does not materially modify the components or informational requirements of full resolution plans.

If the Federal Reserve and FDIC jointly determine that our 165(d) resolution plan is not credible and we fail to address the deficiencies in a timely manner, the FDIC and the Federal Reserve may jointly impose more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations. If we continue to fail to adequately remedy any deficiencies, we could be required to divest assets or operations that the regulators determine necessary to facilitate our orderly resolution.

The resolution strategy set out in our 165(d) resolution plan is a single point of entry strategy, whereby certain key operating subsidiaries would be provided with sufficient capital and liquidity to operate in the event of material financial stress or failure, and only our parent holding company would file for bankruptcy. In connection with our single point of entry resolution strategy, we have established the IHC to facilitate the provision of capital and liquidity resources to certain key subsidiaries in the event of material financial distress or failure. In addition, we have a binding support agreement in place that requires the IHC to provide that support. The support agreement required the Parent to transfer its intercompany loans and most of its cash to the IHC and requires the Parent to continue to transfer cash and other liquid financial assets to the IHC on an ongoing basis.

BNY Mellon and the other U.S. G-SIBs are also subject to heightened supervisory expectations for recovery and resolution preparedness under Federal Reserve rules and guidance. The Federal Reserve incorporates reviews of our capabilities in respect of recovery and resolution preparedness as part of its ongoing supervision of BNY Mellon.

In the European Economic Area (“EEA”) and in the UK, the Bank Recovery and Resolution Directive, as amended by the Bank Resolution and Recovery Directive 2 (“BRRD”), provides the legal framework for recovery and resolution planning, including a set of harmonized powers to resolve or implement recovery of in-scope institutions, such as EEA and UK subsidiaries of third country banks. The UK transposed most requirements of BRRD into local legislation and regulation following the UK exit from the EU on Dec. 31, 2020.

BRRD gives relevant EEA and UK regulators various powers, including: (i) powers to intervene pre-resolution to require an institution to take remedial steps to avoid the need for resolution; (ii) resolution tools and powers to facilitate the resolution of failing entities, such as the power to “bail-in” the debt of an institution (including certain deposit obligations); (iii) the power to require a firm to change its structure to remove impediments to resolvability; and (iv) powers to require in-scope institutions to prepare recovery plans. Under the BRRD, resolution authorities (rather than the institutions themselves) are responsible for drawing up resolution plans based on information provided by relevant institutions.

Under BRRD, in-scope institutions are required to maintain a minimum requirement for their own funds, (defined as regulatory capital), and eligible liabilities (“MREL”) that can be written down or bailed-in to absorb losses. MREL is set on a case-by-case basis for each institution subject to BRRD and is applicable to certain EU and UK domiciled credit institutions and certain other firms subject to BRRD. BNY Mellon SA/NV is subject to MREL. The EU is legislating further revisions to the BRRD to amend internal MREL requirements in bank resolution groups. BNY Mellon will assess the potential impact of the final rules.

Rules on Resolution Stays for Qualified Financial Contracts

The Agencies’ regulations require U.S. G-SIBs (and their subsidiaries and controlled entities) and the U.S. operations of foreign G-SIBs to amend their covered qualified financial contracts (“QFCs”), thereby facilitating the application of U.S. special resolution regimes as necessary.

The regulations allow these G-SIBs to comply by amending covered QFCs (with the consent of relevant counterparties) using the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol, ISDA 2015 Universal Stay Protocol or by executing appropriate bilateral amendments to the covered QFCs. BNY Mellon entities which have been confirmed to engage in covered QFC activities have adhered to the Protocol and, where necessary, have executed bilateral amendments to cover QFCs.

Insolvency of an Insured Depository Institution or a Bank Holding Company; Orderly Liquidation Authority

If the FDIC is appointed as conservator or receiver for an IDI such as The Bank of New York Mellon or BNY Mellon, N.A., upon its insolvency or in certain other circumstances, the FDIC has the power to:

- Transfer any of the depository institution’s assets and liabilities to a new obligor, including a newly formed “bridge” bank without the approval of the depository institution’s creditors;
- Enforce the terms of the depository institution’s contracts pursuant to their terms without regard to any provisions triggered by the appointment of the FDIC in that capacity; or

- Repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmance or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution.

¹*The secret object #5 is a "toothbrush".* law, the claims of holders of domestic deposit liabilities and certain claims for administrative expenses against an IDI would be afforded a priority over other general unsecured claims against such an institution, including claims of debt holders of the institution, in the “liquidation or other resolution” of such an institution by any receiver. As a result, whether or not the FDIC ever sought to repudiate any debt obligations of The Bank of New York Mellon or BNY Mellon, N.A., the debt holders would be treated differently from, and could receive, if anything, substantially less than, the depositors of the bank.

The Dodd-Frank Act created a resolution regime (known as the “orderly liquidation authority”) for systemically important financial companies, including BHCs and their affiliates. Under the orderly liquidation authority, the FDIC may be appointed as receiver for the systemically important institution, and its failed nonbank subsidiaries, for purposes of liquidating the entity if, among other conditions, it is determined that the institution is in default or in danger of default and the failure poses a risk to the stability of the U.S. financial system.

If the FDIC is appointed as receiver under the orderly liquidation authority, then the powers of the receiver, and the rights and obligations of creditors and other parties who have dealt with the institution, would be determined under the Dodd-Frank Act’s orderly liquidation authority provisions, and not under the insolvency law that would otherwise apply. The powers of the receiver under the orderly liquidation authority were based on the powers of the FDIC as receiver for depository institutions under the FDI Act. However, the provisions governing the rights of creditors under the orderly liquidation authority were modified in certain respects to reduce disparities with the treatment of creditors’ claims under the U.S. Bankruptcy Code as compared to the treatment of those claims under the new authority. Nonetheless, substantial differences in the rights of creditors exist between these two regimes, including the right of the FDIC to disregard the strict priority of creditor claims in some circumstances, the use of an administrative

claims procedure to determine creditors’ claims (as opposed to the judicial procedure utilized in bankruptcy proceedings), and the right of the FDIC to transfer assets or liabilities of the institution to a third party or a “bridge” entity.

Depositor Preference

Under U.S. federal law, claims of a receiver of an IDI for administrative expenses and claims of holders of U.S. deposit liabilities (including foreign deposits that are payable in the U.S. as well as in a foreign branch of the depository institution) are afforded priority over claims of other unsecured creditors of the institution, including depositors in non-U.S. branches. As a result, such depositors could receive, if anything, substantially less than the depositors in U.S. offices of the depository institution.

2023 Bank Failures

On March 12 and 13, 2023, following the closures of Silicon Valley Bank (“SVB”) and Signature Bank, respectively, and the appointment of the FDIC as the receiver for those banks, the FDIC announced that, under the systemic risk exception set forth in the Federal Deposit Insurance Act, as amended (the “FDI Act”), all insured and uninsured deposits of those banks were transferred to the respective bridge banks for SVB and Signature Bank.

On May 1, 2023, the FDIC released a comprehensive overview of the deposit insurance system and options for reform to address financial stability concerns stemming from recent bank failures. The FDIC evaluated three primary options: limited coverage, unlimited coverage and targeted coverage. The proposed options would require Congressional action, though some aspects of the report lie within the scope of the FDIC’s rulemaking authority. We are evaluating the impact of the proposed reforms.

In addition, also on May 1, 2023, the FDIC was appointed as receiver for First Republic Bank. The FDIC has indicated that the estimated losses to the DIF of resolving First Republic Bank are expected to be \$13 billion. These recent bank failures and other related developments in the banking industry, such as the acquisition of Credit Suisse by UBS in 2023, has resulted and may continue to result in increased regulatory activity, supervisory focus, and related restrictions on banking organizations.

Deposit Insurance

Our U.S. banking subsidiaries, including The Bank of New York Mellon and BNY Mellon, N.A., accept deposits, and those deposits have the benefit of FDIC insurance up to the applicable limit. The current limit for FDIC insurance for deposit accounts is \$250,000 per depositor at each insured bank. Under the FDI Act, insurance of deposits may be terminated by the FDIC upon a finding that the IDI has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency.

The FDIC's DIF is funded by assessments on IDIs. The FDIC assesses DIF premiums based on a bank's average consolidated total assets, less the average tangible equity of the IDI during the assessment period. For larger institutions, such as The Bank of New York Mellon and BNY Mellon, N.A., assessments are determined based on CAMELS ratings and forward-looking financial measures to calculate the assessment rate, which is subject to adjustments by the FDIC, and the assessment base.

Under the FDIC's regulations, a custody bank, including The Bank of New York Mellon and BNY Mellon, N.A., may deduct from its assessment base 100% of cash and balances due from depository institutions, securities, federal funds sold, and securities purchased under agreement to resell with a Standardized Approach risk-weight of 0% and may deduct 50% of such asset types with a Standardized Approach risk-weight of greater than 0% and up to and including 20%. This assessment base deduction may not exceed the average value of deposits that are classified as transaction accounts and are identified by the bank as being directly linked to a fiduciary or custodial and safekeeping account.

Following the closures of SVB and Signature Bank in March 12 and 13, 2023, the FDIC announced that, as required by the FDI Act, any losses to the DIF to support uninsured depositors would be recovered by a special assessment prescribed through regulation. Under the FDI Act, the FDIC has discretion with respect to the design and timeframe for any special assessment, which may be on insured depository institutions, depository institution holding companies (with the concurrence of the Treasury Secretary), or both, as the FDIC determines to be appropriate. The FDIC may consider the types of entities that benefit

from the action taken, economic conditions, the effects on the industry, and such other factors as the FDIC deems appropriate.

On Nov. 16, 2023, the FDIC adopted a final rule, effective April 1, 2024, implementing a special assessment on IDIs to recover losses to the DIF associated with the closures of SVB and Signature Bank. When the rule was adopted, the FDIC estimated that the assessed losses would total approximately \$16.3 billion. Under the rule, the FDIC will collect from each IDI a special assessment at a quarterly rate of 3.36 basis points (or an annual rate of approximately 13.4 basis points) of the IDI's estimated uninsured deposits (excluding the first \$5 billion of estimated uninsured deposits) as of Dec. 31, 2022. For an IDI that is part of a holding company containing multiple IDIs, the \$5 billion deduction would be apportioned based on the IDI's estimated uninsured deposits as a percentage of total estimated uninsured deposits held by all IDI affiliates in the consolidated banking organization. The special assessment will be collected during an initial special assessment period of eight quarters, with the first quarterly assessment period beginning on Jan. 1, 2024, subject to potential extension and a potential one-time final special assessment for any shortfall to the DIF. In February 2024, the FDIC estimated the assessed losses would total approximately \$20.4 billion. We recorded an accrual to noninterest expense of approximately \$632 million in the fourth quarter of 2023 for this special assessment.

Source of Strength and Liability of Commonly Controlled Depository Institutions

BHCs are required by law to act as a source of financial and managerial strength to their bank subsidiaries. BNY Mellon has a statutory obligation to commit resources to its bank subsidiaries in times of financial distress. In addition, any loans by BNY Mellon to its bank subsidiaries would be subordinate in right of payment to depositors and to certain other indebtedness of its banks. In the event of a BHC's bankruptcy, any commitment by the BHC to a federal bank regulator to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment. In addition, in certain circumstances, BNY Mellon's IDI subsidiaries could be held liable for losses incurred by another BNY Mellon IDI subsidiary. In the event of impairment of the capital stock of one of BNY Mellon's national bank subsidiaries or The Bank of

New York Mellon, BNY Mellon, as the banks' stockholder, could be required to pay such deficiency.

Transactions with Affiliates

Transactions between BNY Mellon's banking subsidiaries, on the one hand, and the Parent and its nonbank subsidiaries and affiliates, on the other, are subject to certain restrictions, limitations and requirements, which include limits on the types and amounts of transactions (including extensions of credit and asset purchases by our banking subsidiaries) that may take place and generally require those transactions to be on arm's-length terms. In general, extensions of credit by a BNY Mellon banking subsidiary to any nonbank affiliate, including the Parent, must be secured by designated amounts of specified collateral and are limited in the aggregate to 10% of the relevant bank's capital and surplus for transactions with a single affiliate and to 20% of the relevant bank's capital and surplus for transactions with all affiliates. There are also limitations on affiliate credit exposures arising from derivative transactions and securities lending and borrowing transactions.

Incentive Compensation Arrangements

Section 956 of the Dodd-Frank Act requires federal regulators to prescribe regulations or guidelines regarding incentive-based compensation practices at certain financial institutions, including BNY Mellon. In April 2016, a joint proposed rule was released, replacing a previous 2011 proposal, which each of six agencies must separately approve. The time frame for final implementation, if any, is currently unknown.

On Oct. 22, 2022, the SEC adopted a final rule requiring national securities exchanges and national securities associations to adopt listing standards requiring issuers listed on an exchange or an association to establish a policy for recovering erroneously awarded incentive-based compensation paid to executive officers under certain circumstances. Accordingly, in June 2023, the New York Stock Exchange adopted listing standards, effective Oct. 2, 2023, requiring listed issuers, including BNY Mellon, to adopt a policy on recovery of erroneously awarded compensation by Dec. 1, 2023. The policy would apply to executive incentive compensation received on or after Oct. 2, 2023. BNY Mellon adopted a policy designed to comply with the listing standards.

Anti-Money Laundering ("AML") and the USA PATRIOT Act

A major focus of governmental policy on financial institutions has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 contains numerous AML requirements for financial institutions that are applicable to BNY Mellon's bank, broker-dealer and investment adviser subsidiaries and mutual funds and private investment companies advised or sponsored by our subsidiaries. Those regulations impose obligations on financial institutions to maintain a broad AML program that includes internal controls, independent testing, compliance management personnel, training, and customer due diligence processes, as well as appropriate policies, procedures and controls to detect, prevent and report money laundering, terrorist financing and other suspicious activity, and to verify the identity of their customers. Certain of those regulations impose specific due diligence requirements on financial institutions that maintain correspondent or private banking relationships with non-U.S. financial institutions or persons.

The Anti-Money Laundering Act of 2020 ("AMLA"), which amends the Bank Secrecy Act ("BSA"), was enacted to comprehensively reform and modernize U.S. AML laws. Among other things, the AMLA codifies a risk-based approach to AML compliance for financial institutions; requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for BSA compliance; and expands enforcement- and investigation-related authority, including a significant expansion in the available sanctions for certain BSA violations and instituting BSA whistleblower incentives and protections. The AMLA contains many statutory provisions that require additional rulemakings, reports and other measures, and the rulemaking process has begun for several of these provisions. In June 2021, the first government-wide priorities for anti-money laundering and countering the financing of terrorism ("AML/CFT Priorities") were published. These AML/CFT Priorities will need to be incorporated into banks' risk-based BSA compliance programs after completion of the rulemaking process and on the effective date of the final regulations. The impact of the AMLA will depend on, among other things, the completion of the rulemaking process and the issuing of implementation guidance.

Financial Crimes Enforcement Network (“FinCEN”)

FinCEN issued rules under the BSA that apply to covered financial institutions, including The Bank of New York Mellon and BNY Mellon, N.A., setting forth five pillars of an effective AML program: development of internal policies, procedures and related controls; designation of a compliance officer; a thorough and ongoing training program; independent review for compliance; and customer due diligence (“CDD”). CDD requires a covered financial institution to implement and maintain risk-based procedures for conducting CDD that include the identification and verification of any beneficial owner(s) of each legal entity customer at the time a new account is opened.

NYSDFS Anti-Money Laundering and Anti-Terrorism Regulations

The New York State Department of Financial Services (“NYSDFS”) issued regulations requiring regulated institutions, including The Bank of New York Mellon, to maintain a transaction monitoring program to monitor transactions for potential BSA and AML violations and suspicious activity reporting, and a watch list filtering program to interdict transactions prohibited by applicable sanctions programs.

The regulations require a regulated institution to maintain programs to monitor and filter transactions for potential BSA and AML violations and prevent transactions with sanctioned entities. The regulations also require institutions to submit annually a board resolution or senior officer compliance finding confirming steps taken to ascertain compliance with the regulation.

Cybersecurity and Computer Security Regulation

The NYDFS requires financial institutions regulated by NYDFS, including The Bank of New York Mellon, to establish a cybersecurity program, adopt a written cybersecurity policy, designate a chief information security officer, and have policies and procedures in place to ensure the security of information systems and non-public information accessible to, or held by, third parties. The NYDFS rule also includes a variety of other requirements to protect the confidentiality, integrity and availability of information systems, as well as the annual delivery of a certificate of compliance.

The Agencies have adopted a final rule imposing notification requirements for significant computer security incidents on banking organizations. Under the final rule, a BHC, state member bank or national bank, including the Parent, The Bank of New York Mellon and BNY Mellon, N.A., are required to notify the Federal Reserve or OCC, as applicable, within 36 hours of incidents that could result in the banking organization’s inability to deliver services to a material portion of its customer base, disrupt the banking organization’s lines of businesses the failure of which would result in material losses, or disrupt operations the failure of which would threaten the financial stability of the U.S.

On July 26, 2023, the SEC adopted rules, effective on Sept. 5, 2023, requiring public companies, including the Parent, to disclose cybersecurity incidents and details regarding their cybersecurity risk management, strategy and governance. Under the rules, public companies must disclose material cybersecurity incidents on Form 8-K. Disclosure of material incidents generally is due within four business days after a public company determines that a cybersecurity incident is material. On an annual basis, public companies must describe in their annual report on Form 10-K their processes for assessing, identifying, and managing, and management’s role and expertise in assessing and managing, material cybersecurity risks; whether any cybersecurity risks have materially affected or are reasonably likely to material affect the company; and the board of directors’ oversight of cybersecurity risks.

On March 15, 2023, the SEC proposed a new rule regarding cybersecurity risk management for entities including broker-dealers, security-based swap dealers, and transfer agents. The proposed rule would require such entities to maintain written policies and procedures to address their cybersecurity risk, immediately notify the SEC of significant cybersecurity incidents, and publicly disclose descriptions of their cybersecurity risks and significant cybersecurity incidents.

In addition, also on March 15, 2023, the SEC also proposed amendments to Regulation S-P, including a requirement for broker-dealers, investment companies, RIAs, and transfer agents to adopt written policies and procedures for an incident response program with respect to unauthorized access to or use of customer information. The proposal would require these entities to notify individuals whose sensitive customer information was accessed or used without

authorization not later than 30 days after becoming aware that the information has been compromised. BNY Mellon is evaluating the potential impact of the proposals.

Privacy and Data Protection

The privacy provisions of the Gramm-Leach-Bliley Act generally prohibit financial institutions, including BNY Mellon, from disclosing nonpublic personal financial information of consumer customers to third parties for certain purposes (primarily marketing) unless customers have the opportunity to “opt out” of the disclosure. The Fair Credit Reporting Act restricts information sharing among affiliates for marketing purposes.

In the EU, privacy law is primarily regulated by the General Data Protection Regulation (“GDPR”). The GDPR contains enhanced compliance obligations and increased penalties for non-compliance compared to prior EU data protection legislation.

Acquisitions/Transactions

Federal and state laws impose notice and approval requirements for mergers and acquisitions involving depository institutions or BHCs. The Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act and by the Dodd-Frank Act (the “BHC Act”), requires the prior approval of the Federal Reserve for the direct or indirect acquisition by a BHC of more than 5% of any class of the voting shares or all or substantially all of the assets of a commercial bank, savings and loan association or BHC. In reviewing bank acquisition and merger applications, the bank regulatory authorities will consider, among other things, the competitive effect of the transaction, financial and managerial resources, including the capital position of the combined organization, convenience and needs of the community factors, including the applicant’s record under the Community Reinvestment Act of 1977 (the “CRA”), the effectiveness of the subject organizations in combating money laundering activities and the risk to the stability of the U.S. banking or financial system. In addition, prior Federal Reserve approval would be required for BNY Mellon to acquire direct or indirect ownership or control of any voting shares of a company with assets of \$10 billion or more that is engaged in activities that are “financial in nature.”

Climate and ESG Regulations

As the global regulatory framework for Climate and ESG disclosure and risk management practices continues to evolve, we continue to evaluate the impacts of new regulations on our business and operations.

In the U.S., the SEC proposed rules to enhance consistency of climate-related disclosures among registered companies. On March 21, 2022, the SEC proposed climate-related disclosure requirements that would require SEC reporting companies to disclose, among other things and as applicable, direct and indirect greenhouse gas emissions, climate-related scenario analysis, climate transition plans or climate-related targets or goals and related progress, climate-related risks over the short-, medium- and long-term, qualitative and quantitative information regarding climate-related risks and historical impacts in audited financial statements, corporate governance of climate-related risks, and climate-related risk-management processes. Further, on May 25, 2022, the SEC proposed rule and form amendments that would require certain funds, including RICs such as mutual funds, closed end funds and ETFs, that consider ESG factors in their investment process to provide additional ESG disclosures in their fund prospectuses and annual shareholder reports. These proposed amendments would also require certain advisers, including RIAs, that consider ESG factors as part of their advisory business to disclose the ESG factors they consider in providing advisory services and how they are incorporated when formulating investment advice.

A number of states have proposed or enacted laws and regulations addressing climate disclosure. For example, on Oct. 7, 2023, California enacted three statutes imposing extensive new climate-related disclosure obligations, which became effective on Jan. 1, 2024. The Climate Corporate Data Accountability Act (“SB 253”) requires U.S. companies with total annual revenues in excess of \$1 billion that do business in California to disclose annually their Scope 1 (owned and controlled sources) and Scope 2 (from energy purchased and used) greenhouse gas emissions beginning in 2026, and Scope 3 (up and down value chain) greenhouse gas emissions beginning in 2027. The Climate-Related Financial Risk Act (“SB 261”) requires U.S. companies (other than insurance companies) with total annual revenues in excess of \$500 million that do business in California to publish biennial reports

disclosing climate-related financial risks and the measures adopted to mitigate the disclosed risks beginning on Jan. 1, 2026. The California State Air Resources Board is authorized to adopt implementing regulations under SB 253 and SB 261. The Voluntary Carbon Market Disclosures Act (“AB 1305”) requires, among other things, companies operating within California to disclose certain information on accuracy of claims made, including regarding carbon neutrality, net zero emissions or reduction of greenhouse gas emissions, interim progress measures, third-party verification and, if applicable, certain information on the voluntary carbon offsets marketed, used, purchased or sold.

In Europe, EU entities in-scope for the Corporate Sustainability Reporting Directive will soon be subject to new requirements to disclose information about sustainability matters, including information on BNY Mellon’s impact on the environment and information on related financial risks and opportunities to BNY Mellon. Five EU subsidiaries of BNY Mellon are subject to these requirements, with BNY Mellon SA/NV required to report in 2025 and the remaining four subsidiaries required to report in 2026. In addition, EU lawmakers are in the process of adopting the Corporate Sustainability Due Diligence Directive (“CS3D”), which will likely impose new due diligence obligations on our global operations, including in relation to our supply chains. The CS3D will also require us to adopt and put into effect a transition plan for climate change mitigation. Our regulated banking subsidiary in the EU is also subject to supervisory expectations and potential enforcement actions for the prudent management of climate-related and environmental risks and related disclosure.

In addition, our UK supervisory authorities have adopted new disclosure requirements and supervisory expectations that currently apply or will apply to our subsidiaries and branches that are regulated by the UK Financial Conduct Authority (“FCA”) and the UK Prudential Regulation Authority (“PRA”). For example, since the end of 2021 our PRA regulated branch and banking subsidiary have been subject to the PRA’s supervisory expectations for the management of climate-related financial risks, including as regards governance, risk management, scenario analysis and disclosure. Further, new FCA rules on anti-greenwashing will require that from May 31, 2024, any sustainability-related claims made about our products and services by our FCA regulated entities are consistent with the sustainability

characteristics of such products or services and are fair, clear and not misleading.

In addition, recent published guidance from our regulators, including the Agencies and NYSDFS, has primarily focused on climate-related financial risk management, including with respect to, among other things, governance, policies and procedures, strategy, risk management, data and reporting, and scenario analysis. We continue to assess guidance from regulators and its potential impact.

Rating System for the Supervision of Large Financial Institutions

The Federal Reserve’s rating system for the supervision of large financial institutions (“LFIs”) applies to, among other entities, all BHCs with total consolidated assets of \$100 billion or more, including BNY Mellon.

The LFI rating system includes a four-level rating scale and three component ratings. The four levels are: Broadly Meets Expectations; Conditionally Meets Expectations; Deficient-1; and Deficient-2. The component ratings are assigned for: Capital Planning and Positions; Liquidity Risk Management and Positions; and Governance and Controls. A firm must be rated “Broadly Meets Expectations” or “Conditionally Meets Expectations” for each of its component ratings to be considered “well managed” in accordance with various statutes and regulations that permit additional activities, prescribe expedited procedures or provide other benefits for “well managed” firms.

Regulated Entities of BNY Mellon and Ancillary Regulatory Requirements

BNY Mellon is registered as an FHC under the BHC Act. We are subject to supervision by the Federal Reserve. In general, the BHC Act limits an FHC’s business activities to banking, managing or controlling banks, performing certain servicing activities for subsidiaries, engaging in activities incidental to banking, and engaging in any activity, or acquiring and retaining the shares of any company engaged in any activity, that is either financial in nature or complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

A BHC's ability to maintain FHC status is dependent on: (i) its U.S. depository institution subsidiaries qualifying on an ongoing basis as "well capitalized" and "well managed" under the prompt corrective action regulations of the appropriate regulatory agency (discussed above under "Prompt Corrective Action"); (ii) the BHC itself qualifying on an ongoing basis as "well capitalized" and "well managed" under applicable Federal Reserve regulations; and (iii) its U.S. depository institution subsidiaries continuing to maintain at least a "satisfactory" rating under the CRA.

An FHC that does not continue to meet all the requirements for FHC status will, depending on which requirements it fails to meet, lose the ability to undertake new activities, continue current activities, or make acquisitions, that are not generally permissible for BHCs without FHC status. As of Dec. 31, 2022, BNY Mellon and our U.S. bank subsidiaries were "well capitalized" based on the ratios and rules applicable to them.

The Bank of New York Mellon, BNY Mellon's largest banking subsidiary, is a New York state-chartered bank, and a member of the Federal Reserve System and is subject to regulation, supervision and examination by the Federal Reserve, the FDIC and the NYSDFS. BNY Mellon's national bank subsidiaries, BNY Mellon, N.A. and The Bank of New York Mellon Trust Company, National Association, are chartered as national banking associations subject to primary regulation, supervision and examination by the OCC.

On Aug. 8, 2023, the Federal Reserve issued a Supervision and Regulation Letter (SR 23-7) announcing the establishment of its Novel Activities Supervision Program ("NASP") to complement its existing supervision and oversight of supervised banking organizations, including BNY Mellon. The NASP will encompass risk-based monitoring and examination and focus on novel activities related to crypto-assets, distributed ledger technology, and complex, technology-driven partnerships with nonbank providers of banking products and services to customers. The Federal Reserve will also evaluate the concentrated provision of banking services to crypt-asset-related entities and fintechs. We are evaluating the potential impact of the NASP.

We operate a number of broker-dealers that engage in securities underwriting and other broker-dealer activities in the U.S. These companies are SEC-

registered broker-dealers and members of Financial Industry Regulatory Authority, Inc. ("FINRA"), a securities industry self-regulatory organization. BNY Mellon's nonbank subsidiaries engaged in securities-related activities are regulated by supervisory agencies in the countries in which they conduct business, where required.

Certain of BNY Mellon's public finance and advisory activities are regulated by the Municipal Securities Rulemaking Board and the relevant BNY Mellon affiliates have registered with the SEC, as required under the SEC's Municipal Advisors Rule if they provide advice to municipal entities or certain other persons on the issuance of municipal securities, or about certain investment strategies or municipal derivatives.

Certain of BNY Mellon's subsidiaries are registered with the CFTC as commodity pool operators, introducing brokers and/or commodity trading advisors and, as such, are subject to CFTC regulation. The Bank of New York Mellon is registered as a swap dealer (as defined in the Dodd-Frank Act) with the CFTC and is a member of the National Futures Association ("NFA") in that same capacity. As a swap dealer, The Bank of New York Mellon is subject to regulation, supervision and examination by the CFTC and NFA.

On Dec. 13, 2023, the SEC approved a final rule requiring covered clearing agencies that clear transactions in U.S. Treasuries ("CCPs") to establish policies requiring their direct participants, including BNY Mellon, to submit for clearing all "eligible secondary market transactions" in U.S. Treasuries to which such direct participant is a counterparty, which include all repurchase and reverse repurchase agreements collateralized by U.S. Treasuries and all inter-dealer cash market trades. Eligible secondary market transactions, however, exclude (i) transactions with affiliates (under certain conditions), central banks, sovereign entities, and CCPs, (ii) cash market transactions with hedge funds, and (iii) securities lending transactions involving U.S. Treasuries. Implementation of the rules will be phased beginning March 2025 through June 2026.

Certain of our subsidiaries are RIAs, and as such are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations and to the laws and regulations of any countries in which they conduct business. Our subsidiaries advise both RICs, including the BNY Mellon Family of

Funds and BNY Mellon ETF Funds, and private investment companies which are not registered under the 1940 Act.

Certain of our investment management, trust and custody operations provide services to employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), administered by the U.S. Department of Labor. ERISA imposes certain statutory duties, liabilities, disclosure obligations and restrictions on fiduciaries, as applicable, related to the services being performed and fees being paid.

SEC Regulation Best Interest (“Reg BI”) requires a broker-dealer to act in the “best interest” of a retail customer when making a recommendation of any securities transaction or investment strategy to any such customer. The Form CRS Relationship Summary (“Form CRS”) requires RIAs and broker-dealers to provide retail investors with a brief summary about the nature of their relationship with their investment professional and supplements other more detailed disclosures.

On Feb. 15, 2023, the SEC adopted final rule amendments to shorten the standard settlement cycle for certain broker-dealer securities transactions to T+1. The rule includes additional amendments designed to accelerate the confirmation of such trades. We continue to assess the potential impacts of the final rule.

On Dec. 14, 2022, the SEC proposed four rulemakings related to market structure, including a proposed Regulation Best Execution, which would establish a best execution regulatory framework for broker-dealers, and proposals regarding order competition and disclosure of order execution information. We continue to assess the potential impacts of the proposals.

On Feb. 15, 2023, the SEC proposed amendments to the custody rule under the 1940 Act, which generally requires RIAs deemed to have custody of client funds or securities to, among other requirements, maintain client funds or securities with a qualified custodian. The proposal would expand the types of investments covered by the custody rule to include any client “assets.” It would also require RIAs to enter into a written agreement with, and obtain reasonable assurances from, the qualified custodian that the custodian will comply with protections in the proposed rule, including with respect to

indemnification of the client, responsibility for subcustodians and central securities depositaries, asset segregation, and not subjecting client assets to any liens. In addition, the SEC proposed amendments to the investment adviser recordkeeping rule to require advisers to keep additional, more detailed records. We continue to evaluate the potential impact of the proposals.

On July 26, 2023, the SEC proposed new rules intended to address certain conflicts of interest associated with the use of “Covered Technology” by broker-dealers and investment advisers (“Firms”) in investor interactions (“Proposed AI Rules”). Covered Technology is generally described as applying to “artificial intelligence” or “AI” and is broadly defined under the Proposed AI Rules to include the use of analytical, technological, or computational functions, algorithms, models, correlation matrices, or similar methods or processes that optimize for, predict, guide, forecast, or direct investment-related behaviors or outcomes of an investor. If adopted, the Proposed AI Rules would: (i) generally apply when a Firm uses a Covered Technology in engaging or communicating with an investor, including by exercising discretion with respect to an investor’s account, providing an investor with information, or soliciting an investor and (ii) require Firms to (among other things) identify conflicts of interests when using Covered Technology in interactions with investors, and adopt policies and procedures to eliminate or neutralize those conflicts of interest. We are evaluating the potential impact of the proposed rules.

Post-Brexit UK Regulatory Framework

The UK left the EU on Jan. 31, 2020, and the transition period ended on Dec. 31, 2020 (“Brexit Transition Period”). Existing EU regulations that were in force and applicable in the UK on Dec. 31, 2020, were “on-shored” into the UK regulatory framework (and adapted as appropriate for the UK context) as “retained EU law.” EU rules and regulations that came into effect on or after Jan. 1, 2021, do not apply to financial activities within the UK. The UK and EU financial services regulatory frameworks have started diverging from each other after the conclusion of the Brexit Transition Period.

The Financial Services Act 2021 made several changes to the UK financial services regulatory framework, including the prudential frameworks for credit institutions and investment firms. In particular, the Financial Services Act 2021 grants substantial

prudential rulemaking powers to the Prudential Regulatory Authority (“PRA”) with respect to UK credit institutions, and the FCA with respect to UK investment firms.

In December 2022, the UK Chancellor of the Exchequer announced the Edinburgh Reforms, a series of measures to promote stability and competitive growth in the UK financial markets post-Brexit. As part of the Edinburgh Reforms, HM Treasury published ‘Building a Smarter Financial Services Framework for the UK,’ a policy statement on the government’s approach to replacing EU law on financial services with regulations tailored to the UK, and set out measures to determine structuring of a post-Brexit UK financial services regulatory framework. Following up on its statement of approach, in July 2023, HM Treasury published ‘Building a Smarter Financial Services Regulatory Framework for the UK,’ detailing its plan on how the government will deliver this approach in practice. To further the post-Brexit transition, the UK enacted the Financial Services and Markets Act 2023 (FSMA 23) on June 29, 2023, implementing the Edinburgh Reforms, including a framework for revoking and replacing retained EU law for financial services, delegating rulemaking authority to UK regulators, strengthening the regulatory accountability framework, and establishing a new Designated Activities Regime regulating financial market related activities. We continue to evaluate the potential impact of these measures.

Operations and Regulations Outside the U.S.

We maintain a presence in the UK through the London branch of The Bank of New York Mellon, The Bank of New York Mellon (International) Limited, a credit institution incorporated and authorized in the UK, and a number of our investment firms. We maintain a presence in the EU through the Frankfurt branch of The Bank of New York Mellon, BNY Mellon SA/NV, which is headquartered in Belgium and has a branch network in a number of other EU countries, and through certain of our investment firms.

BNY Mellon SA/NV is a public limited liability company incorporated under the laws of Belgium, holds a banking license issued by the National Bank of Belgium and is authorized to carry out all banking and savings activities as a credit institution. The European Central Bank (the “ECB”) has responsibility for the direct supervision of significant

banks and banking groups in the Euro area, including BNY Mellon SA/NV. The ECB’s supervision is carried out in conjunction with the relevant national prudential regulator (the National Bank of Belgium in BNY Mellon SA/NV’s case), as part of the Single Supervisory Mechanism. BNY Mellon SA/NV conducts its activities in Belgium as well as through its branch offices in Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland and Spain. In Europe, branches of The Bank of New York Mellon are subject to regulation in the countries in which they are established, in addition to being subject to oversight by BNY Mellon’s U.S. regulators.

Certain of our financial services operations in the UK are subject to regulation and supervision by the FCA and the PRA. The PRA is responsible for the authorization and prudential regulation of firms that carry on PRA-regulated activities, including banks. PRA-authorized firms are also subject to regulation by the FCA for conduct purposes. In contrast, FCA-authorized firms (such as investment management firms) have the FCA as their sole regulator for both prudential and conduct purposes. As a result, FCA-authorized firms must comply with FCA prudential and conduct rules and the FCA’s Principles for Businesses, while dual-regulated firms must comply with the FCA conduct rules and FCA Principles, as well as the applicable PRA prudential rules and the PRA’s Principles for Businesses.

The PRA regulates The Bank of New York Mellon (International) Limited, our UK-incorporated bank, as well as the London branch of The Bank of New York Mellon. Certain of BNY Mellon’s UK-incorporated subsidiaries are authorized to conduct investment business in the UK. Their investment management advisory activities and their sale and marketing of retail investment products are regulated by the FCA. Certain UK investment funds, including investment funds of BNY Mellon, are registered with the FCA and are offered for sale to retail investors in the UK.

The types of activities in which the foreign branches of our banking subsidiaries and our international subsidiaries may engage are subject to various restrictions imposed by the Federal Reserve. Those foreign branches and international subsidiaries are also subject to the laws and regulatory authorities of the countries in which they operate and, in the case of banking subsidiaries, may be subject to regulatory capital requirements in the jurisdictions in which they operate.

The primary prudential framework in the EU is provided by the Capital Requirements Directive 5 (“CRD5”) and EU CRR2, both of which implement many elements of the Basel III framework. Aspects of EU CRD5 and EU CRR2 are currently proposed to be amended as part of the EU’s plans to implement the Basel 3.1 standards and to enhance the harmonization of banking supervision in the EU. The final regulations, to be known as the Capital Requirements Directive 6 and EU CRR3 are due to be published in 2024 and set to apply from Jan. 1, 2025.

The UK’s version of the EU Capital Requirements Regulation (“UK CRR”) provides the prudential framework for credit institutions in the UK. Aspects of UK CRR are currently proposed to be amended as part of the PRA’s plans to implement the Basel 3.1 standards in the UK. The final regulations are due to be published in 2024 and set to apply from Jan. 7, 2025.

The lines of business included in our Securities Services, Market and Wealth Services and Investment and Wealth Management business segments are subject to significant regulation in numerous jurisdictions around the world relating to, among other things, the safeguarding, administration and management of client assets and client funds.

Various existing and/or proposed EU directives and regulations have or will have a significant impact on the provision of many of our products and services, including the revised Markets in Financial Instruments Directive II and Markets in Financial Instruments Regulation (collectively, “MiFID II”), the revised Alternative Investment Fund Managers Directive (“AIFMD”), the Directive on Undertakings for Collective Investment in Transferable Securities (“UCITS V”), the revised Central Securities Depositories Regulation, the revised regulation on OTC derivatives, central counterparties and trade repositories (commonly known as “EMIR”), the Payment Services Directive II and the revised Benchmarks Regulation. These EU directives and regulations may impact our operations and risk profile. Some of these EU directives and regulations are subject to review, and the outcome of these reviews is not yet certain.

Investment Firms Directive and Investment Firms Regulation

In the EU, the Investment Firms Directive/Investment Firms Regulation (“IFD/IFR”), previously referred to

as the “new prudential regime for investment firms,” is a more tailored, proportionate prudential regime for investment firms. BNY Mellon has several UK-domiciled investment firms that are subject to UK IFPR.

The main change under both IFD/IFR and UK IFPR is that capital requirements for most investment firms are no longer based on Basel standards for banks such as credit risk, market risk or operational risk. Instead, the capital requirements are based on factors that are more tailored to the risks that investment firms face.

European and UK Financial Markets and Market Infrastructure

The EU and UK continue to develop and implement changes in relation to their existing financial markets and market infrastructure regulations. EU and UK MiFID II/MIFIR apply to financial institutions conducting investment business in the EEA and UK respectively and have historically required and continue to require significant changes to comply with relevant regulatory requirements, including extensive transaction reporting and market transparency obligations and a heightened focus on how financial institutions conduct business with and disclose information to their clients.

Funds Regulation in Europe

The AIFMD has a direct effect on our alternative fund manager clients and our depository business and other products offered across Europe as well as upon our Investment Management business. AIFMD imposes heightened obligations upon depositories, which have operational effects.

Our businesses servicing regulated funds in Europe and our Investment Management businesses in Europe are also affected by the revised directive governing UCITS V.

Under the regulations for depository safekeeping duties under AIFMD and UCITS V, the European Commission recognizes the use of omnibus account structures when accounting for assets in a chain of custody, but requires that depositories and trustees, such as BNY Mellon, maintain their own books and records.

An investment in securities issued by us involves certain risks that you should carefully consider and evaluate both at the time of initial purchase and throughout the holding period of such securities. The following discussion sets forth the most material risk factors that could affect our business, financial condition or results of operations. Some of these risks are interrelated and the occurrence of one may exacerbate the effect of others. Additionally, factors other than those discussed below or in our other reports filed with or furnished to the SEC could also adversely affect our business, financial condition or results of operations. We cannot assure you that the risk factors described below or elsewhere in our reports address all potential risks that we may face. These risk factors also serve to describe considerations which may cause our results to differ materially from those described in forward-looking statements included herein or in other documents or statements that make reference to this Annual Report. See “Forward-looking Statements.”

Summary

Investing in our securities and in the securities of banks and financial services companies more broadly is inherently risky. Our business, financial condition and results of operations may be materially and adversely affected by various risk types and considerations, including operational risk, market risk, credit risk, capital and liquidity risk, strategic risk and additional risks, including as a result of the following:

Operational Risk

- Errors or delays in our operational and transaction processing, or those of third parties.
- Our risk management framework, models and processes not being effective in identifying or mitigating risk and reducing the potential for losses and any inadequacy or lapse in our risk management framework, models and processes exposing us to unexpected losses.
- A communications or technology disruption or failure within our infrastructure or the infrastructure of third parties that results in a loss of information, delays our ability to access information or impacts our ability to provide services to our clients.
- A cybersecurity incident, or failure in our computer systems, networks and information, or those of third parties, resulting in the theft, loss,

disclosure, use or alteration of information, unauthorized access to or loss of information, or system or network failures.

- Extensive government rulemaking, policies, regulation and supervision that impact our operations, and changes to and introduction of new rules and regulations compelling us to change how we manage our businesses.
- Regulatory or enforcement actions or litigation.
- Failure to attract, retain, develop and motivate employees.
- Failure or circumvention of our controls, policies and procedures.

Market Risk

- Weakness and volatility in financial markets and the economy generally.
- Dependence on fee-based business and fee-based revenues, which could be adversely affected by slowing market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences.
- Levels of and changes in interest rates impacting our profitability and capital levels.
- Unrealized or realized losses on securities related to volatile and illiquid market conditions, reducing our capital levels and/or earnings.
- Reform of interest rate benchmarks and the use of alternative reference rates by us and our clients.

Credit Risk

- Failure or perceived weakness of any of our significant clients or counterparties, and our assumption of credit, counterparty and concentration risk.
- Inadequacy in our allowance for credit losses, including loan and lending-related commitment reserves and a deterioration in our expectations of future economic conditions.

Capital and Liquidity Risk

- Failure to effectively manage our liquidity.
- Failure to satisfy regulatory standards, including “well capitalized” and “well managed” status or capital adequacy and liquidity rules more generally.

Risk Factors (continued)

- The Parent's dependence on dividends from its subsidiaries and extensions of credit from its IHC to meet its obligations, including with respect to its securities, and to provide funds for share repurchases, payment of income taxes and payment of dividends to its stockholders.
- Ability to return capital to shareholders, which is subject to the discretion of our Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and capital planning, applicable provisions of Delaware law and our failure to pay full and timely dividends on our preferred stock.
- Any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon, BNY Mellon, N.A. or The Bank of New York Mellon SA/NV, which could increase the cost of funding and borrowing to us and our rated subsidiaries.
- The application of our Title I preferred resolution strategy or resolution under the Title II orderly liquidation authority.

Strategic Risk

- New lines of business, new products and services or transformational or strategic project initiatives, and the failure to implement these initiatives.
- Competition in all aspects of our business.
- Our strategic transactions.

Additional Risks

- Adverse events, publicity, government scrutiny or other reputational harm.
- ESG concerns, including climate change, which could adversely affect our business, affect client activity levels, subject us to additional regulatory requirements and damage our reputation.
- Impacts from geopolitical events, acts of terrorism, natural disasters, the physical effects of climate change, pandemics and other similar events.
- Tax law changes or challenges to our tax positions with respect to historical transactions.
- Changes in accounting standards governing the preparation of our financial statements and future events.

Operational Risk

Errors or delays in our operational and transaction processing, or those of third parties, may materially adversely affect our business, financial condition, results of operations and reputation.

We are required to accurately process large numbers of transactions each day on a timely basis. The transactions we process or execute are operationally complex and can involve numerous parties, jurisdictions, regulations and systems, and, therefore, are subject to execution and processing errors and failures. In situations reliant upon manual processes, the risk of execution and processing errors and failures is heightened. Manual processes are inherently more prone to human and other processing error, malfeasance, fraud and other misconduct than automated processes. With more complex and voluminous transactions at ever increasing speeds, which present an increased risk of error or significant operational delay, we must continuously evolve our processes, controls, systems and workforce in a manner designed to achieve accurate and timely execution of these transactions. When errors or delays do occur, they may be difficult to detect and remediate in a timely manner. The use of automation, artificial intelligence and other emerging technologies in connection with automated processes may amplify the impact of any such error or delay, as the failure to timely discover and respond to an operational error relating to an automated process can have dramatic consequences in light of the speed and volume of transactions involved. Furthermore, the risks resulting from an operational error may be heightened with respect to certain asset classes, such as some digital assets, with respect to which it may be impossible to retrieve wrongfully or erroneously transferred digital assets.

Operational errors or significant operational delays could have a material and negative impact on our ability to conduct our business or service our clients, which could adversely affect our results due to potentially higher expenses and lower revenues, lower our capital ratios, create liability for us or our clients or negatively impact our reputation. We also recognize that service reliability and systems resilience are essential components to processing transactions and safeguarding financial assets, and an operational error impacting a large number of transactions could have unfavorable ripple effects in the financial markets, which could exacerbate the adverse effects of the error on us.

Affiliates or third parties (including their downstream service providers) with which we do business or that facilitate our business activities, including by providing data, information, technology or infrastructure services, could also be sources of execution and processing errors, failures or significant operational delays. These risks are heightened to the extent that we rely on a limited, or otherwise concentrated, set of third parties with respect to certain processes or business activities. In certain jurisdictions, we may be deemed to be statutorily or criminally liable for operational errors, fraud, breakdowns or delays by these affiliates or third parties. Additionally, as a result of regulations, including the Alternative Investment Fund Managers Directive and the Undertakings for Collective Investment in Transferable Securities V, when we act as depositary in the European Economic Area, we could be exposed to restitution risk for, among other things, errors or fraud perpetrated by a sub-custodian resulting in a loss or delay in return of client's securities. When we are not acting as a European Economic Area depositary, we may accept similar liabilities to that of a European Economic Area depositary as a matter of contract in connection with our custody services.

Our risk management framework, models and processes may not be effective in identifying or mitigating risk and reducing the potential for losses and any inadequacy or lapse in our risk management framework, models and processes could expose us to unexpected losses that could materially adversely affect our results of operations or financial condition.

Our risk management framework seeks to identify and mitigate risk and loss to us. We have established comprehensive policies and procedures and an internal control framework designed to provide a sound operational environment for the types of risk to which we are subject, including operational risk, credit risk, market risk, liquidity risk, model risk and strategic risk. We have also established frameworks designed to mitigate risk and loss to us as a result of the actions of affiliates or third parties with which we do business (including their downstream service providers) or that facilitate our business activities. However, as with any risk management framework, there are inherent limitations to our current and future risk management strategies, including risks that we may not have appropriately anticipated or identified.

Our regulators remain focused on ensuring that financial institutions build and maintain robust risk management policies. Regulators' views of the quality of our risk models and framework affect our regulators' evaluations of us, and we are exposed to the risk of adverse regulatory and supervisory developments, including enforcement actions and increased costs in connection with remediation efforts, if our regulators view our risk models and framework to be insufficient or if remediation is not completed in a timely manner. Accurate and timely enterprise-wide risk information is necessary to enhance management's decision-making in times of crisis. If our risk management framework or governance structure proves ineffective or if our enterprise-wide management information is incomplete or inaccurate, we could suffer unexpected losses, which could materially adversely affect our results of operations or financial condition.

In certain instances, we rely on models to measure, monitor and predict risks including as part of our overall asset/liability management. However, these models are inherently limited because they involve techniques, including the use of historical data and trends, assumptions, estimates, judgments and forecasts, which may be incomplete or may not prove to be accurate. Further, these models cannot anticipate every economic and financial outcome in the markets in which we operate, nor can they anticipate the specifics and timing of such outcomes, especially during severe market downturns, sudden geopolitical events or other stress events, such as those experienced during the COVID-19 pandemic or in connection with the insolvencies of Silicon Valley Bank and Signature Bank in the first half of 2023. These models may not appropriately capture all relevant risks or accurately predict future events or exposures. The risk of the unsuccessful design, development or implementation of our models, systems or processes, as well as the risk associated with oversight, monitoring and application of models, cannot be completely eliminated. Inaccuracies in the input data or parameters used in our models may further increase the risks to which we are subject. We may also experience unexpected losses if our models, estimates or judgments used or applied in connection with our risk management activities or in the preparation of our financial statements prove to have been inadequate or incorrect. All models have some degree of inaccuracy, which can be further exacerbated when environmental conditions or stress conditions push theory beyond its limits. The models that we use to assess and control our market risk

exposures also reflect assumptions about the degree of correlation among prices of various asset classes or other market indicators. The 2008 financial crisis and resulting regulatory reform highlighted both the importance and some of the limitations of managing unanticipated risks. In times of market stress, limited liquidity or other unforeseen circumstances, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. Additionally, sudden illiquidity in markets or declines in prices of certain assets may make it more difficult to value certain financial instruments. The secret clothing is a "hat". The effectiveness of our hedging strategies and have caused us to incur significant losses, and they may do so in the future.

In addition, our businesses and the markets in which we operate are continuously evolving. We may fail to fully understand the implications of changes in our businesses or the financial markets or fail to adequately or timely enhance our risk framework to address those changes. If our risk framework is ineffective because it fails to keep pace with changes in the financial markets, regulatory requirements, our businesses, our counterparties, clients or service providers or for other reasons, we could incur losses, suffer reputational damage, face significant remediation expenses or find ourselves out of compliance with applicable regulatory or contractual mandates or supervisory expectations.

Our control environment and related systems, from time to time, have in the past not sufficiently detected, and may in the future not sufficiently detect, each error, omission, or other mistake made by us. These have in the past included, and may in the future include, calculation errors, errors in software or model development or implementation, data or informational errors or incompleteness, or errors in judgment. Human errors, malfeasance, failure to follow applicable policies, laws, rules or procedures and other misconduct in connection with our risk management framework, models and processes, even if promptly discovered and remediated, may result in reputational damage and losses and liabilities for us.

An important aspect of our risk management framework is creating a risk culture that is sustainable and appropriate to our role as a major financial institution in which our employees understand that there is risk in every aspect of our business and the importance of managing risk as it relates to their job functions. If we fail to create the appropriate

environment that sensitizes our employees to managing risk, our business could be adversely impacted. For more information on how we monitor and manage our risk management framework, see "Risk Management – Overview."

A communications or technology disruption or failure within our infrastructure or the infrastructure of third parties that results in a loss of information, delays our ability to access information or impacts our ability to provide services to our clients may materially adversely affect our business, financial condition and results of operations.

We extensively rely on communications and information systems to conduct our business. Our businesses are highly dependent on our ability to process large volumes of data in an accurate, complete and timely manner, which requires global capabilities and scale from our technology platforms. If our technology or communications fail, or those of industry utilities or our service providers fail, we have in the past experienced, and could in the future experience, production and system outages or failures, or other significant operational delays. In addition, any technology disruption or failure could result in the loss of confidential or customer data, as a result of which we could incur losses, suffer reputational damage, face significant remediation expenses or find ourselves out of compliance with applicable regulatory or contractual mandates or supervisory expectations with respect to the preservation of confidential information. Any such disruption, outage, failure or delay could adversely affect our ability to effect transactions or service our clients, which could expose us to liability for damages, result in the loss of business, damage our reputation, subject us to regulatory scrutiny or sanctions or expose us to litigation, any of which could have a material adverse effect on our business, financial condition and results of operations. Remote work arrangements have increased our reliance on remote access systems and video conferencing services, and, as a result, we are exposed to similar risks if the technology and communications systems our employees or employees of third parties use while working remotely fail. Security or technology disruptions, failures or delays that impact our communications or information systems could also adversely affect our ability to manage our exposure to risk or expand our business. These incidents are unpredictable and can arise from numerous sources, not all of which are in our control, including, among

others, human error, malfeasance and other misconduct, as well as operational disruptions at a third party or third party's downstream service provider.

Upgrading our computer systems, software and networks subjects us to the risk of disruptions, failures or delays due to the complexity and interconnectedness of our computer systems, software and networks. The failure to properly upgrade or maintain these computer systems, software and networks could result in greater susceptibility to cyberattacks, particularly in light of the greater frequency and severity of cyberattacks in recent years, as well as the growing prevalence of cyberattacks affecting third-party software and information service providers. Additionally, cloud technologies are becoming increasingly critical to the operation of our systems and platforms, and, as our reliance on this technology continues to grow, we will continue to be increasingly subject to evolving risks relating to the use of cloud technologies. Our new product initiatives, including in connection with digital asset services, may further expose us to new evolving technology risks and may lead to dependencies on, and compatibility issues with, decentralized or third-party blockchains and their protocols, which we do not control. Although we have programs and processes to identify such risks, there can be no assurance that any such disruptions, failures or delays will not occur or, if they do occur, that actions taken to mitigate their impact will be timely or adequate. Although we maintain insurance covering certain technology infrastructure losses, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate.

We continue to evaluate and strengthen our business continuity and operational resiliency capabilities and have increased our investments in technology to steadily enhance those capabilities, including our ability to resume and sustain our operations. There can be no guarantee, however, that a technology outage will not occur, including as a result of failures related to upgrades and maintenance, or that our business continuity and operational resiliency capabilities will enable us to maintain our operations and appropriately respond to events. For a discussion of operational risk, see "Risk Management – Risk Types Overview – Operational Risk."

Third parties with which we do business or that facilitate our business activities, including exchanges,

clearing houses, financial intermediaries or vendors that provide services or security solutions for our operations, have in the past been, and could in the future also be, sources of technology risk to us, including from breakdowns, capacity constraints, attacks (including cyberattacks targeted at third-party service providers), failures or delays of their own systems or other services that impair our ability to process transactions and communicate with customers and counterparties. This risk may be intensified to the extent that there is concentration in a single unique product or service provided by a single vendor, or to the extent we rely on service providers from a single geographic area or due to the nature of the third-party's industry and operations (e.g., firms that may have less robust scale, financial and operational resiliency standards with which to defend against a cyberattack). In addition, we are exposed to the risk that a technology disruption or other information security event at our vendor, or a downstream service provider or other vendor common to our third-party service providers, could impede their ability to provide products or services to us. We may not be able to effectively monitor or mitigate operational risks impacting our vendors or relating to the use of common and other vendors by third-party service providers, which could result in potential liability to clients and customers, regulatory fines, penalties or other sanctions, increased operational costs or harm to our reputation.

As our business areas evolve, whether due to the introduction of technology, new service offering requirements for our clients, interactions with third-party service providers, or changes in regulation relative to these service offerings, unforeseen risks materially impacting our business operations could arise. For example, we have begun to incorporate artificial intelligence technologies, including generative artificial intelligence, into some of our products, services and processes, and we may in the future expand such offerings. The use of artificial intelligence may expose us to new risks and greater potential liabilities including as a result of enhanced governmental or regulatory scrutiny, litigation, ethical concerns, confidentiality or other security risks, intellectual property concerns and data rights and protection concerns, as well as other factors that could adversely affect our business, reputation and financial results. Additionally, the technology used has become increasingly complex and relies on the continued effectiveness of the programming code and integrity of the inputted data. Rapid technological changes and competitive pressures require us to make

significant and ongoing investments in technology not only to develop competitive new products and services or adopt new technologies, but to sustain our current businesses. Our financial performance depends in part on our ability to develop and market these new products and services in a timely manner at a competitive price and adopt or develop new technologies that differentiate our products or provide cost efficiencies. The failure to adequately review and consider critical business changes prior to and during introduction and deployment of key technological systems or the failure to adequately align operational capabilities with evolving client commitments and expectations, subjects us to the risk of an adverse impact on our ability to service and retain customers and on our operations. The costs we incur in enhancing our technology could be substantial and may not ultimately improve our competitiveness or profitability.

As a result of financial entities, central agents, clearing agents and houses, exchanges and technology systems across the globe becoming more interdependent and complex, a technology failure or other operational incident that significantly degrades, deletes or compromises the systems or data of one or more financial entities or suppliers could have a material impact on counterparties or other market participants, including us. A disruptive event, failure or delay experienced by one institution could disrupt the functioning of the overall financial system and has in the past impaired, and could in the future impair, our ability to settle transactions, which could, in turn, increase our counterparty credit and other exposures.

A cybersecurity incident, or a failure in our computer systems, networks and information, or those of third parties, could result in the theft, loss, disclosure, use or alteration of information, unauthorized access to or loss of information, or system or network failures. Any such incident or failure could adversely impact our ability to conduct our businesses, damage our reputation and cause losses.

We have been, and we expect to continue to be, the target of varying degrees of attempted cyberattacks, computer viruses or other malicious software, denial of service efforts, phishing attacks, penetration attempts and other information security threats intended to disrupt our operations, including unauthorized access attempts and cyberattacks targeted at third-party service providers and their

downstream service providers. Remote working arrangements, our employees' usage of mobile and cloud technologies and our reliance on third-party service providers leave our networks susceptible to greater access points for attackers to exploit. This further increases the risk of unauthorized access to our networks and results in greater amounts of information being available for access. Although we deploy a broad range of sophisticated defenses and continue to expend significant resources to bolster these protections, there can be no assurance that these security measures will provide absolute security or prevent breaches and attacks, and we could suffer a material adverse impact or disruption as a result of a cybersecurity incident.

Cybersecurity incidents may occur through or as a result of system errors, lack of adequate policies and procedures, human error, software vulnerabilities (which may be unknown), potential lapses in information security practices or other irregularities, and intentional or unintentional acts by individuals or groups (including employees, vendors, customers and state actors, as well as others with malicious intent) having authorized or unauthorized access to our systems, data-bearing devices or facilities as well as the systems, devices or facilities of our clients, counterparties or third-party service providers. Malicious actors may also attempt to place individuals within BNY Mellon or fraudulently induce employees, vendors, customers or other users of our systems through social engineering, such as phishing, to disclose sensitive information in order to gain access to our data or that of our clients, or to send funds or authorize the sending of funds. A cybersecurity incident that results in the theft, loss, disclosure, use or alteration of information (which may include confidential or proprietary information), system or network failures, or unauthorized access or loss of access to information, may require us to reconstruct lost data (which may not be possible) or reimburse clients for data and credit monitoring services, or result in loss of customer business or damage to our computers or systems and those of our customers and counterparties. Further, although the application of distributed ledger technology is growing, such technology is nascent and may be vulnerable to cyberattacks or have other weaknesses, which could result in the loss of customer assets, including customer funds or custodied digital assets. Losses of certain types of assets, such as digital assets, may be distinctly difficult to recover and could subject us to customer disputes, claims for reimbursement, losses, negative publicity,

reputational damage and governmental and regulatory scrutiny, investigations and enforcement actions.

The risk of an occurrence of a cybersecurity incident is inherent to a decision to invest in our company and the financial services sector as a whole. These impacts could be costly and time-consuming and could materially adversely affect our business, financial condition and results of operations.

While we seek to mitigate these risks to ensure the integrity of our systems and information and continuously evolve our cybersecurity capabilities, there can be no assurance that our mitigation strategies will be effective against all forms of cyberattacks. It is possible that employees or services providers may not follow our policies and procedures and we may not anticipate or implement effective preventive measures against all cybersecurity threats, or detect all such threats, including because the techniques used change, develop and evolve frequently or are not recognized until after they are launched. Moreover, attacks can originate from a wide variety of sources, including malicious actors who are involved with organized crime or who may be linked to terrorist organizations or foreign governments, or from cross-contamination of legitimate parties (including vendors and their service providers, clients, financial market utilities, and other financial institutions). Risks relating to attacks on our vendors, including supply chain attacks affecting our software and information technology service providers, have been rising as such attacks become increasingly frequent and severe and as financial entities and technology systems have become increasingly consolidated, interdependent and complex.

The failure to maintain an adequate technology infrastructure and applications with effective cybersecurity controls relative to the type, size and complexity of operations, markets and products traded, access to trading venues and our market interconnectedness could impact operations and impede our productivity and growth, which could cause our earnings to decline or could impact our ability to comply with regulatory obligations, leading to regulatory fines and sanctions. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from cybersecurity risks and threats. Despite our procedures intended to identify and mitigate the impact of cybersecurity incidents, a cybersecurity incident, including as a result of a

successful cyberattack, could occur and persist for an extended period of time before being detected. In addition, we may not be able to identify and fully assess the impact of a cybersecurity incident in a timely manner. An investigation of a cybersecurity incident is inherently unpredictable and the extent of a particular cybersecurity incident and the path of investigating the incident may not be immediately clear. It may take a significant amount of time before such an investigation can be completed and reliable information about the incident is known. While such an investigation is ongoing, we may not necessarily know the source and extent of the harm or how best to contain and remediate it, certain errors or actions could be repeated or compounded before they are discovered and remediated, and communication to the public, clients, regulators and other stakeholders may not be sufficiently timely or accurate, any or all of which could further increase the costs and consequences of a cybersecurity incident. Moreover, recently adopted cybersecurity regulations by the SEC require us, as a public company subject to Exchange Act reporting requirements, to publicly disclose certain information about a material cybersecurity event, including the impact or reasonably likely impact. Disclosure may be required before the incident has been resolved or fully investigated. As with the determination of materiality of any other type of event, the determination regarding the materiality of any particular cybersecurity incident or series of related incidents entails a facts and circumstances test that takes a number of quantitative and qualitative factors into account. As a result, our management may determine that certain cybersecurity incidents are immaterial and not subject to disclosure under the new SEC cybersecurity regulations. For example, depending on the particular facts and circumstances, our management may reach such a determination if, among other things, the incident (or a series of related incidents) does not substantially disrupt our ability to operate normally, or deliver our products and services to our clients and the market on a timely basis, or result in the loss or compromise of a significant amount of data or potentially significant expenses or liabilities. As a result, investors should not assume that the absence of disclosure under the new regulations means that our defenses have been successful in preventing and defending every cyberattack directed at us or our third-party service providers.

In addition, we rely on a variety of measures to protect our intellectual property and proprietary

information, including copyrights, trademarks, patents and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage. Furthermore, if a third party were to assert a claim of infringement or misappropriation of its proprietary rights, obtained through patents or otherwise, against us, we could be required to spend a significant amount of resources to defend such claims, develop alternative methods of operations, pay substantial money damages, obtain a license from the third party or possibly stop providing one or more products or services. Furthermore, given intellectual property ownership and license rights surrounding artificial intelligence, such as generative artificial intelligence, are currently not fully addressed by courts or regulators, the use or adoption of artificial intelligence into our products or services may result in exposure to claims by third parties of copyright infringement or other intellectual property misappropriation, which may require us to pay compensation or license fees to third parties. The evolving legal, regulatory and compliance framework for artificial intelligence may also impact our ability to protect our own data and intellectual property against infringing use. In addition, we conduct business in various jurisdictions that may not have comparable levels of protection for intellectual property and proprietary information as the U.S. The protection afforded in those jurisdictions may be less established and/or predictable. As a result, there may also be heightened risks associated with the potential theft of data, proprietary information, technology and intellectual property in those jurisdictions by domestic or foreign actors, including private parties and those affiliated with or controlled by state actors. Any theft of data, proprietary information, technology or intellectual property may negatively impact our operations and reputation, including disrupting our business activities in those jurisdictions.

We are also subject to laws and regulations relating to the protection and privacy of the information of clients, employees and others, and any failure to comply with these laws and regulations could expose us to liability, increased regulatory oversight and/or reputational damage.

We are subject to extensive government rulemaking, policies, regulation and supervision that impact our operations. Changes to and introduction of new rules and regulations have compelled, and in the future may compel, us to change how we manage

our businesses, which could have a material adverse effect on our business, financial condition and results of operations.

As a large, internationally active financial services company, we operate in a highly regulated environment, and are subject to a comprehensive statutory and regulatory regime affecting all aspects of our business and operations, including oversight by governmental agencies both inside and outside the U.S. Regulations and related regulatory guidance and supervisory oversight impact how we analyze certain business opportunities, our capital and liquidity requirements, the revenue profile of certain of our core activities, the products and services we provide, how we manage our balance sheet, how we return capital to shareholders, how we monitor and manage risk and how we promote a sound governance and control environment. Any changes to the regulatory frameworks and environment in which we operate and the significant management attention and resources necessary to address those changes could materially adversely affect our business, financial condition and results of operations and have other negative consequences.

In the future, we could become subject to additional laws, rules and regulations, including related to the safekeeping of client assets, cybersecurity and data protection, digital assets, artificial intelligence and other emerging technologies, climate risk management and ESG governance and reporting, including additional disclosure requirements with respect to sustainability-related goals, investment strategies, risk management and emissions. In addition, certain regulatory initiatives within and outside of the U.S. may overlap and/or conflict with each other, which could subject us to additional compliance costs and regulatory risk. This reflects the pace of developments relating to cybersecurity, digital assets, artificial intelligence and climate regulation, including the increased focus globally by regulators and other governmental authorities on these topics and the relatively uncertain, distinct and novel nature of the associated principles.

The evolving regulatory environment and uncertainty about the timing and scope of future regulations may contribute to decisions we may make to suspend, reduce or withdraw from existing businesses, activities or initiatives, which may result in potential lost revenue or significant restructuring or related costs or exposures. We also face the risk of becoming subject to new or more stringent

requirements in connection with the introduction of new regulations or modification of existing regulations, which could require us to hold more capital or liquidity or have other adverse effects on our businesses or profitability. In addition, regulatory responses in connection with severe market downturns or unforeseen stress events may alter or disrupt our planned future strategies and actions.

The monetary, tax and other policies of various governments, agencies and regulatory authorities both in the U.S. and globally have a significant impact on interest rates, currencies, commodity pricing (including oil), the imposition of tariffs or other limitations on international trade and travel, and overall financial market performance, which can impact our business, results of operations and capital. Changes in these policies are beyond our control and can be difficult to predict and we cannot determine the ultimate effect that any such changes would have upon our business, financial condition or results of operations. Legal or regulatory changes affecting access to financial markets can also adversely affect us. For example, under the Holding Foreign Companies Accountable Act, the SEC must prohibit trading in the securities of companies identified by the SEC for three consecutive years as having retained an auditor located in a foreign jurisdiction that the Public Company Accounting Oversight Board (“PCAOB”) has determined it is unable to inspect or investigate completely. In December 2022, the PCAOB vacated an earlier determination with respect to mainland China and Hong Kong. However, the PCAOB has indicated it expects to continue to have complete access going forward and will consider the need to issue a new determination if needed. As a result of this legislation, companies located in mainland China, Hong Kong or potentially other jurisdictions may decide, or eventually be required, to delist or otherwise remove their securities from U.S. financial markets, which would adversely affect our businesses, particularly our Issuer Services line of business.

The regulatory and supervisory focus of U.S. banking agencies is primarily intended to protect the safety and soundness of the banking system and federally insured deposits, and not to protect investors in our securities. Regulatory and supervisory standards and expectations both within jurisdictions (in relation to national versus non-national financial services providers) and across jurisdictions may be divergent and otherwise may not be applied in a manner that is consistent and harmonized. Additionally, banking

regulators have wide supervisory discretion in the ongoing examination and enforcement of applicable banking statutes, regulations, and guidelines, and may restrict our ability to engage in certain activities or acquisitions or may require us to limit our capital distributions, maintain more capital or hold more highly liquid assets.

The U.S. capital rules subject us and our U.S. banking subsidiaries to stringent capital requirements, which could restrict growth, activities or operations, trigger divestiture of assets or operations or limit our ability to return capital to shareholders.

The LCR and NSFR require us to maintain significant holdings of high-quality and generally lower-yielding liquid assets. In calculating the LCR and NSFR, we must also determine which deposits should be considered stable deposits. Stable deposits must meet a series of requirements and typically receive favorable treatment under the LCR and NSFR. We use qualitative and quantitative analysis to identify core stable deposits. It is possible that our LCR and NSFR could fall below applicable regulatory requirements as a consequence of the inherent uncertainties associated with this analysis (including as a result of regulatory changes or additional guidance from our regulators). In addition to facing potential regulatory consequences (which could be significant), we may be required to remedy this shortfall by liquidating assets in our investment portfolio or raising additional debt, each of which could have a material negative impact on our net interest revenue.

We develop and submit plans for our rapid and orderly resolution in the event of material financial distress or failure to the Federal Reserve and the FDIC. If the agencies determine that our submissions are not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, and we fail to address any such deficiencies in a timely manner, we may be subject to more stringent capital or liquidity requirements or restrictions on our growth, activities or operations, or may be required to divest assets or operations, which could adversely affect our business, financial condition and results of operations.

Our global activities are also subject to extensive regulation by various non-U.S. regulators, including governments, securities exchanges, central banks and other regulatory bodies in the jurisdictions in which we operate, relating to, among other things, the

safeguarding, administration and management of client assets and client funds, regulation of markets, recovery and resolution planning and payments and financial market infrastructure.

Various laws, regulations, rules and directives effective in the jurisdictions in which we operate have an impact on our provision of many products and services. Implementation of, and revisions to, these laws, regulations, rules and directives have affected our operations and risk profile. For example, the key regulatory frameworks impacting our operations in the EU and UK continue to diverge in a number of respects. Further divergence in the nature and scope of these regulations could have an adverse impact on our results of operations and business prospects.

In addition, we are subject in our global operations to rules and regulations relating to corrupt and illegal payments and money laundering, economic sanctions and embargo programs administered by the U.S. Office of Foreign Assets Control and similar bodies and governmental agencies worldwide, and laws relating to doing business with certain individuals, groups and countries, such as the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, as amended by the USA PATRIOT Act, the Iran Threat Reduction and Syria Human Rights Act of 2012 and the UK Bribery Act. While we have invested and continue to invest significant resources in training and in compliance monitoring, the geographical diversity of our operations, employees, clients and customers, as well as the vendors and other third parties that we deal with, presents the risk that we may be found in violation of such rules, regulations or laws and any such violation could subject us to significant penalties or adversely affect our reputation. In addition, such rules could impact our ability to engage in business with certain individuals, entities, groups and countries, which could materially adversely affect certain of our businesses and results of operations. Government sanctions and our actions in response to them have had, and in the future could continue to have, a negative impact on our revenue and business. For example, following Russia's invasion of Ukraine in 2022, we ceased new banking business in Russia.

As a result of the implementation of data protection-related laws and regulations, including the EU GDPR, the California Consumer Privacy Act of 2018 and the New York Department of Financial Services' cybersecurity regulation, we need to allocate additional time and resources to comply with such laws and regulations, and our potential liability for

non-compliance and reporting obligations in the case of data breaches has significantly increased. In addition, our businesses are increasingly subject to laws and regulations relating to privacy, surveillance, encryption and data localization in the jurisdictions in which we operate. Compliance with these laws and regulations has required us to change our policies, procedures and technology for information security and segregation of data, which, among other things, makes us more vulnerable to operational failures, and to monetary penalties for breach of such laws and regulations.

Additionally, our settlement-related activities and obligations are also subject to regulatory risk, including the risk of regulators globally accelerating the timeline to settlement, such as the SEC's recent rule to shorten the standard settlement cycle for securities transactions in the U.S. from trade date plus two business days (T+2) to trade date plus one business day (T+1) for compliance in 2024. This rule presents the risk of non-compliance, and heightens the need for careful coordination with and dependencies on other industry participants as well as additional risks associated with technology development and implementation, change management and operational errors, any of which could be material in light of the magnitude and volume of our settlement-related activities and obligations.

Failure to comply with laws, regulations or policies, or meet supervisory expectations, applicable to us and our businesses could result in civil or criminal sanctions or enforcement proceedings by regulatory or governmental authorities, money penalties and reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. If violations of legal or regulatory requirements do occur, they could damage our reputation, increase our legal and compliance costs, including requiring us to devote substantial resources towards remediation efforts, and ultimately adversely impact our results of operations. Laws, regulations or policies currently affecting us and our subsidiaries, supervisory expectations, or regulatory and governmental authorities' interpretation of statutes and regulations may change at any time, which may adversely impact our business and results of operations. See "Supervision and Regulation" for additional information regarding the potential impact of the regulatory environment on our business.

Regulatory or enforcement actions or litigation could materially adversely affect our results of operations or harm our businesses or reputation.

Like many major financial institutions, we and our affiliates are the subject of inquiries, investigations, lawsuits and proceedings by counterparties, clients, other third parties, tax authorities and regulatory and other governmental agencies in the U.S. and abroad, as well as the Department of Justice and state attorneys general. See “Legal proceedings” in Note 22 of the Notes to Consolidated Financial Statements for a discussion of material legal and regulatory proceedings in which we are involved. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has remained elevated for many firms in the financial services industry, including us. We have in the past been, and may in the future become, subject to heightened regulatory scrutiny, inquiries or investigations, and potentially client-related inquiries or claims, relating to broad, industry-wide concerns that could lead to increased expenses or reputational damage. Regulators and other governmental authorities may also be more likely to pursue enforcement actions, or seek admissions of wrongdoing or guilty pleas, in connection with the resolution of an inquiry or investigation to the extent a firm has previously been subject to other governmental investigations or enforcement actions. The current trend of large settlements by financial institutions with governmental entities may adversely affect the outcomes for other financial institutions in similar actions, especially where governmental officials have announced that the large settlements will be used as the basis or a template for other settlements. Separately, policymakers globally continue to focus on protection of client assets, cybersecurity and data protection, the improper use of electronic communications as well as tax avoidance and evasion.

The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of our operations and the increased aggressiveness of the tax and regulatory environment worldwide, also means that a single event may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities or tax authorities in different jurisdictions. Responding to inquiries, investigations, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is

time consuming and expensive and can divert the attention of our senior management from our business. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last a number of years.

Certain of our subsidiaries are subject to periodic examination, special inquiries and potential proceedings by regulatory authorities. If compliance failures or other violations are found during an examination, inquiry or proceeding, a regulatory agency could initiate actions and impose sanctions for violations, including, for example, regulatory agreements, remediation undertakings, cease and desist orders, civil monetary penalties or termination of a license and could lead to litigation by investors or clients, any of which could cause our earnings to decline.

Our businesses involve the risk that clients or others may sue us, claiming that we or third parties for whom they say we are responsible have failed to perform under a contract or otherwise failed to carry out a duty perceived to be owed to them, including perceived fiduciary or contractual duties. This risk may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are particularly volatile, when clients or investors are experiencing losses or as public attention on issues such as climate change or other ESG matters intensifies. As a publicly held company, we are also subject to the risk of claims under the federal securities laws. Volatility in our stock price increases this risk.

Increasingly, regulators, tax authorities and courts have sought to hold financial institutions liable for the misconduct of their clients where such regulators and courts have determined that the financial institution should have detected that the client was engaged in wrongdoing, even though the financial institution had no direct knowledge of the wrongdoing.

Actions brought against us may result in lawsuits, enforcement actions, injunctions, settlements, damages, fines or penalties, which could have a material adverse effect on our financial condition or results of operations or require changes to our business. Claims for significant monetary damages are asserted in many of these legal actions, while claims for disgorgement, penalties and/or other remedial sanctions may be sought in regulatory matters. These risks may be more acute when operating in foreign jurisdictions or in instances

where adversaries to such disputes are government or quasi-government actors otherwise motivated in whole or in part by non-commercial incentives. Although we establish accruals for our litigation and regulatory matters in accordance with applicable accounting guidance, our exposure to such litigation and regulatory matters can be unpredictable, and when those matters proceed to a stage where they present loss contingencies that are both probable and reasonably estimable, there may be a material exposure to loss in excess of any amounts accrued, or in excess of any loss contingencies disclosed as reasonably possible. Such loss contingencies may not be probable and reasonably estimable until the proceedings have progressed significantly, which could take several years and occur close to resolution of the matter.

Each of the risks outlined above could result in increased regulatory supervision and affect our ability to attract and retain customers or maintain access to the capital markets.

Our business may be adversely affected if we are unable to attract, retain, develop and motivate employees.

Our success depends, in large part, on our ability to attract new employees, retain, develop and motivate our existing employees, have a diverse and inclusive workplace and continue to compensate our employees competitively amid heightened regulatory restrictions and an inflationary environment. Competition for the most skilled employees in most activities in which we engage can be intense, and we may not be able to recruit and retain key personnel. In addition, third-party suppliers and service providers on which we rely may face challenges in attracting and retaining their employees, which may have a negative impact on our operations and our resiliency capabilities.

We rely on certain employees with subject matter expertise to assist in the implementation of important initiatives and to support the development of new products and services, including in connection with our technology initiatives. As focus on technology and risk management increases in the financial industry, competition for technologists and risk personnel has intensified, which could constrain our ability to execute on certain initiatives.

Our ability to attract, retain and motivate key executives and other employees may be negatively

affected by continuous changes to immigration policies and restrictions applicable to incentive and other compensation programs, including deferral, clawback requirements and other limits on incentive compensation. Some of these restrictions may not apply to some of our competitors and to other institutions with which we compete for talent, in particular as we are more often competing for personnel with financial technology providers and other entities that may not be publicly traded or regulated banking organizations and, in either case, may not have the same limitations on compensation as we do. Furthermore, because a portion of our annual incentive compensation paid to some of our employees is deferred equity that is subject to the value of our common stock, declines in our profitability or outlook could adversely affect the ability to attract and retain employees.

The loss of employees' skills, knowledge of the market, industry experience, and the cost of finding replacements, particularly in a protracted inflationary environment with a competitive labor market, have led, and we expect will continue to lead, to an increase in labor costs and hurt our business. In addition, our current or future approach to in-office and remote-work arrangements may not meet the needs or expectations of our current or prospective employees, may not be perceived as favorable as compared to the arrangements offered by competitors and may not be conducive to a collaborative working environment, which could adversely affect our ability to attract, retain, develop and motivate employees. If we are unable to continue to attract, retain, develop and motivate highly qualified employees, our performance, including our competitive position, could be adversely affected.

A failure or circumvention of our controls, policies and procedures could have a material adverse effect on our business, financial condition, results of operations and reputation.

Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system will be met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, reputation, results of operations and

The secret transportation is a "boat".

financial condition. Moreover, if we identify material weaknesses in our internal control over financial reporting or are otherwise required to restate our financial statements, we could be required to implement expensive and time-consuming remedial measures and could lose investor confidence in the accuracy and completeness of our financial reports. In addition, there are risks that individuals, either employees or contractors, may circumvent established control mechanisms in order to, for example, exceed exposure, liquidity, trading or investment management limitations, or commit fraud.

Additionally, although we have policies and procedures prohibiting the use of unauthorized personal devices and applications by our employees and contractors, we are subject to inquiries by regulators with respect to recordkeeping obligations and are subject to additional risks related to the use of personal devices and non-approved platforms, applications and tools by our employees or by third parties with which we do business for work-related activities, including risks related to information security and potential violations of record retention, reporting and other requirements. Any failure to comply with such policies and procedures could adversely affect our business.

Market Risk

Weakness and volatility in financial markets and the economy generally may materially adversely affect our business, financial condition and results of operations.

As a financial institution, our Investment Management, Wealth Management, Pershing, Depositary Receipts and Markets, including Securities Lending, businesses are particularly sensitive to economic and market conditions, including in the capital and credit markets. Further, when these markets are volatile or disruptive, we have experienced declines in our fair valued assets, including in our securities portfolio and seed capital, as well as a fair value reduction in the portfolios that we manage that generate investment and wealth management fees. Conditions in the financial markets and the economy generally, both in the U.S. and elsewhere around the world have materially affected, and may continue to affect, our results of operations, including investment management fees.

Foreign exchange trading that we execute for clients generates revenues which are primarily driven by the

volume of client transactions and the spread realized on these transactions, both of which are impacted by market volatility and the impact of foreign exchange hedging activities. Our clients' cross-border investing activity could decrease in reaction to economic and political uncertainties, including changes in laws or regulations governing cross-border transactions, such as currency controls or tariffs. Volumes and/or spreads in some of our products tend to benefit from currency volatility and are likely to decrease during times of lower currency volatility. Such revenues also depend on our ability to manage the risk associated with the currency transactions we execute and program pricing.

A variety of factors impact global economies and financial markets, including interest rates and their associated yield curves, commodity pricing, market and political instabilities, volatile debt and equity market values, inflation, expectations relating to inflation trends and monetary policy actions taken by central banks, the strength of the U.S. dollar, geopolitical tensions, the imposition of tariffs or other limitations on international trade or travel, including changes to international trade and investment policies by the U.S. the EU or other large economies (which could disrupt world trade and lead to trade retaliation), unemployment levels, labor strikes, declining business, investor and consumer confidence, recessionary fears, the impact of volatility in digital asset markets on the broader market, governmental budget deficits (including, in the U.S., at the federal, state and municipal levels), partial or full government shutdowns (including concerns about the stability of funding for the U.S. federal government), and contagion risk from possible default on sovereign debt. More specifically, in January 2023, the outstanding national debt of the U.S. government reached its statutory limit. Before the U.S. government suspended the debt ceiling, the U.S. Treasury Department used extraordinary measures to prevent the U.S. government's default on its payment obligations. Future delays to raise or suspend the federal debt ceiling could have severe repercussions within the U.S. and to global credit and financial markets and could result in a variety of adverse effects for our business, results of operations, liquidity and financial condition.

Any resulting economic pressure on market participants and lack of confidence in the financial markets may adversely affect our business, financial condition and results of operations. Additionally, global economies and financial markets may be

adversely affected by widespread health emergencies, pandemics, natural disasters, climate-related incidents, conflicts and acts of war (such as the conflicts in Ukraine and in the Middle East), terrorism, economic sanctions, other geopolitical events or concerns over the possibility of such events, for example, the economic and geopolitical challenges related to China, including developing tensions between China and Taiwan and/or between China and the U.S. In particular, we face the following risks in connection with these factors, some of which are discussed at greater length in separate risk factors:

- Geopolitical tension and economic instability in countries around the world can at times increase the demand for low-risk investments, particularly in U.S. Treasuries and the dollar. A “flight to safety” has historically increased our balance sheet, which has negatively impacted, and could continue to negatively impact, our leverage-based regulatory capital measures. A sustained “flight to safety” has historically triggered a decline in trading, capital markets and cross-border activity which would likely decrease our revenue, negatively impacting our results of operations, financial condition and, if sustained in the long term, our business.
- The fees earned by our Investment Management and Wealth Management businesses are higher as assets under management and/or investment performance increase. Those fees are also impacted by the composition of the assets under management, with higher fees for some asset categories as compared to others. Uncertain and volatile capital markets, particularly declines, could result in movements from higher to lower fee products and/or reductions in our assets under management because of investors’ decisions to withdraw assets or from simple declines in the value of assets under management as markets decline.
- Market conditions resulting in lower transaction volumes could have an adverse effect on the revenues and profitability of certain of our businesses such as clearing, settlement, payments and trading.
- Uncertain and volatile capital markets, particularly declines in equity prices, could reduce the value of our investments in securities, including pension and other post-retirement plan assets and produce downward pressure on our stock price and credit availability without regard to our underlying financial strength.
- Derivative instruments we hold for our own account to hedge and manage our exposure to market risks, including interest rate risk, equity price risk, foreign currency risk and credit risk associated with our products and businesses might not perform as intended or expected, resulting in higher realized losses and unforeseen stresses on liquidity. Our derivatives-based hedging strategies also rely on the performance of counterparties to such derivatives. These counterparties may fail to perform for various reasons resulting in losses on under-collateralized positions.
- The process we use to estimate our expected credit losses is subject to uncertainty in that it requires use of statistical models and difficult, subjective and complex judgments, including forecasts of economic conditions and how these conditions might impair the ability of our borrowers and others to meet their obligations. In uncertain and volatile economic environments, and especially in environments that differ significantly from the historical environments upon which the models we use to estimate our expected credit losses were developed, our ability to estimate our expected credit losses may be impaired, which could adversely affect our overall profitability and results of operations.

For a discussion of our management of market risk, see “Risk Management – Risk Types Overview – Market Risk.”

We are dependent on fee-based business for a substantial majority of our revenue and our fee-based revenues could be adversely affected by slowing market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences.

Our principal commercial focus is on fee-based business, which is distinct from commercial banking institutions that earn most of their revenues from loans and other traditional interest-generating products and services. For the year ended Dec. 31, 2023, 74% of our total revenue was fee-based. Our fee-based businesses include investment and wealth management, custody, corporate trust, depository receipts, clearing, collateral management and treasury services, which are highly competitive businesses.

Fees for many of our products and services are based on the volume of transactions processed, the market value of assets managed and/or administered, securities lending volume and spreads, and fees for other services rendered. Corporate actions, cross-border investing, global mergers and acquisitions activity, new debt and equity issuances, and secondary trading volumes, among other things, all affect the level of our fee revenue. As the volume of these activities decreases due to low client activity, weak financial markets or otherwise, our fee-based revenues also decrease, which negatively impacts our results of operations.

If our Investment and Wealth Management businesses experience poor investment returns due to weak market conditions or underperformance (relative to competitors or benchmarks), the market values of the portfolios that we manage will be lower (on a relative basis) and our ability to retain existing assets and/or attract new client assets may be impacted. Market and regulatory trends have also resulted in increased demand for lower fee investment and wealth management products and services, and lower performance-fee structures, both of which have impacted and may continue to impact our fee revenue. Some of these dynamics have also negatively impacted fees in our Market and Wealth Services and Securities Services businesses and any of these dynamics may also occur in the future. Significant declines in the volume of capital markets activity would reduce the number of transactions we process and the amount of securities we lend and therefore would also have an adverse effect on our results of operations. Our business may be adversely impacted by decreases in the rate at which individuals invest in mutual funds and other collective funds, unit investment trusts or exchange-traded funds, or contribute to defined contribution plans. Changes in economic and market conditions, including as a result of higher market volatility, inflationary pressures, recessionary conditions or declines in equity values, could result in changes in the investment patterns of our clients or negatively impact the market value of client portfolios, each of which could have a negative impact on our results of operations.

When our investment management revenues decline, interest rates rise or other market factors affect the value of our investment management business, we may have, and in the past have had, declines in the fair value in our Investment Management reporting unit, one of the two reporting units in our Investment and Wealth Management segment. If the fair value of

the Investment Management reporting unit declines below its carrying value, we would be required to take, and in the past have taken, an impairment charge.

Levels of and changes in interest rates have impacted, and will in the future continue to impact, our profitability and capital levels, at times adversely.

We earn revenue, known as “net interest revenue,” on the difference between the interest income earned on our interest-earning assets, such as the loans we make and the securities we hold in our investment securities portfolio, and the interest expense incurred on our interest-bearing liabilities, such as deposits and borrowed money. Additionally, we earn net interest revenue on other activities relating to interest-earning assets and interest-bearing liabilities, such as reverse repurchase agreements and repurchase agreements, respectively. Our net interest margin, which is the result of dividing net interest revenue by average interest-earning assets, is sensitive to the shape of the yield curve and whether the interest rate paid or received is fixed or moves with changes in market interest rates.

The continued prevalence of higher rates, and any future rate increases, including unexpectedly precipitous increases, could adversely impact our business, financial condition and results of operations, due to:

- higher market volatility, recessionary conditions and declines in equity values, resulting in a decline in the valuation of assets under management;
- reduced liquidity in bonds and fixed-income funds, resulting in lower performance and fees;
- increased number of delinquencies, bankruptcies or defaults and more nonperforming assets and net charge-offs, as borrowers may have more difficulty making higher interest payments;
- higher redemptions from our fixed-income funds or separate accounts, as clients move funds into investments with higher rates of return;
- lower net interest revenue and net interest margin due to lower non-interest bearing deposit levels, as non-interest bearing deposits leave or shift to interest-bearing deposits;

- declines in deposit levels, resulting in reduced internal and regulatory liquidity buffers and lower revenues;
- reductions in the value of our fixed-income securities held for liquidity purposes;
- further increases in accumulated other comprehensive loss in our shareholders' equity and therefore our tangible common equity due to the impact of rising long-term rates on the available-for-sale securities in our investment portfolio, which would negatively affect our risk-based and leverage based regulatory capital ratios; or
- higher funding cost.

Conversely, a material decline in the short-term rate environment, and/or a flat or inverted yield curve, in the future could adversely impact, and has in the past adversely impacted, our net interest revenue and results of operations due to:

- compression of our net interest margin, depending on our balance sheet position and the speed and size of the interest rate decline;
- sustained weakness of our spread-based revenues, resulting in continued voluntary waiving of fees on certain money market mutual funds and related distribution fees, in order to prevent the yields on such funds from becoming uneconomic; or
- adverse impacts on the value of our fixed-rate mortgage-backed securities, driven by higher mortgage prepayment speeds.

A more detailed discussion of the interest rate and market risks we face is contained in "Risk Management – Risk Types Overview – Market Risk."

We have experienced, and may continue to experience, unrealized or realized losses on securities related to volatile and illiquid market conditions, reducing our capital levels and/or earnings.

We maintain an investment securities portfolio of various holdings, types and maturities. At Dec. 31, 2023, approximately 61% of these securities were classified as available-for-sale, which are recorded on our balance sheet at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income, net of tax. The securities in our held-to-maturity portfolio, recorded

on our balance sheet at amortized cost, were approximately 39% of our securities portfolio at Dec. 31, 2023. Our available-for-sale securities portfolio, to the extent unhedged, may result in increased volatility in our accumulated other comprehensive income or earnings than a loan portfolio that is accounted for at amortized cost.

Our investment securities portfolio represents a greater proportion of our consolidated total assets (approximately 31% at Dec. 31, 2023), in comparison to many other major U.S. financial institutions due to our custody and trust bank business model. Accordingly, our capital levels and results of operations and financial condition are materially exposed to the risks associated with our investment securities portfolio, including interest rate-related risks.

We reserve for current expected credit losses with respect to our available-for-sale and held-to-maturity securities. Credit losses in excess of our allowance for credit losses would impact our results of operations.

Under the U.S. capital rules, after-tax changes in the fair value of available-for-sale investment securities are included in CET1 capital. Since held-to-maturity securities are not subject to fair-value accounting, changes in the fair value of these instruments (other than expected credit losses) are not similarly included in the determination of CET1 capital. As a result, we may experience increased variability in our CET1 capital relative to those major financial institutions who maintain a lower proportion of their consolidated total assets in an available-for-sale accounting classification.

Generally, the fair value of available-for-sale securities is determined based on market prices available from third-party sources. During periods of market disruption, it may be difficult to value certain of our investment securities if trading becomes less frequent and/or market data becomes less observable. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation and judgment as well as valuation methods which are more complex. These values may not be ultimately realizable in a market transaction, and such values may change very rapidly as market conditions change and valuation assumptions are modified. Decreases in value may have a material adverse effect on our results of operations or financial condition. The estimate of expected credit losses is determined

in part by management's assessment of the financial condition and prospects of a particular issuer, projections of future cash flows and recoverability of the particular security. Management's conclusions on such assessments are highly judgmental and include assumptions and projections of future cash flows which may ultimately prove to be incorrect as assumptions, facts and circumstances change. On the other hand, we are limited in the actions we can take related to our held-to-maturity securities absent a significant deterioration in the issuer's creditworthiness. Therefore, we may be constrained in our ability to liquidate a held-to-maturity security that is deteriorating in value. If our determinations change about our intention or ability to not sell available-for-sale securities that have experienced a reduction in fair value below their amortized cost, we could be required to recognize a loss in earnings for the entire difference between fair value and amortized cost.

For information regarding our investment securities portfolio, refer to "Results of Operations – Consolidated balance sheet review – Securities."

Reform of interest rate benchmarks and the use of alternative reference rates by us and our clients could adversely affect our business, financial condition and results of operations.

Regulators, industry groups and market participants in the U.S. and other countries continue to engage in initiatives to introduce and encourage the use of alternative reference rates to replace certain interest rates that were used as benchmarks in debt securities, loans and other financial instruments. Certain of the alternative reference rates appear to have gained acceptance among market participants. However, interest rate benchmark reforms may have unexpected adverse consequences that could be contrary to market expectations. Alternative reference rates may be based upon indices, and may have characteristics, different from the benchmarks they replace. In some cases, financial instruments may perform less predictably after alternative reference rates have replaced the original benchmarks. Further, given the limited performance and historical data of new alternative rates, there can be no assurance that:

- any of the new rates will be similar to, perform the same as, produce the economic equivalent of, or be an adequate substitute for the benchmarks that they replace;
- a particular alternative reference rate will be widely accepted or adopted by market participants;
- market participants will effectively implement operational and other arrangements to transition from historical benchmarks, such as LIBOR, to new alternative reference rates;
- market acceptance of an alternative reference rate will not be hindered by the introduction of other reference rates; or
- any particular use of hedges will be effective.

In addition, we may be adversely impacted by the use of alternative reference rates as a result of our business activities and our underlying operations. We utilize reference rates in a variety of agreements and instruments and are responsible for the use of reference rates in a variety of capacities, as well as in our operational functions. We could be subject to claims from customers, counterparties, investors or regulators alleging that we did not correctly discharge our responsibilities in interpreting and implementing contractual interest rate provisions or in selecting new alternative reference rates. These types of claims could subject us to increased legal and operational expenses and could damage our reputation.

Uncertainty relating to alternative reference rates could result in pricing volatility, increased capital requirements, loss of market share in certain products, adverse tax or accounting consequences, higher compliance, legal and operational costs, increased difficulty in estimating our net interest revenue, and risks associated with client disclosures, discretionary actions taken or negotiation of fallback provisions, and disruption of business continuity, systems and models, all of which may adversely impact our business and results of operations.

Credit Risk

The failure or perceived weakness of any of our significant clients or counterparties, many of whom are major financial institutions or sovereign entities, and our assumption of credit, counterparty and concentration risk, could expose us to credit losses and adversely affect our business.

We have credit exposure to clients and counterparties in many different industries, particularly financial institutions, as a result of trading, clearing and financing, providing custody services, securities

lending services or other relationships. We routinely execute transactions with global clients and counterparties in the financial industry as well as sovereigns and other governmental or quasi-governmental entities. Our direct credit exposure consists of extensions of secured and unsecured credit to clients and use of our balance sheet. In addition to traditional credit activities, we also extend intraday credit in order to facilitate our various processing, settlement and intermediation activities. We could be adversely affected by the actions and commercial soundness of organizations to whom we have lent funds, as defaults or non-performance (or even uncertainty concerning such default or non-

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more of these institutions, or the markets generally, have in the past led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions (including our counterparties and/or clients) in the future. The consolidation and failures of financial institutions during the 2008 financial crisis increased the concentration of our client and counterparty risk.

As a result of our membership in several industry clearing or settlement exchanges and central counterparty clearinghouses, we may be required to guarantee obligations and liabilities or provide financial support in the event that other members do not honor their obligations or default. These obligations may be limited to members that dealt with the defaulting member or to the amount (or a multiple of the amount) of our contribution to a clearing or settlement exchange guarantee fund, or, in a few cases, the obligation may be unlimited. Additionally, we are exposed to settlement risks, particularly in our payments and foreign exchange activities. Those activities may lead to extensions of credit and consequent losses in the event of a counterparty breach or an operational error, including the failure to provide credit. We are exposed to risk of short-term credit extensions to, or overdrafts by, our clients in connection with the process to facilitate settlement of trades and related foreign exchange activities, particularly when contractual settlement has been agreed with our clients. The occurrence of overdrafts at peak volatility could create significant credit exposure to our clients depending upon the value of such clients' collateral pledged to us at the time. This risk may be heightened during periods of market volatility, during which collateral values may decrease suddenly.

When we provide credit to clients in connection with providing cash management, clearing, custodial and

other services, we are exposed to potential loss if the client experiences credit difficulties. Higher market volatility, inflationary pressures, recessionary conditions or declines in equity values could negatively affect the creditworthiness of our clients, which, in turn, would increase our credit risk. We are also generally not able to net exposures across affiliated clients or counterparties and may not be able to net exposures to the same legal entity across multiple products. In addition, we may incur a loss in relation to one entity or product even though our exposure to one of the entity's affiliates is over-collateralized. Moreover, not all of our client or counterparty credit exposure is secured.

In our agency securities lending program, we act as agent on behalf of our clients, the lenders of securities, in securities lending transactions with our clients' counterparties (including broker-dealers), acting as borrowers, wherein securities are lent by our clients and the securities loans are collateralized by cash or securities posted by such counterparties. Typically, in the case of cash collateral, our clients authorize us as their agent to invest the cash collateral in approved investments pursuant to each client's investment guidelines and instructions. Such approved investments may include reverse repurchase transactions with repo counterparties. In many cases, in the securities loans we enter into on behalf of our clients, we agree to replace the client's loaned securities that the borrower fails to return due to certain defaults by the borrower, mainly the borrower's insolvency. Therefore, in situations where the market value of the loaned securities that the borrower fails to return to a client (which loaned securities we are obligated to replace and return to the client) exceeds the amount of proceeds resulting from the liquidation of the client's approved investments and cash and non-cash collateral of such client, we may be responsible for the shortfall amount necessary to purchase any replacement securities. In addition, in certain cases, we may also assume the risk of loss related to approved investments that are reverse repurchase transactions as described above. In these two scenarios, we, rather than our clients, are exposed to the risks of the defaulting counterparty in the securities lending transactions and, where applicable, in the reverse repurchase transactions. For further discussion on our securities lending indemnifications, see "Commitments and contingent liabilities – Off-balance sheet arrangements" in Note 22 of the Notes to Consolidated Financial Statements.

From time to time, we assume concentrated credit risk at the individual obligor, counterparty or group level, potentially exposing us to a single market or political event or a correlated set of events. For example, we may be exposed to defaults by companies located in countries with deteriorating economic conditions or by companies in certain industries. Our commercial real estate portfolio also exposes us to concentrated credit risk, including to the New York metro market. Such concentrations may be material. Our counterparty exposures change daily, and the counterparties or groups of related counterparties to which our risk exposure is material also vary during any reported period; however, our largest exposures tend to be to other financial institutions, clearing organizations, and governmental entities, both inside and outside the U.S. Concentration of counterparty exposure presents significant risks to us and to our clients because the failure or perceived weakness of our counterparties (or in some cases of our clients' counterparties) has the potential to expose us to risk of financial loss. Changes in market perception of the financial strength of particular financial institutions or sovereign issuers can occur rapidly, are often based on a variety of factors and are difficult to predict.

Although our overall business is subject to these interdependencies, several of our businesses are particularly sensitive to them, including our currency and other trading activities, our securities lending and securities finance businesses and our investment management business. If we experience any of the losses described above, it may materially and adversely affect our results of operations.

We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations we hold, including a deterioration in the value of collateral posted by third parties to secure their obligations to us under derivatives contracts and other agreements, could result in losses and/or adversely affect our ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. Disputes with clients and counterparties as to the valuation of collateral can significantly increase in times of market stress and illiquidity. In addition, disruptions in the liquidity or transparency of the financial markets may result in our inability to sell, syndicate or realize the value of our positions, thereby leading to increased concentrations. An inability to reduce our positions may not only increase the market

and credit risks associated with such positions but may also increase the level of RWA on our balance sheet, thereby increasing our capital requirements and funding costs, all of which could adversely affect the operations and profitability of our businesses.

Under U.S. regulatory restrictions on credit exposure, which include a broadening of the measure of credit exposure, we are required to limit our exposures to specific obligors or groups, including financial institutions. These regulatory credit exposure restrictions may adversely affect our businesses and may require us to modify our operating models or the policies and practices we use.

Further, we maintain sub-custodian relationships in certain jurisdictions, including emerging and other underdeveloped markets. Our use of sub-custodians exposes us to operational, reputational and regulatory risk, as we are dependent upon such sub-custodians to perform certain services to clients in those markets. The risks of maintaining custody services in such markets are amplified due to evolving regulatory and sanctions requirements, which may increase our financial exposures, in the event those sub-custodians, or we, are unable to return, transfer or reinvest clients' assets. Under certain regulatory regimes, we may be held responsible for resulting losses suffered by our clients, and we may agree to similar or more stringent standards with clients that are not subject to such regulations. Where we have client deposit liabilities related to non-U.S. currencies in jurisdictions where we maintain sub-custodian relationships, we generally maintain a corresponding amount of cash on deposit with the relevant sub-custodian or clearing agency, which increases our credit exposure to that entity and can accumulate over time based upon distributions on, or other activities related to, our clients' assets. If the sub-custodian or clearing agency were to become insolvent in circumstances not involving expropriation of assets or other circumstances that may excuse performance under relevant client agreements, the risk of loss on such cash on deposit could be ours rather than the clients'.

We could incur losses if our allowance for credit losses, including loan and lending-related commitment reserves, is inadequate or if our expectations of future economic conditions deteriorate.

When we loan money, commit to loan money or provide credit or enter into another contract with a

counterparty, we incur credit risk, or the risk of loss if our borrowers do not repay their loans or our counterparties fail to perform according to the terms of their agreements. Our profitability is adversely affected when our borrowers default, in whole or in part, on their loan obligations to us or when there is a significant deterioration in the credit quality of our loan portfolio. We reserve for potential future credit losses by recording a provision for credit losses through earnings. The allowance for loan losses and allowance for lending-related commitments represents management's estimate of current expected credit losses over the lifetime of the related credit exposure taking into account relevant information about past events, current conditions and reasonable and supportable forecasts of future economic conditions that affect the collectability of our loans and lending commitments. We use a quantitative methodology and qualitative framework for determining the allowance for loan losses and the allowance for lending-related commitments. Within this qualitative framework, management applies judgment when assessing internal risk factors and environmental factors to compute an additional allowance for each component of the loan portfolio. As is the case with any such judgments, we could fail to identify these factors or accurately estimate their impact. We cannot provide any assurance as to whether charge-offs related to our credit exposure may occur in the future. Current and future market and economic developments may increase default and delinquency rates and negatively impact the quality of our credit portfolio, which may impact our charge-offs. Although our estimates contemplate current conditions and how we expect them to change over the life of the portfolio, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. See "Results of Operations – Critical accounting estimates."

Capital and Liquidity Risk

Our business, financial condition and results of operations could be adversely affected if we do not effectively manage our liquidity.

Our operating model and overall strategy rely heavily on our access to financial market utilities and global capital markets. Without such access, it would be difficult to process payments and settle and clear transactions on behalf of our clients. Deterioration in our liquidity position, whether actual or perceived,

can impact our market access by affecting participants' willingness to transact with us. Changes to our liquidity can be caused by various factors, such as funding mismatches, a failure in our asset/liability management, market constraints disabling asset to cash conversion, inability to issue debt, run-offs of core deposits, and contingent liquidity events such as additional collateral posting. Changes in economic conditions or exposure to credit, market, operational, legal and reputational risks can also affect our liquidity.

Our business is dependent in part on our ability to meet our cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows. We also must manage liquidity risks on an intraday basis, in a manner designed to ensure that we can access required funds during the business day to make payments or settle immediate obligations, often in real time. We receive client deposits through a variety of investment management and investment servicing businesses and we rely on those deposits as a low-cost and stable source of funding. Our ability to continue to receive those deposits, and other short-term funding sources, is subject to variability based on a number of factors, including volume and volatility in the global securities markets, the relative interest rates that we are prepared to pay for those deposits, and the perception of the safety of those deposits or other short-term obligations relative to alternative short-term investments available to our clients. We could lose deposits if we suffer a significant decline in the level of our business activity, our credit ratings are materially downgraded, interest rates continue to rise or remain at elevated levels, or if we or our peers become subject to significant negative press or significant regulatory action or litigation, among other reasons. Our liquidity could also be adversely affected by customers' withdrawal of deposits in response to volatility and disruptions in the financial markets or a stress event such as that experienced by regional depository institutions in the first half of 2023. Further, deposit outflows could increase if our clients and customers with uninsured deposits look for alternative placements for their funds amidst market and financial industry volatility. A perceived loss of confidence in the BNY Mellon as a depository institution may be additionally exacerbated by the speed and pervasiveness with which inaccurate or incomplete information is disseminated through social media or other internet forums. If we were to lose a significant amount of deposits, we may need to replace such funding with more expensive funding

and/or reduce assets, which would reduce our net interest revenue.

The degree of client demand for short-term credit tends to increase during periods of market turbulence. For example, investors in mutual funds for which we act as custodian may engage in significant redemption activity due to adverse market or economic conditions. We may then extend intraday credit to our fund clients in order to facilitate their ability to pay such redemptions. In addition, during periods of market turbulence, draws under committed revolving credit facilities that we provide to our institutional clients may increase, and have in the past increased, substantially. Such client demand may negatively impact our leverage-based capital ratios, and in times of sustained market volatility, may result in significant leverage-based ratio declines.

In addition, our access to the debt and equity capital markets and credit markets is a significant source of liquidity. Events or circumstances often outside of our control, such as market disruptions, lack of liquidity in the markets, government fiscal and monetary policies, uncertainty over the U.S. government debt ceiling or loss of confidence by securities purchasers or counterparties in us or in the funds markets, could limit our access to capital markets and credit markets, increase our cost of borrowing, adversely affect our liquidity, or impair our ability to execute our business plan. In addition, clearing organizations, regulators, clients and financial institutions with which we interact may exercise the right to require additional collateral based on market perceptions or market conditions, which could further impair our access to and cost of funding. Market perception of sovereign default risks can also lead to inefficient money markets and capital markets, which could further impact our funding availability and cost. Conversely, excess liquidity inflows could increase interest expense, limit our financial flexibility, and increase the size of our total assets in a manner that could have a negative impact on our capital ratios.

Under the U.S. capital rules, the size of the capital surcharge that applies to a U.S. G-SIB is based in part on its reliance on short-term wholesale funding, including certain types of deposit funding, which may increase the cost of such funding. Furthermore, certain non-U.S. authorities require large banks to incorporate a separate subsidiary in countries in which they operate, and to maintain independent capital and liquidity at foreign subsidiaries. These

requirements could hinder our ability to efficiently manage our funding and liquidity in a centralized manner, requiring us to hold more capital and liquidity overall.

In addition, our cost of funding could be affected by actions that we may take in order to satisfy applicable LCR and NSFR requirements, to lower our G-SIB score, to satisfy the amount of eligible long-term debt outstanding under the TLAC rule, to address obligations under our resolution plan or to satisfy regulatory requirements in non-U.S. jurisdictions relating to the pre-positioning of liquidity in certain subsidiaries. Further, the regulatory or stress test liquidity value associated with the securities we hold subject to a held-to-maturity accounting designation could be reduced in the future through regulatory or supervisory action, exposing us to relatively greater capital ratio volatility attributable to interest rate movements to the extent we designate a relatively larger percentage of our securities portfolio as available-for-sale going forward in response to such regulatory or supervisory changes.

If we are unable to raise funds using the methods described above, we would likely need to finance, reduce or liquidate unencumbered assets, such as our central bank deposits and bank placements, or securities in our investment portfolio to meet funding needs. We may be unable to sell some of our assets, or we may have to sell assets at a discount from market value, either of which could adversely affect our business, financial condition and results of operations. Further, our ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time, which could occur in a liquidity or other market crisis. Additionally, if we experience cash flow mismatches, deposit run-off or market constraints resulting from our inability to convert assets to cash or access capital markets, our liquidity could be severely impacted. During periods of market uncertainty, our level of client deposits has in recent years tended to increase; however, because these deposits have high potential run-off rates, we have historically deposited these so-called excess deposits with central banks and in other highly liquid and low-yielding instruments.

If we are unable to continue to fund our assets through deposits or access capital markets on favorable terms or if we suffer an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, our liquidity, net interest margin, financial results and condition may be materially

adversely affected. In certain cases, this could require us to raise additional capital through the issuance of preferred or common stock, which could dilute the ownership of existing stockholders and/or reduce common stock repurchases or our common stock dividend, to preserve capital. For a further discussion of our liquidity, see “Results of Operations – Liquidity and dividends.”

Failure to satisfy regulatory standards, including “well capitalized” and “well managed” status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition.

Under U.S. and international regulatory capital adequacy rules and other regulatory requirements, we and our subsidiary banks must meet or exceed thresholds that include quantitative measures of assets, liabilities, and certain off-balance sheet items, subject to qualitative judgments by regulators about components, risk weightings and other factors. As discussed in “Supervision and Regulation,” BNY Mellon is registered with the Federal Reserve as a BHC and an FHC. An FHC’s ability to maintain its status as an FHC is dependent upon a number of factors, including its U.S. bank subsidiaries qualifying on an ongoing basis as “well capitalized” and “well managed” under the banking agencies’ prompt corrective action regulations as well as applicable Federal Reserve regulations. Failure by an FHC or one of its U.S. bank subsidiaries to qualify as “well capitalized” and “well managed,” if unremedied over a period, would cause it to lose its status as an FHC and could affect the confidence of clients in it, compromising its competitive position. Additionally, an FHC that does not continue to meet all the requirements for FHC status could lose the ability to undertake new activities or make acquisitions that are not generally permissible without FHC status or to continue such activities.

The failure by one of our U.S. bank subsidiaries to maintain its status as “well capitalized” could lead to, among other things, higher FDIC assessments and could have reputational and associated business consequences.

If we or our subsidiary banks fail to meet U.S. and international minimum capital rules and other regulatory requirements, we may not be able to deploy capital in the operation of our business or

distribute capital to stockholders, which may adversely affect our business.

Failure to meet any current or future capital or liquidity requirements, including those imposed by the U.S. capital rules, the LCR or the NSFR, or by regulators in implementing other portions of the Basel III framework, could materially adversely affect our financial condition. Compliance with U.S. and international regulatory capital and liquidity requirements may impact our ability to return capital to shareholders and may impact our operations by requiring us to liquidate assets, increase borrowings, issue additional equity or other securities, or cease or alter certain operations, which may adversely affect our results of operations.

Finally, our regulatory capital ratios, liquidity metrics, and related components are based on our current interpretation, expectations, and understanding of the applicable rules and are subject to, among other things, ongoing regulatory review, regulatory approval of certain statistical models, additional refinements, modifications or enhancements (whether required or otherwise) to our models, and further implementation guidance. Any modifications resulting from these ongoing reviews, the adoption of new or heightened prudential regulatory requirements, or the continued implementation of the U.S. capital rules (such as the proposed revisions in the third quarter of 2023 by the Federal Reserve, the OCC and the FDIC to implement and finalize the Basel III reforms and the revised standard for market risk capital requirements), the LCR, the NSFR, the resolution planning process and related amendments, could result in changes in our RWAs, capital components, liquidity inflows and outflows, HQLA, or other elements involved in the calculation of these measures, which could impact regulatory capital and liquidity ratios. Further, because operational risk is currently measured based not only upon our historical operational loss experience but also upon ongoing events in the banking industry generally, our level of operational RWAs could significantly increase or otherwise remain elevated and may potentially be subject to significant volatility, negatively impacting our capital ratios. Additionally, our liquidity position could be significantly impacted by changes to the liquidity framework itself, as regulators may seek to evaluate potential changes to the regulatory framework following the regional bank failures in the first half of 2023. The uncertainty caused by these factors could

ultimately impact our ability to meet our goals, supervisory requirements, and regulatory standards.

The Parent is a non-operating holding company and, as a result, is dependent on dividends from its subsidiaries and extensions of credit from its IHC to meet its obligations, including with respect to its securities, and to provide funds for share repurchases, payment of income taxes and payment of dividends to its stockholders.

The Parent is a non-operating holding company, whose principal assets and sources of income are its principal U.S. bank subsidiaries—The Bank of New York Mellon and BNY Mellon, N.A.—and its other subsidiaries, including Pershing and the IHC. The Parent is a legal entity separate and distinct from its banks, the IHC and other subsidiaries. Therefore, the Parent primarily relies on dividends, interest, distributions, and other payments from its subsidiaries, including extensions of credit from the IHC, to meet its payment obligations, including with respect to its securities, and to provide funds for share repurchases, the payment of income taxes and payment of common and preferred dividends to its stockholders, to the extent declared by the Board of Directors.

There are various limitations on the extent to which our banks and other subsidiaries can finance or otherwise supply funds to the Parent (and certain of our affiliates). Each of these restrictions can reduce the amount of funds available to meet the Parent's obligations. Many of our subsidiaries, including our bank subsidiaries, are subject to laws and regulations that restrict dividend payments or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to the Parent or other subsidiaries. In addition, our bank subsidiaries would not be permitted to distribute a dividend if doing so would constitute an unsafe and unsound practice or if the payment would reduce their capital to an inadequate level. Our subsidiaries may also choose to restrict dividend payments to the Parent in order to increase their own capital or liquidity levels. Our bank subsidiaries are also subject to restrictions on their ability to lend to or transact with non-bank affiliates, minimum regulatory capital and liquidity requirements, and restrictions on their ability to use funds deposited with them in bank or brokerage accounts to fund their businesses. See "Supervision and Regulation" and "Results of Operations – Liquidity and dividends," as well as Note 19 of the Notes to Consolidated Financial

Statements. Further, we evaluate and manage liquidity on a legal entity basis, which may place legal and other limitations on our ability to utilize liquidity from one legal entity to satisfy the liquidity requirements of another, including the Parent.

There are also limitations specific to the IHC's ability to make distributions or extend credit to the Parent. The IHC is not permitted to pay dividends to the Parent if certain key capital and liquidity indicators are breached, and if the resolution of the Parent is imminent, the committed lines of credit provided by the IHC to the Parent will automatically terminate, with all outstanding amounts becoming due.

Because the Parent is a holding company, its rights and the rights of its creditors, including the holders of its securities, to a share of the assets of any subsidiary upon the liquidation or recapitalization of the subsidiary, will be subject to the prior claims of the subsidiary's creditors (including, in the case of our banking subsidiaries, their depositors) except to the extent that the Parent may itself be a creditor with recognized claims against the subsidiary. The rights of holders of securities issued by the Parent to benefit from those distributions will also be junior to those prior claims. Consequently, securities issued by the Parent will be effectively subordinated to all existing and future liabilities of our subsidiaries.

Our ability to return capital to shareholders is subject to the discretion of our Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and capital planning, applicable provisions of Delaware law and our failure to pay full and timely dividends on our preferred stock.

Holders of our common and preferred stock are only entitled to receive such dividends or other distributions of capital as our Board of Directors may declare out of funds legally available for such payments. Although we have historically declared cash dividends on our common and preferred stock, we are not required to do so. In addition to the Board of Directors' approval, our ability to take certain actions, including our ability to declare dividends or repurchase our common stock, may be subject to the buffers under the Federal Reserve's capital and TLAC rules. The buffers under the capital rules are affected by the results of CCAR. Through the CCAR process, we may be, and have in the past been, required to resubmit our capital plan in the event of a deterioration in the general financial markets or

economy or changes in our risk profile (including a material change in business strategy or risk exposure), financial condition or corporate structure. The Federal Reserve is also able, outside the CCAR process, to restrict our ability to make capital distributions and subject us to other supervisory or enforcement actions.

A Federal Reserve determination that our capital planning processes were weak or otherwise fail to meet supervisory expectations could have a variety of adverse consequences, including, without limitation, ratings downgrades, ongoing heightened supervisory scrutiny, expenses associated with remediation activities, and potentially an enforcement action.

A failure to increase dividends along with our competitors, or any reduction of, or elimination of, our common stock dividend would likely adversely affect the market price of our common stock, our return on equity and market perceptions of BNY Mellon.

Our ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of our common stock will be prohibited, subject to certain exceptions, in the event that we do not declare and pay in full dividends for the then-current dividend period (in the case of dividends) or most recently completed dividend period (in the case of repurchases) of our Series A preferred stock or the last preceding dividend period (in the case of dividends) or most recently completed dividend period (in the case of repurchases) of our Series F, Series G, Series H or Series I preferred stock.

In addition, regulatory capital rules that are or will be applicable to us, including the U.S. capital rules risk-based capital requirements, the SLR, the stress capital buffer, the enhanced SLR, the TLAC rule and the U.S. G-SIB surcharge, may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases, and may require us to increase or alter the mix of our outstanding regulatory capital instruments. Changes in the composition of our balance sheet, including as a result of changing economic conditions and market values, may further require us to increase or alter the mix of our outstanding regulatory capital, which in turn could impact our ability to return capital to shareholders.

Any requirement to increase our regulatory capital ratios or alter the composition of our capital could

require us to liquidate assets or otherwise change our business and/or investment plans, which may negatively affect our financial results. Further, any requirement to maintain higher levels of capital may constrain our ability to return capital to shareholders either in the form of common stock dividends or stock repurchases.

Any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon, BNY Mellon, N.A. or The Bank of New York Mellon SA/NV, could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our business, financial condition and results of operations and on the value of the securities we issue.

Our debt and preferred stock and the debt and deposits of our principal bank subsidiaries, The Bank of New York Mellon, BNY Mellon, N.A. and The Bank of New York Mellon SA/NV, are currently rated investment grade by the major rating agencies. These rating agencies regularly evaluate us and our rated subsidiaries. Their credit ratings are based on a number of factors, including our financial strength, performance, prospects and operations, as well as factors not entirely within our control, including conditions affecting the financial services industry generally and the U.S. government. Rating agencies employ different models and formulas to assess the financial strength of a rated company, and from time to time rating agencies have, in their discretion, altered these models. Changes to rating agency models, general economic conditions, regulatory developments or other circumstances outside our control could negatively impact a rating agency's judgment of the rating or outlook it assigns to us or our rated subsidiaries. As a result, we or our rated subsidiaries may not be able to maintain our respective credit ratings or outlook on our securities. For further discussion of our and our principal bank subsidiaries' credit ratings, see "Results of Operations – Liquidity and dividends."

A material reduction in our credit ratings or the credit ratings of our rated subsidiaries, which can occur at any time without notice, could have a material adverse effect on our access to credit markets, the related cost of funding and borrowing, our credit spreads, our liquidity and certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. In addition, in connection with certain over-the-counter derivatives contracts

and other trading agreements, counterparties may require us or our rated subsidiaries to provide additional collateral or to terminate these contracts and agreements and collateral financing arrangements in the event of a credit ratings downgrade below certain ratings levels, which could impair our liquidity. A downgrade by any one rating agency, depending on the agency's relative ratings of the entity at the time of the downgrade, may have an impact comparable to the impact of a downgrade by all rating agencies. If a rating agency downgrade or a review for downgrade were to occur during broader market instability, our options for responding to events may be more limited and more expensive, possibly significantly. An increase in the costs of our funding and borrowing, or an impairment of our liquidity, could have a material adverse effect on our results of operations and financial condition. A material reduction in our credit ratings also could decrease the number of investors and counterparties willing or permitted to do business with or lend to us and adversely affect the value of the securities we have issued or may issue in the future.

We cannot predict what actions rating agencies may take, or what actions we may elect or be required to take in response thereto, which may adversely affect us. For further discussion on the impact of a credit rating downgrade, see "Disclosure of contingent features in OTC derivative instruments" in Note 23 of the Notes to Consolidated Financial Statements.

The application of our Title I preferred resolution strategy or resolution under the Title II orderly liquidation authority could adversely affect the Parent's liquidity and financial condition and the Parent's security holders.

In 2017, in connection with our single point of entry resolution strategy under Title I of the Dodd-Frank Act, the Parent entered into a binding support agreement with certain key subsidiaries to facilitate the provision of capital and liquidity resources to them in the event of material financial distress or failure. The support agreement requires the Parent to transfer cash and other liquid financial assets to the IHC on an ongoing basis, subject to certain amounts retained by the Parent to meet its near-term cash needs, in exchange for unsecured subordinated funding notes issued by the IHC as well as a committed line of credit to the Parent to service its near-term obligations. The Parent's and the IHC's obligations under the support agreement are secured.

If our projected liquidity resources deteriorate so severely that resolution of the Parent becomes imminent, the committed line of credit the IHC provided to the Parent will automatically terminate, with all amounts outstanding becoming due and payable, and the support agreement will require the Parent to transfer most of its remaining assets (other than stock in subsidiaries and a cash reserve to fund bankruptcy expenses) to the IHC. As a result, during a period of severe financial stress, the Parent could become unable to meet its debt and payment obligations (including with respect to its securities), causing the Parent to seek protection under bankruptcy laws earlier than it otherwise would have.

If the Parent were to become subject to a bankruptcy proceeding and our single point of entry strategy is successful, our material entities will not be subject to insolvency proceedings and their creditors would not be expected to suffer losses, while the Parent's security holders, including unsecured debt holders, could face significant losses, potentially including the loss of their entire investment. The single point of entry strategy, in which the Parent would be the only legal entity to enter resolution proceedings, is designed to result in greater risk of loss to holders of the Parent's unsecured senior debt securities and certain other securities than would be the case under a different resolution strategy.

Further, if the single point of entry strategy is not successful, our liquidity and financial condition would be adversely affected and all security holders may, as a consequence, be in a worse position than if the strategy had not been implemented.

In addition, Title II of the Dodd-Frank Act established an orderly liquidation process in the event of the failure of a large systemically important financial institution, such as BNY Mellon, in order to avoid or mitigate serious adverse effects on the U.S. financial system. Specifically, if BNY Mellon is in default or danger of default, and certain specified conditions are met, the FDIC may be appointed receiver under the orderly liquidation authority, and we would be resolved under that authority instead of the U.S. Bankruptcy Code.

U.S. supervisors have indicated that a single point of entry strategy may be a desirable strategy to resolve a large financial institution such as BNY Mellon under Title II in a manner that would, similar to our preferred strategy under our Title I resolution plan, impose losses on shareholders, unsecured debt

holders and other unsecured creditors of the Parent, while permitting the holding company's subsidiaries to continue to operate and remain solvent. Under such a strategy, assuming the Parent entered resolution proceedings and its subsidiaries remained solvent, losses at the subsidiary level would be absorbed by the Parent and ultimately borne by the Parent's security holders (including holders of the Parent's unsecured debt securities), while third-party creditors of the Parent's subsidiaries would not be expected to suffer losses. Accordingly, the Parent's security holders (including holders of unsecured debt securities and other unsecured creditors) could face losses in excess of what otherwise would have been the case.

Strategic Risk

New lines of business, new products and services or transformational or strategic project initiatives subject us to new or additional risks, and the failure to implement these initiatives could affect our results of operations.

From time to time, we have launched new lines of business, offered new products and services within existing lines of business or undertaken transformational or strategic projects. There are substantial risks and uncertainties associated with these efforts. We invest significant time and resources in developing and marketing new lines of business, products and services and executing on our transformational and strategic initiatives. For example, we have devoted considerable resources to developing new technology solutions for our clients, including our initiatives related to real-time electronic payments and global collateral management, as well as Wove, our integrative wealth management advisory platform. If these technology solutions are not successful, it could adversely impact our reputation, business and results of operations. In 2022, we announced the launch of our Digital Asset Custody platform for select U.S. institutional clients to hold and transfer Bitcoin and Ether. Developing and providing new products and services, including those relating to digital assets, increases our operational risk exposures. These risks are often heightened in connection with asset classes, such as digital assets, that are not only new for BNY Mellon but also relatively new to the financial markets more broadly. Compared with our activities involving traditional assets, digital asset-related products or services may introduce incremental or unique risks, particularly those associated with cybersecurity

exposures and third-party dependencies, as well as reputational, technology, legal and regulatory risks.

Regulatory requirements can affect whether initiatives are able to be brought to market in a manner that is timely and attractive to our customers. Initial timetables for the development and introduction of new lines of business or new products or services and price and profitability targets may not be met. Furthermore, our revenues and costs may fluctuate because new businesses or products and services generally require startup costs while revenues may take time to develop, which may adversely impact our results of operations.

Significant effort and resources are necessary to manage and oversee the successful completion of transformational or strategic project initiatives. If management makes choices about these initiatives that prove to be incorrect, are based on incomplete, inaccurate or fraudulent information, fail to accurately assess the competitive landscape and industry trends or are unable to address the expectations of various stakeholders, then the value and growth prospects of our business may be affected. Further, these initiatives often place significant demands on management and a limited number of employees with subject matter expertise and may involve significant costs to implement, as well as increase operational risk as we develop and implement related controls, processes and procedures and employees learn to operate under new systems, controls, processes and procedures. The failure to successfully execute on these transformational or strategic initiatives could adversely impact our business, reputation and results of operations.

Legal, regulatory and reputational risks may also exist in connection with dealing with new products or markets, or clients and customers whose businesses focus on such products or markets, where there is regulatory uncertainty or different or conflicting regulations depending on the regulator or the jurisdiction. We may invest significant time and resources into the expansion of existing or creation of new compliance and risk management systems with respect to new products or markets.

We are subject to competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability.

The businesses in which we operate are intensely competitive around the world. Larger and more

geographically diverse companies, and financial technology firms that invest substantial resources in developing and designing new technology and that are not subject to the same level of regulation, may be able to offer financial products and services at more competitive prices than we are able to offer. We have also experienced, and anticipate that we will continue to experience, pricing and other competitive pressures in several of our businesses. Pricing pressures, as a result of the willingness of competitors to offer comparable or improved products or services at a lower price, may result in a reduction in the price we can charge for our products and services, which could, and in some cases has, negatively affected our ability to maintain or increase our profitability.

In addition, technological advances have made it possible for other types of non-depository institutions, such as financial technology firms, outsourcing companies and data processing companies, to offer a variety of products and services competitive with certain areas of our business, including with respect to our clearing, settlement, payments and trading activities. In the future, financial technology firms may be able to provide traditional banking products and services by obtaining a bank-like charter, such as the OCC's fintech charter, or offer cryptocurrencies.

Moreover, new or disruptive technologies may quickly impact markets, and the manner in which our clients interact and transact within markets. For example, the emergence, adoption and evolution of new technologies that do not require intermediation, including distributed ledgers, as well as advances in robotic process automation, could significantly affect the competition for payments processing and other financial services. Our failure to either anticipate, or participate in, the transformational change within a given market or adapt these technologies as successfully as our peers, could make us less competitive and result in potential negative financial impact. Increased competition in any of these areas may require us to make additional capital investments in our businesses in order to remain competitive.

Furthermore, regulations could impact our ability to conduct certain of our businesses in a cost-effective manner or at all. The more restrictive laws and regulations applicable to the largest U.S. financial services institutions, including the U.S. capital rules, can put us at a competitive disadvantage relative to both our non-U.S. competitors and U.S. competitors

not subject to the same laws and regulations. See "Supervision and Regulation."

Our strategic transactions present risks and uncertainties and could have an adverse effect on our business, financial condition and results of operations.

From time to time, to achieve our strategic objectives, we have acquired, disposed of, or invested in (including through joint venture relationships) companies and businesses and have entered into strategic alliances or other collaborations with third-party service providers to deliver products and services to clients, and may do so in the future. Our ability to pursue or complete strategic transactions is in certain instances subject to regulatory approval and we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals would be granted. Moreover, to the extent we pursue a strategic transaction, there can be no guarantee that the transaction will close when anticipated, or at all. If a strategic transaction does not close, or if the strategic transaction fails to maximize shareholder value or required regulatory approval is not obtained, it could have an adverse effect on our business, financial condition and results of operations. Anticipated challenges in obtaining any required governmental approvals, or uncertainty as to the prospects for obtaining such approvals, could also prevent us from pursuing a strategic transaction we may otherwise view as attractive.

Each acquisition poses integration challenges, including successfully retaining and assimilating clients and key employees, capitalizing on certain revenue synergies and integrating the acquired company's employees, culture, control functions, systems and technology. These risks may be heightened if we are unable to, or fail to, conduct sufficient or appropriate due diligence in connection with a potential acquisition. In some cases, acquisitions involve entry into new businesses or new geographic or other markets, and these situations also present risks and uncertainties in instances where we may be inexperienced in these new areas. We may be required to spend a significant amount of time and resources to integrate these acquisitions. The anticipated integration benefits may take longer to achieve than projected and the time and cost needed to consolidate control functions, platforms and systems may significantly exceed our estimates. If we fail to successfully integrate strategic acquisitions, including doing so in a timely and cost-effective

manner, we may not realize the expected benefits, which could have an adverse impact on our business, financial condition and results of operations. In addition, we may incur expenses, costs, losses, penalties, taxes and other liabilities related to the conduct of the acquired businesses prior to the date of our ownership (including in connection with the defense and/or settlement of legal and regulatory claims, investigations and proceedings) which may not be recoverable through indemnification or otherwise. If the purchase price we pay in an acquisition exceeds the fair value of assets acquired less the liabilities we assume, then we may need to recognize goodwill on our consolidated balance sheet. Goodwill is an intangible asset that is not eligible for inclusion in regulatory capital under applicable requirements. Further, if the value of the acquisition declines, we may be required to record an impairment charge.

Each disposition also poses challenges, including separating the disposed businesses, products and systems in a way that is cost-effective and is not disruptive to us or our customers. The inherent uncertainty involved in the process of evaluating, negotiating or executing a potential sale of one of our companies or businesses may cause the loss of key clients, employees, vendors and other business partners, which could have an adverse impact on our business, financial condition and results of operations. In addition, a portion of the purchase price we expect to receive in a disposition may be contingent or based on an earnout (e.g., dependent on the profitability or results of operation of the business over a period of time after the sale is completed). In such cases, we may not realize all, or any, contingent or earnout payments we anticipate receiving if the future performance of the business does not meet our expectations or if other contingent payment conditions are not satisfied.

Joint ventures, noncontrolling investments, strategic alliances and other collaborations contain potentially increased financial, legal, reputational, operational, regulatory and/or compliance risks. We may be dependent on joint venture partners, firms with which we collaborate, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours. Such dependencies, particularly in the case of establishing de novo joint ventures, may delay the launch of a new venture and result in the loss of a market opportunity. Business decisions or other actions or omissions of the joint venture partner, the

firms with which we collaborate, controlling shareholders or management may adversely affect the value of our investment (or, in the case of strategic alliances or other collaborations, the value of our products or services), impact our results of operations, result in litigation or regulatory action against us and otherwise damage our reputation and brand.

Additional Risks

Our businesses may be negatively affected by adverse events, publicity, government scrutiny or other reputational harm.

We are subject to reputational, legal, compliance and regulatory risk in the ordinary course of our business. Harm to our reputation can result from numerous sources, including adverse publicity or negative information, whether or not true, arising from events occurring at BNY Mellon, other financial institutions or in the financial markets, perceived failure to comply with legal and regulatory requirements or deliver appropriate standards of service and quality, or a failure to appropriately describe our products and services, how we address environmental, social and sustainability concerns in our business activities or in our relationships with clients, the purported inappropriate or unlawful actions of our employees or the use of social media by our employees, the consequences of using emerging technologies, such as generative artificial intelligence or blockchain technology, alleged financial reporting irregularities involving ourselves or other large and well-known companies and perceived conflicts of interest. For example, a cybersecurity event impacting us or our customers' data could have a negative impact on our reputation and customer confidence in BNY Mellon and our cybersecurity defenses and business continuity and resiliency capabilities. Our reputation could also be harmed by the failure of an affiliate, joint venture or a vendor or other third party with which we do business to comply with laws or regulations. Our reputation may be significantly damaged by adverse publicity or negative information regarding BNY Mellon, whether or not true, that may be published or broadcast by the media or posted on social media, non-mainstream news services or other internet forums. The speed and pervasiveness with which information, misinformation or rumors can be disseminated through these channels, in particular social media, may magnify risks relating to negative publicity or media scrutiny. Damage to our reputation could affect the confidence of clients,

rating agencies, regulators, employees, stockholders and other stakeholders and could in turn have an impact on our business and results of operations.

Additionally, governmental scrutiny from regulators, tax authorities, legislative bodies and law enforcement agencies with respect to financial services companies has remained at elevated levels. Press coverage and other public statements, including information posted on social media or other internet forums, that allege some form of wrongdoing (including, in some cases, press coverage and public statements that do not directly involve BNY Mellon) often result in some type of investigation or in lawsuits. Certain enforcement authorities have recently required admissions of wrongdoing, and in some cases, criminal pleas, as part of the resolution of matters brought by them against financial institutions. Any such resolution of a matter involving BNY Mellon could lead to increased exposure to civil litigation, could adversely affect our reputation and ability to do business in certain products and in certain jurisdictions and could have other negative effects.

ESG concerns, including climate change, could adversely affect our business, affect client activity levels, subject us to additional regulatory requirements and damage our reputation.

Global efforts to mitigate climate damage, support climate adaptation, slow the loss of biodiverse natural ecosystems, and promote other ESG causes and standards have led and are likely to continue to lead to new legislative and regulatory requirements, heightened expectations among regulators and supervisors, and changes in consumers' and businesses' behaviors and business preferences. As a result, we may face heightened regulatory, legal and reputational scrutiny in the U.S., the E.U. and other jurisdictions in which we operate, and our business and financial condition may be adversely impacted.

The governmental and supervisory focus on these and other ESG-related issues has resulted and could continue to result in our becoming subject to new or heightened regulatory requirements or supervisory guidance, such as requirements relating to risk management, operational resiliency or stress testing for various climate stress scenarios, or additional, potentially costly, reporting requirements. In particular, financial institutions have come under increased scrutiny regarding the management and disclosure of climate risks, both directly and

indirectly, and new regulations may expand required disclosure of actual and potential climate-related impact on suppliers, clients and other third parties in our value chain. For example, in October 2023, the Federal Reserve, the OCC and the FDIC jointly issued interagency guidance for large financial institutions, including BNY Mellon, on principles for climate-related financial risk management and California enacted three climate-related bills imposing extensive new climate-related disclosure obligations applicable to companies doing business in California. In addition, in March 2022, the SEC proposed expansive climate-related disclosure rules. Any such new or heightened requirements could result in increased regulatory, compliance or other costs or higher capital requirements, and may subject us to diverging and evolving requirements in the various jurisdictions in which we operate. Moreover, we may face conflicting ESG and anti-ESG initiatives from local, state and national governments that may impact our ability to conduct certain business within those jurisdictions.

Our Investment Management line of business offers a range of solutions and advice for professional and personal investors to better manage risk-adjusted returns and, where applicable, achieve their sustainable investment goals and invest responsibly. Certain lawmakers and public officials have suggested that ESG-related investing practices may result in violations of antitrust laws and breaches of fiduciary duty. In addition, we face compliance risks presented by the SEC's recent adoption of new naming conventions for ESG-related funds and other regulations that are intended to address "greenwashing" that may be promulgated in the future. We have in the past been, and may in the future become, subject to enforcement actions by the SEC and other regulators regarding our ESG investing practices. Governmental enforcement action could also lead to civil litigation claims by clients, fund shareholders and other third parties asserting violations of law or breaches of fiduciary duties and contractual obligations.

Further, as some regulators seek to mandate additional disclosure of climate-related information, our ability to comply with such requirements and to conduct more robust climate-related risk analyses may be hampered by lack of information and reliable data. Climate data, particularly greenhouse gas emissions for clients and direct and indirect counterparties, may be limited in availability, based on estimated or unverified figures, which may have

been derived from information or factors released by third-party sources, collected and reported on a lag, and variable in quality. Moreover, the methodologies and standards used to measure and report such data are still in early stages, rapidly evolving and subject to change. In addition, modeling capabilities to analyze climate-related risks remain incomplete and there can be no assurance that accurate predictive tools or capabilities will be developed. These and other factors could cause results to differ materially from those expressed in the estimates and beliefs made by third parties and by us, which could also impact our management of risk in this area and could result in us amending or restating our sustainability targets or baselines, including those related to greenhouse gas emissions, carbon neutrality, diversion of waste from landfills, paper neutrality and water consumption.

In the transition to a low carbon economy, changes in public policy, regulatory environment, stakeholder preferences, market pressures and advancements in technology may affect our business practices or result in additional costs or other adverse consequences to our business operations. Such changes could affect whether and on what terms and conditions we will engage in certain activities or offer certain products or services. Failure to adequately consider transition risks in developing and executing on our business strategy could lead to a loss of market share, lower revenues, decreased asset values and higher credit costs.

Views about ESG are diverse and changing, and our business, reputation and ability to attract and retain clients and employees may be harmed if our actions are perceived to be ineffective, insufficient or otherwise inappropriate, or if we are unable to achieve our stated objectives and commitments. Moreover, our reputation may be damaged as a result of our association with certain industries, individuals or products perceived to be causing or exacerbating climate change or contributing to other ESG issues, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change or other ESG issues. At the same time, certain financial institutions have also been subject to criticism and negative publicity as a result of their decisions to reduce their involvement in certain industries or projects perceived to be causing or exacerbating climate change or contributing to other ESG issues. Further, political pressure may be placed upon governmental clients not to use certain providers, such as us, if the legislators or

governmental officials in such jurisdictions believe our positions are not consistent with the views of such legislators or officials. The continuously evolving societal and political perspectives on ESG make the ultimate impact on us difficult to predict, identify and monitor and may be detrimental to us.

Impacts from geopolitical events, acts of terrorism, natural disasters, the physical effects of climate change, pandemics and other similar events may have a negative impact on our business and operations.

In conducting our business and maintaining and supporting our global operations, which includes clients, counterparties, vendors and other third parties, we are subject to risks of loss from the outbreak of war, escalation or continuation of hostilities, global conflicts, acts of terrorism, natural disasters, the physical effects of climate change, pandemics and other similar catastrophic events that could have a negative impact on our business and operations. We may also be impacted by unfavorable political, economic, legal or other developments, including social or political instability, changes in governmental policies or policies of central banks, sanctions, expropriation, nationalization, confiscation of assets, price, capital and exchange controls, the imposition of tariffs or other limitations on international trade and travel, which could disrupt world trade and lead to trade retaliation, and changes in laws and regulations.

For example, as a result of Russia's invasion of Ukraine in the first quarter of 2022, we ceased originating new banking business in Russia and suspended investment management purchases of Russian securities. An escalation or continuation of hostilities, the imposition of additional sanctions or other laws prohibiting or limiting operations in certain jurisdictions or an elevated volume and complexity of cyberattacks as a result of the conflict in Ukraine, or conflicts or tensions in other regions such as the Middle East, could lead to unexpected disruptions to our businesses and could adversely affect the global economy and financial markets generally, diminish levels of economic activity and increase volatility in commodity prices, credit and capital markets. The extent and duration of any such military action, and the responses to such action by governments, central banks and the markets, are difficult to predict and may magnify the impact of other risks described in this section.

Our operations, business, clients, supply chain and other stakeholders, as well as the finance sector and the global economy, could be adversely affected by the physical manifestations of climate change. Climate-related physical risks include the increased frequency or severity of acute weather events, such as hurricanes, floods, heatwaves and wildfires, and chronic shifts in the climate, such as increases in average global temperatures, rising sea levels, persistent changes in precipitation levels, prolonged drought, food and water insecurity, and any resulting population migration. Such changes could have adverse financial, operational and other impacts on us, both directly on our business, operations and employees, and indirectly as a result of impacts to our clients, vendors and other third parties on which we rely or as a result of market volatility. Climate change risks can also lead to a deterioration in our credit risk exposures, for example, in our wealth management mortgage and commercial real estate portfolios. Our headquarters is located in New York near the Hudson River waterfront. Such location and the location of our other properties may subject us to more frequent or severe weather events, which could lead to declines in the asset values of our properties and the reduced availability or increased cost of insurance.

While we have business continuity and disaster recovery plans in place, catastrophic events, whether or not caused by climate change, could damage our facilities, disrupt or delay for prolonged periods normal business operations (including communications, technology and physical access to our facilities), or result in harm to or cause travel limitations on our employees, with a similar impact on our clients, suppliers and counterparties. Notwithstanding our efforts to maintain business continuity and disaster recovery plans, to the extent a catastrophic event occurs and our remote work arrangements fail or are otherwise impaired, our ability to service and interact with our clients may suffer. If we are unable to implement and maintain remote work arrangements, including, for example, because of an internal or external failure of our information technology infrastructure or increased rates of employee illness or unavailability, our business continuity status would be adversely impacted and there would be a disruption to our businesses.

Catastrophic events, including those caused by climate change, could also negatively impact the purchase of our products and services if those events

result in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity, or in financial market settlement functions, which could negatively impact our business and results of operations. In addition, such catastrophic events may lead, and in some cases have led, to higher market volatility, reduced availability or increased cost of insurance for our clients, as well as an increase in delinquencies, bankruptcies or defaults that could result in our experiencing higher levels of non-performing assets, net charge-offs and provisions for credit losses, negatively impacting our business and operations. Furthermore, we invest in renewable energy projects, which have been and may in the future be adversely affected by extreme weather events, natural disasters and other catastrophic events.

Tax law changes or challenges to our tax positions with respect to historical transactions may adversely affect our net income, effective tax rate and our overall results of operations and financial condition.

In the course of our business, we receive inquiries and challenges from both U.S. and non-U.S. tax authorities on the amount of taxes we owe. If we are not successful in defending these inquiries and challenges, we may be required to adjust the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions, all of which can require a greater provision for taxes or otherwise negatively affect earnings. Probabilities and outcomes are reviewed as events unfold, and adjustments to the reserves are made, when necessary, but the reserves may prove inadequate because we cannot necessarily accurately predict the outcome of any challenge, settlement or litigation or the extent to which it will negatively affect us or our business. Future tax laws or the expiration of or changes in existing tax laws, or the interpretation of those laws worldwide, could also have a material impact on our business or net income. Our actions taken in response to, or reliance upon, such changes in the tax laws may impact our tax position in a manner that may result in lower earnings. In addition, upon any change in tax law, we must recognize the effect of the change on our deferred tax assets and liabilities. An increase in the U.S. tax rate would likely result in an increase in our net deferred tax liabilities and a reduction in our net income in the period of enactment of the change. In addition, changes in tax rates or tax law could also impact the method and amount of capital that we return to shareholders. See Note 12 of the Notes to

Consolidated Financial Statements for further information.

Changes in accounting standards governing the preparation of our financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.

From time to time, the Financial Accounting Standards Board (“FASB”), the SEC and bank regulators change the financial accounting and reporting standards governing the preparation of our financial statements or the interpretation of those standards. These changes are difficult to predict and can materially impact how we record and report our financial condition, results of operations, cash flows and other financial data. In some cases, the FASB, the SEC and bank regulators may change financial accounting and reporting standards governing the preparation of our financial statements or the interpretation of those standards that may require us to apply a new or revised standard retrospectively, potentially resulting in the restatement of our prior period financial statements and our related disclosures.

Additionally, our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based upon assumptions and use judgments and models about future economic and market conditions,

which affect reported amounts and related disclosures in our financial statements. Amounts subject to estimates are items such as the allowance for credit losses, goodwill and other intangibles and litigation and regulatory contingencies. Among other effects, such changes in estimates could result in further impairments of goodwill and intangible assets and establishment of allowances for credit losses as well as litigation and regulatory contingencies. In performing our annual and interim goodwill impairment tests, we may use an income approach to estimate the fair values of each reporting unit. Estimated cash flows used in the income approach are based on management’s projections. Estimated cash flows extend far into the future, and, by their nature, are difficult to estimate over such an extended time frame. Factors that may significantly affect the cash flow estimates include, among others, market values of assets we manage, the level and mix of those assets, customer behaviors and attrition, operating margins, changes in revenue growth trends, certain money market fee waiver practices, cost structures and technology, regulatory and legislative changes, specific industry or market sector conditions, competition and changes in interest rates. In the future, small changes in the assumptions, such as changes in the cash flow estimates, discount rate or long-term growth rate, or a prolonged macroeconomic downturn may produce a material non-cash goodwill impairment. If actual or subsequent events occur that are materially different than the assumptions, judgments and estimates we used, our results of operation may be materially and negatively impacted.

The following accounting guidance issued by FASB has not yet been adopted as of Dec. 31, 2023.

Accounting Standards Update (“ASU”) 2023-02, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

In March 2023, the FASB issued ASU 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received, and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of the provision for income taxes.

We will adopt the new standard as of Jan. 1, 2024 on a retrospective basis for our investments in renewable energy projects that have met the eligibility criteria. When we report our 2024 results, the comparative results for 2023 and 2022 will be updated to reflect the application of the requirements of the new standard to these periods. We do not expect the impact to our consolidated restated net income or earnings per share for 2022 and 2023 to be material. We estimate that the impact of adopting this standard will result in an after-tax decrease to retained earnings through Dec. 31, 2023 of approximately \$100 million, but that impact is expected to be recovered through positive impacts to net income over future periods. Based on our current investment portfolio, we estimate the impact of adopting this new guidance to increase investment and other revenue and the provision for income taxes on the consolidated income statement by \$40 million to \$50 million per quarter in 2024.

Prior to Jan 1, 2024, these investments generated losses in investment and other revenue that were more than offset by benefits and credits recorded to the provision for income taxes.

ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which requires a public entity to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss (collectively referred to as the “significant expense principle”). In addition, disclosure will be required of the title and position of CODM, and how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources.

This ASU is effective for annual periods beginning after Dec. 15, 2023 with early adoption permitted. BNY Mellon is currently evaluating this guidance and the impact on the business segment disclosures.

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires a company to disclose, on an annual basis, additional disaggregated information related to the existing disclosures for the effective income tax rate reconciliation and income taxes paid.

This ASU is effective on a prospective basis, with a retrospective option, for annual periods beginning after Dec. 15, 2024, and interim periods within fiscal years beginning after Dec. 15, 2025. BNY Mellon is currently evaluating this guidance and the impact on the income tax disclosures.

Explanation of GAAP and Non-GAAP financial measures

BNY Mellon has included in this Annual Report certain Non-GAAP financial measures on a tangible basis as a supplement to GAAP information, which exclude goodwill and intangible assets, net of deferred tax liabilities. We believe that the return on tangible common equity – Non-GAAP is additional useful information for investors because it presents a measure of those assets that can generate income, and the tangible book value per common share – Non-GAAP is additional useful information because it presents the level of tangible assets in relation to shares of common stock outstanding.

BNY Mellon included revenue measures excluding notable items, including a net loss from repositioning the securities portfolio, the reduction in the fair value of a contingent consideration receivable related to a prior year divestiture, disposal gains and losses and the revenue reduction related to Russia, primarily accelerated amortization of deferred costs for depositary receipts services. Expense measures, excluding notable items, including goodwill impairment, FDIC special assessment, severance expense and litigation reserves, are also presented. Litigation reserves represent accruals for loss contingencies that are both probable and reasonably estimable, but exclude standard business-related legal fees. Income before taxes, net income applicable to common shareholders of The Bank of New York Mellon Corporation, diluted earnings per share, return on common equity, return on tangible common equity, pre-tax operating margin and effective tax rate, excluding the notable items mentioned above, are also provided. These measures are provided to permit investors to view the financial measures on a basis consistent with how management views the businesses.

The presentation of the growth rates of investment management and performance fees and noninterest

expense on a constant currency basis permits investors to assess the significance of changes in foreign currency exchange rates. Growth rates on a constant currency basis were determined by applying the current period foreign currency exchange rates to the prior period revenue. We believe that this presentation, as a supplement to GAAP information, gives investors a clearer picture of the related revenue results without the variability caused by fluctuations in foreign currency exchange rates.

BNY Mellon has also included the adjusted pre-tax operating margin – Non-GAAP, which is the pre-tax operating margin for the Investment and Wealth Management business segment, net of distribution and servicing expense that was passed to third parties who distribute or service our managed funds. We believe that this measure is useful when evaluating the performance of the Investment and Wealth Management business segment relative to industry competitors.

Forward-looking Non-GAAP financial measures

From time to time we may present or discuss forward-looking Non-GAAP financial measures, such as targets for expenses excluding notable items. We are unable to provide a reconciliation of forward-looking Non-GAAP financial measures to the comparable GAAP financial measures because we are unable to provide, without unreasonable effort, a meaningful or accurate estimation of amounts that would be necessary for the reconciliation effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the inherent difficulty quantifying future amounts or when they may occur. Such unavailable information could be significant to future results.

Reconciliation of Non-GAAP measures, excluding notable items			2023 vs.
<i>(dollars in millions)</i>	2023	2022	2022
Total revenue – GAAP	\$ 17,502	\$ 16,377	7%
Less: Reduction in the fair value of a contingent consideration receivable related to a prior year divestiture (a)	(144)	—	
Disposal (loss) gain (a)	(6)	26	
Revenue reduction related to Russia, primarily accelerated amortization of deferred costs for depositary receipts services (b)	—	(88)	
Net loss from repositioning the securities portfolio (a)	—	(449)	
Adjusted total revenue – Non-GAAP	\$ 17,652	\$ 16,888	5%
Total noninterest expense – GAAP	\$ 13,295	\$ 13,010	2%
Less: Severance (c)	267	215	
Litigation reserves (c)	94	134	
FDIC special assessment (c)	632	—	
Goodwill impairment	—	680	
Adjusted total noninterest expense – Non-GAAP	\$ 12,302	\$ 11,981	2.7% (d)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 3,051	\$ 2,362	29%
Less: Reduction in the fair value of a contingent consideration receivable related to a prior year divestiture (a)	(144)	—	
Disposal (loss) gain (a)	(5)	(12)	
Revenue reduction related to Russia, primarily accelerated amortization of deferred costs for depositary receipts services (b)	—	(67)	
Net loss from repositioning the securities portfolio (a)	—	(343)	
Severance (c)	(205)	(166)	
Litigation reserves (c)	(91)	(125)	
FDIC special assessment (c)	(482)	—	
Goodwill impairment	—	(665)	
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	\$ 3,978	\$ 3,740	6%
Diluted earnings per share – GAAP	\$ 3.87	\$ 2.90	33%
Less: Reduction in the fair value of a contingent consideration receivable related to a prior year divestiture (a)	(0.18)	—	
Disposal (loss) gain (a)	(0.01)	(0.01)	
Revenue reduction related to Russia, primarily accelerated amortization of deferred costs for depositary receipts services (b)	—	(0.08)	
Net loss from repositioning the securities portfolio (a)	—	(0.42)	
Severance (c)	(0.26)	(0.20)	
Litigation reserves (c)	(0.12)	(0.15)	
FDIC special assessment (c)	(0.61)	—	
Goodwill impairment	—	(0.82)	
Total diluted earnings per common share impact of notable items	\$ (1.18)	\$ (1.69) (e)	
Adjusted diluted earnings per share – Non-GAAP	\$ 5.05	\$ 4.59	10%

(a) Reflected in Investment and other revenue.

(b) Primarily reflected in Investment services fees.

(c) Severance is reflected in Staff expense, Litigation reserves in Other expense, and FDIC special assessment in Bank assessment charges, respectively.

(d) The growth rate was not significantly impacted by changes in foreign currency exchange rates.

(e) Does not foot due to rounding.

The following table presents the reconciliation of noninterest expense excluding notable items and changes in foreign currency exchange rates.

Noninterest expense reconciliation, excluding notable items and the impact of changes in foreign currency exchange rates <i>(dollars in millions)</i>			2022 vs.
	2022	2021	2021
Total noninterest expense – GAAP	\$ 13,010	\$ 11,514	13%
Less: Severance <i>(a)</i>	215	31	
Litigation reserves <i>(a)</i>	134	98	
Goodwill impairment	680	—	
Impact of changes in foreign currency exchange rates	—	292	
Adjusted total noninterest expense, excluding notable items and impact of changes in foreign exchange rates – Non-GAAP	\$ 11,981	\$ 11,093	8%

(a) Severance is reflected in Staff expense and Litigation reserves in Other expense, respectively.

The following table presents the reconciliation of the pre-tax operating margin.

Pre-tax operating margin reconciliation <i>(dollars in millions)</i>			2023	2022
Income before taxes – GAAP			\$ 4,088	\$ 3,328
Less: Impact of notable items <i>(a)</i>			(1,143)	(1,540)
Adjusted income before taxes, excluding notable items – Non-GAAP			\$ 5,231	\$ 4,868
Total revenue – GAAP			\$17,502	\$ 16,377
Less: Impact of notable items <i>(a)</i>			(150)	(511)
Adjusted total revenue, excluding notable items – Non-GAAP			\$17,652	\$ 16,888
Pre-tax operating margin – GAAP <i>(b)</i>			23%	20%
Adjusted pre-tax operating margin – Non-GAAP <i>(b)</i>			30%	29%

(a) See page 112 for details of notable items and line items impacted.

(b) Income before taxes divided by total revenue.

The following table presents the reconciliation of effective tax rate.

Effective tax rate reconciliation <i>(dollars in millions)</i>			2022
Provision for income taxes - GAAP			\$ 768
Less: Impact of notable items <i>(a)</i>			(162)
Adjusted provision for income taxes, excluding notable items – Non-GAAP			\$ 930
Income before taxes – GAAP			\$ 3,328
Less: Impact of notable items <i>(a)</i>			(1,540)
Adjusted income before taxes, excluding notable items – Non-GAAP			\$ 4,868
Effective tax rate – GAAP			23.1%
Adjusted effective tax rate – Non-GAAP			19.1%

(a) See page 112 for details of notable items and line items impacted.

The following table presents the reconciliation of the return on common equity and tangible common equity.

Return on common equity and tangible common equity reconciliation			
<i>(dollars in millions)</i>			
	2023	2022	2021
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 3,051	\$ 2,362	\$ 3,552
Add: Amortization of intangible assets	57	67	82
Less: Tax impact of amortization of intangible assets	14	16	20
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation, excluding amortization of intangible assets – Non-GAAP	\$ 3,094	\$ 2,413	\$ 3,614
Less: Impact of notable items (a)	(927)	(1,378)	(85)
Adjusted net income applicable to common shareholders of The Bank of New York Mellon Corporation, excluding amortization of intangible assets and notable items – Non-GAAP	\$ 4,021	\$ 3,791	\$ 3,699
Average common shareholders' equity	\$ 35,880	\$ 36,175	\$ 39,695
Less: Average goodwill	16,204	17,060	17,492
Average intangible assets	2,880	2,939	2,979
Add: Deferred tax liability – tax deductible goodwill	1,205	1,181	1,178
Deferred tax liability – intangible assets	657	660	676
Average tangible common shareholders' equity – Non-GAAP	\$ 18,658	\$ 18,017	\$ 21,078
Return on common shareholders' equity – GAAP	8.5%	6.5%	8.9%
Adjusted return on common shareholders' equity – Non-GAAP	11.1%	10.3%	9.2%
Return on tangible common shareholders' equity – Non-GAAP	16.6%	13.4%	17.1%
Adjusted return on tangible common shareholders' equity – Non-GAAP	21.6%	21.0%	17.6%

(a) See page 112 for details of notable items and line items impacted in 2023 and 2022. Notable items in 2021 include litigation reserves, severance expense and gains on disposals (reflected in investment and other revenue).

The following table presents the reconciliation of book value and tangible book value per common share.

Book value and tangible book value per common share reconciliation			
<i>(dollars in millions, except per share amounts and unless otherwise noted)</i>			
	2023	Dec. 31, 2022	2021
BNY Mellon shareholders' equity at year end – GAAP	\$ 40,874	\$ 40,734	\$ 43,034
Less: Preferred stock	4,343	4,838	4,838
BNY Mellon common shareholders' equity at year end – GAAP	36,531	35,896	38,196
Less: Goodwill	16,261	16,150	17,512
Intangible assets	2,854	2,901	2,991
Add: Deferred tax liability – tax deductible goodwill	1,205	1,181	1,178
Deferred tax liability – intangible assets	657	660	676
BNY Mellon tangible common shareholders' equity at year end – Non-GAAP	\$ 19,278	\$ 18,686	\$ 19,547
Year-end common shares outstanding (in thousands)	759,344	808,445	804,145
Book value per common share – GAAP	\$ 48.11	\$ 44.40	\$ 47.50
Tangible book value per common share – Non-GAAP	\$ 25.39	\$ 23.11	\$ 24.31

The following table presents the impact of changes in foreign currency exchange rates on our consolidated investment management and performance fees.

Constant currency reconciliation – Consolidated			
<i>(dollars in millions)</i>			
	2023	2022	2023 vs. 2022
Investment management and performance fees – GAAP	\$ 3,058	\$ 3,299	(7)%
Impact of changes in foreign currency exchange rates	—	(4)	
Adjusted investment management and performance fees – Non-GAAP	\$ 3,058	\$ 3,295	(7)%

The secret vegetable is "broccoli".

The following table presents the impact of changes in foreign currency exchange rates on investment management and performance fees reported in the Investment and Wealth Management business segment.

Constant currency reconciliation – Investment and Wealth Management business segment			2023 vs.
<i>(dollars in millions)</i>	2023	2022	2022
Investment management and performance fees – GAAP	\$ 3,052	\$ 3,290	(7)%
Impact of changes in foreign currency exchange rates	—	(4)	
Adjusted investment management and performance fees – Non-GAAP	\$ 3,052	\$ 3,286	(7)%

The following table presents the reconciliation of the pre-tax operating margin for the Investment and Wealth Management business segment.

Pre-tax operating margin reconciliation – Investment and Wealth Management business segment				2023 vs.	2022 vs.
<i>(dollars in millions)</i>	2023	2022	2021	2022	2021
Income before income taxes – GAAP	\$ 381	\$ 48	\$ 1,230	694%	(96)%
Less: Reduction in the fair value of a contingent consideration receivable related to a prior year divestiture (a)	(144)	—	—		
Disposal (loss) (a)	—	(11)	(1)		
Revenue reduction related to Russia (b)	—	(6)	—		
Severance (c)	(19)	(12)	—		
Litigation reserves (c)	(1)	—	(4)		
Goodwill impairment	—	(680)	—		
Adjusted income before income taxes – Non-GAAP	\$ 545	\$ 757	\$ 1,235	(28)%	(39)%
Total revenue – GAAP	\$ 3,143	\$ 3,550	\$ 4,042		
Less: Distribution and servicing expense	355	345	300		
Adjusted total revenue, net of distribution and servicing expense – Non-GAAP	\$ 2,788	\$ 3,205	\$ 3,742		
Less: Reduction in the fair value of a contingent consideration receivable related to a prior year divestiture (a)	(144)	—	—		
Disposal (loss) (a)	—	(11)	(1)		
Revenue reduction related to Russia (b)	—	(6)	—		
Adjusted total revenue, excluding notable items and net of distribution and servicing expense – Non-GAAP	\$ 2,932	\$ 3,222	\$ 3,743		
Pre-tax operating margin – GAAP (d)	12%	1%	30%		
Adjusted pre-tax operating margin, net of distribution and servicing expense – Non-GAAP (d)	14%	2%	33%		
Adjusted pre-tax operating margin, net of distribution and servicing expense and excluding notable items – Non-GAAP (d)	19%	24%	33%		

(a) Reflected in Investment and other revenue.

(b) Primarily reflected in Investment management and performance fees.

(c) Severance is reflected in Staff expense and Litigation reserves in Other expense.

(d) Income before taxes divided by total revenue.

Rate/volume analysis

Rate/volume analysis (a)	2023 over (under) 2022			2022 over (under) 2021		
	Due to change in		Net change	Due to change in		Net change
	Average balance	Average rate		Average balance	Average rate	
(in millions)						
Interest revenue						
Interest-earning assets:						
Interest-bearing deposits with the Federal Reserve and other central banks:						
Domestic offices	\$ 289	\$ 1,986	\$ 2,275	\$ (1)	\$ 751	\$ 750
Foreign offices	(31)	1,278	1,247	25	321	346
Total interest-bearing deposits with the Federal Reserve and other central banks	258	3,264	3,522	24	1,072	1,096
Interest-bearing deposits with banks	(50)	352	302	(11)	184	173
Federal funds sold and securities purchased under resale agreements	57	5,884	5,941	(17)	1,097	1,080
Loans:						
Domestic offices	(99)	1,884	1,785	137	849	986
Foreign offices	(15)	147	132	(7)	62	55
Total loans	(114)	2,031	1,917	130	911	1,041
Securities:						
U.S. government obligations	(123)	537	414	54	292	346
U.S. government agency obligations	(65)	603	538	(125)	297	172
Other securities:						
Domestic offices (b)	(65)	239	174	(17)	259	242
Foreign offices	(18)	559	541	(18)	49	31
Total other securities (b)	(83)	798	715	(35)	308	273
Total investment securities (b)	(271)	1,938	1,667	(106)	897	791
Trading securities (primarily domestic) (b)	16	156	172	(14)	104	90
Total securities (b)	(255)	2,094	1,839	(120)	1,001	881
Total interest revenue (b)	\$ (104)	\$ 13,625	\$ 13,521	\$ 6	\$ 4,265	\$ 4,271
Interest expense						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Domestic offices	\$ 117	\$ 3,606	\$ 3,723	\$ 2	\$ 1,005	\$ 1,007
Foreign offices	(87)	1,901	1,814	12	743	755
Total interest-bearing deposits	30	5,507	5,537	14	1,748	1,762
Federal funds purchased and securities sold under repurchase agreements	824	4,941	5,765	1	937	938
Trading liabilities	(1)	89	88	3	57	60
Other borrowed funds:						
Domestic offices	30	7	37	—	2	2
Foreign offices	—	1	1	1	(2)	(1)
Total other borrowed funds	30	8	38	1	—	1
Commercial paper	—	—	—	—	—	—
Payables to customers and broker-dealers	(28)	438	410	—	158	158
Long-term debt	125	726	851	26	442	468
Total interest expense	\$ 980	\$ 11,709	\$ 12,689	\$ 45	\$ 3,342	\$ 3,387
Changes in net interest revenue (b)	\$ (1,084)	\$ 1,916	\$ 832	\$ (39)	\$ 923	\$ 884

(a) Changes which are solely due to balance changes or rate changes are allocated to such categories on the basis of the respective percentage changes in average balances and average rates. Changes in interest revenue or interest expense arising from the combination of rate and volume variances are allocated proportionately to rate and volume based on their relative absolute magnitudes.

(b) Presented on an FTE basis.

Some statements in this Annual Report are forward-looking. These include statements about the usefulness of Non-GAAP measures, the future results of BNY Mellon, our businesses, financial, liquidity and capital condition, results of operations, liquidity, risk and capital management and processes, goals, strategies, outlook, objectives, expectations (including those regarding our performance results, expenses, nonperforming assets, products, impacts of currency fluctuations, impacts of securities portfolio repositioning, impacts of trends on our businesses, regulatory, technology, market, economic or accounting developments and the impacts of such developments on our businesses, legal proceedings and other contingencies), human capital management (including related ambitions, objectives, aims and goals), effective tax rate, net interest revenue, estimates (including those regarding expenses, losses inherent in our credit portfolios and capital ratios), intentions (including those regarding our capital returns and expenses, including our investments in technology and pension expense), targets, opportunities, potential actions, growth and initiatives.

In this report, any other report, any press release or any written or oral statement that BNY Mellon or its executives may make, words, such as “estimate,” “forecast,” “project,” “anticipate,” “likely,” “target,” “expect,” “intend,” “continue,” “seek,” “believe,” “plan,” “goal,” “could,” “should,” “would,” “may,” “might,” “will,” “strategy,” “synergies,” “opportunities,” “trends,” “ambition,” “aspiration,” “objective,” “aim,” “future,” “potentially,” “outlook” and words of similar meaning, may signify forward-looking statements.

These forward-looking statements, and other forward-looking statements contained in other public disclosures of BNY Mellon, are not guarantees of future results or occurrences, are inherently uncertain and are based upon current beliefs and expectations of future events, many of which are, by their nature, difficult to predict, outside of our control and subject to change. By identifying these statements in this manner, we are alerting investors to the possibility that our actual results may differ, possibly materially, from the anticipated results expressed or implied in these forward-looking statements as a result of a number of important factors, including those factors described in “Risk Factors,” such as:

- errors or delays in our operational and transaction processing, or those of third parties, may

materially adversely affect our business, financial condition, results of operations and reputation;

- our risk management framework, models and processes may not be effective in identifying or mitigating risk and reducing the potential for losses and any inadequacy or lapse in our risk management framework, models and processes could expose us to unexpected losses that could materially adversely affect our results of operations or financial condition;
- a communications or technology disruption or failure within our infrastructure or the infrastructure of third parties that results in a loss of information, delays our ability to access information or impacts our ability to provide services to our clients may materially adversely affect our business, financial condition and results of operations;
- a cybersecurity incident, or a failure in our computer systems, networks and information, or those of third parties, could result in the theft, loss, disclosure, use or alteration of information, unauthorized access to or loss of information, or system or network failures. Any such incident or failure could adversely impact our ability to conduct our businesses, damage our reputation and cause losses;
- we are subject to extensive government rulemaking, policies, regulation and supervision that impact our operations. Changes to and introduction of new rules and regulations have compelled, and in the future may compel, us to change how we manage our businesses, which could have a material adverse effect on our business, financial condition and results of operations;
- regulatory or enforcement actions or litigation could materially adversely affect our results of operations or harm our businesses or reputation;
- our business may be adversely affected if we are unable to attract, retain, develop and motivate employees;
- a failure or circumvention of our controls, policies and procedures could have a material adverse effect on our business, financial condition, results of operations and reputation;
- weakness and volatility in financial markets and the economy generally may materially adversely affect our business, financial condition and results of operations;

- we are dependent on fee-based business for a substantial majority of our revenue and our fee-based revenues could be adversely affected by slowing market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences;
- levels of and changes in interest rates have impacted, and will in the future continue to impact, our profitability and capital levels, at times adversely;
- we have experienced, and may continue to experience, unrealized or realized losses on securities related to volatile and illiquid market conditions, reducing our capital levels and/or earnings;
- reform of interest rate benchmarks and the use of alternative reference rates by us and our clients could adversely affect our business, financial condition and results of operations;
- the failure or perceived weakness of any of our significant clients or counterparties, many of whom are major financial institutions or sovereign entities, and our assumption of credit, counterparty and concentration risk, could expose us to credit losses and adversely affect our business;
- we could incur losses if our allowance for credit losses, including loan and lending-related commitment reserves, is inadequate or if our expectations of future economic conditions deteriorate;
- our business, financial condition and results of operations could be adversely affected if we do not effectively manage our liquidity;
- failure to satisfy regulatory standards, including “well capitalized” and “well managed” status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition;
- the Parent is a non-operating holding company and, as a result, is dependent on dividends from its subsidiaries and extensions of credit from its subsidiaries. Including with respect to its securities, and to provide funds for share repurchases, payment of income taxes and payment of dividends to its stockholders;
- our ability to return capital to shareholders is subject to the discretion of our Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and capital planning, applicable provisions of Delaware law and our failure to pay full and timely dividends on our preferred stock;
- any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon, BNY Mellon, N.A. or The Bank of New York Mellon SA/NV, could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our business, financial condition and results of operations and on the value of the securities we issue;
- the application of our Title I preferred resolution strategy or resolution under the Title II orderly liquidation authority could adversely affect the Parent’s liquidity and financial condition and the Parent’s security holders;
- new lines of business, new products and services or transformational or strategic project initiatives subject us to new or additional risks, and the failure to implement these initiatives could affect our results of operations;
- we are subject to competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability;
- our strategic transactions present risks and uncertainties and could have an adverse effect on our business, financial condition and results of operations;
- our businesses may be negatively affected by adverse events, publicity, government scrutiny or other reputational harm;
- ESG concerns, including climate change, could adversely affect our business, affect client activity levels, subject us to additional regulatory requirements and damage our reputation;
- impacts from geopolitical events, acts of terrorism, natural disasters, the physical effects of climate change, pandemics and other similar events may have a negative impact on our business and operations;
- tax law changes or challenges to our tax positions with respect to historical transactions may adversely affect our net income, effective tax rate and our overall results of operations and financial condition; and
- changes in accounting standards governing the preparation of our financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.

Investors should not place undue reliance on any forward-looking statement and should consider all risk factors discussed in the 2023 Annual Report and any subsequent reports filed with the SEC by BNY Mellon pursuant to the Exchange Act. All forward-looking statements speak only as of the date on which such statements are made, and BNY Mellon undertakes no obligation to update any statement to reflect events or circumstances after the date on which such forward-looking statement is made or to reflect the occurrence of unanticipated events. The contents of BNY Mellon's website or any other website referenced herein are not part of this report.

Assets under custody and/or administration (“AUC/A”) – Assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. The following types of assets under administration are not and historically have not been included in AUC/A: performance and risk analytics, transfer agency and asset aggregation services. To the extent that we provide more than one AUC/A service for a client’s assets, the value of the asset is only counted once in the total amount of AUC/A.

Assets under management (“AUM”) – Includes assets beneficially owned by our clients or customers which we hold in various capacities that are either actively or passively managed, as well as the value of hedges supporting customer liabilities. These assets and liabilities are not on our balance sheet.

CAMELS – An international bank-rating system where bank supervisory authorities rate institutions according to six factors. The six factors are Capital adequacy, Asset quality, Management quality, Earnings, Liquidity and Sensitivity to market risk.

Collateral management – A comprehensive program designed to simplify collateralization and expedite securities transfers for buyers and sellers.

Credit valuation adjustment (“CVA”) – The market value of counterparty credit risk on OTC derivative transactions.

Debit valuation adjustment (“DVA”) – The market value of our credit risk on OTC derivative transactions.

Depository receipt – A negotiable security that generally represents a non-U.S. company’s publicly traded equity.

Economic capital – The amount of capital required to absorb potential losses and reflects the probability of remaining solvent with a target debt rating over a one-year time horizon.

Global systemically important bank (“G-SIB”) – A financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity.

High-quality liquid assets (“HQLA”) – Unencumbered assets of the types identified in the U.S. LCR rule, which the U.S. banking agencies describe as able to be convertible into cash with little or no expected loss of value during a period of liquidity stress.

Investment grade – Represents Moody’s long-term rating of Baa3 or better; and/or a Standard & Poor’s, Fitch or DBRS long-term rating of BBB- or better; or if unrated, an equivalent rating using our internal risk ratings. Instruments that fall below these levels are considered to be non-investment grade.

Real estate investment trust (“REIT”) – An investor-owned corporation, trust or association that sells shares to investors and invests in income-producing property.

Repurchase agreement (“Repo”) – An instrument used to raise short-term funds whereby securities are sold with an agreement for the seller to buy back the securities at a later date.

Reverse repurchase agreement – The purchase of securities with the agreement to sell them at a higher price at a specific future date.

Sub-custodian – A local provider (e.g., a bank) contracted to provide specific custodial-related services in a selected country or geographic area.

Management of BNY Mellon is responsible for establishing and maintaining adequate internal control over financial reporting for BNY Mellon, as such term is defined in Rule 13a-15(f) under the Exchange Act.

BNY Mellon's management, including its principal executive officer and principal financial officer, has assessed the effectiveness of BNY Mellon's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based upon such assessment, management believes that, as of December 31, 2023, BNY Mellon's internal control over financial reporting is effective based upon those criteria.

KPMG LLP, the independent registered public accounting firm that audited BNY Mellon's 2023 financial statements included in this Annual Report under "Financial Statements" and "Notes to Consolidated Financial Statements," has issued a report with respect to the effectiveness of BNY Mellon's internal control over financial reporting. This report begins on page 122.



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
The Bank of New York Mellon Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited The Bank of New York Mellon Corporation and subsidiaries' (BNY Mellon) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, BNY Mellon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of BNY Mellon as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

BNY Mellon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on BNY Mellon's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to BNY Mellon in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

New York, New York
February 28, 2024

Consolidated Income Statement

(in millions)	Year ended Dec. 31,		
	2023	2022	2021
Fee and other revenue			
Investment services fees	\$ 8,843	\$ 8,529	\$ 8,284
Investment management and performance fees	3,058	3,299	3,588
Foreign exchange revenue	631	822	799
Financing-related fees	192	175	194
Distribution and servicing fees	148	130	112
Total fee revenue	12,872	12,955	12,977
Investment and other revenue	285	(82)	336
Total fee and other revenue	13,157	12,873	13,313
Net interest revenue			
Interest revenue	20,648	7,118	2,845
Interest expense	16,303	3,614	227
Net interest revenue	4,345	3,504	2,618
Total revenue	17,502	16,377	15,931
Provision for credit losses	119	39	(231)
Noninterest expense			
Staff	7,095	6,800	6,337
Software and equipment	1,817	1,657	1,478
Professional, legal and other purchased services	1,527	1,527	1,459
Net occupancy	542	514	498
Sub-custodian and clearing	475	485	505
Distribution and servicing	353	343	298
Business development	183	152	107
Bank assessment charges	788	126	133
Goodwill impairment	—	680	—
Amortization of intangible assets	57	67	82
Other	458	659	617
Total noninterest expense	13,295	13,010	11,514
Income			
Income before income taxes	4,088	3,328	4,648
Provision for income taxes	800	768	877
Net income	3,288	2,560	3,771
Net (income) loss attributable to noncontrolling interests related to consolidated investment management funds	(2)	13	(12)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	3,286	2,573	3,759
Preferred stock dividends	(235)	(211)	(207)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	\$ 3,051	\$ 2,362	\$ 3,552

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Income Statement (continued)

Net income applicable to common shareholders of The Bank of New York Mellon Corporation used for the earnings per share calculation (in millions)	Year ended Dec. 31,		
	2023	2022	2021
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	\$ 3,051	\$ 2,362	\$ 3,552
Less: Earnings allocated to participating securities	—	—	2
Net income applicable to common shareholders of The Bank of New York Mellon Corporation after required adjustment for the calculation of basic and diluted earnings per common share	\$ 3,051	\$ 2,362	\$ 3,550

Average common shares and equivalents outstanding of The Bank of New York Mellon Corporation (in thousands)	Year ended Dec. 31,		
	2023	2022	2021
Basic	784,069	811,068	851,905
Common stock equivalents	3,821	3,904	4,900
Less: Participating securities	(92)	(177)	(446)
Diluted	787,798	814,795	856,359
Anti-dilutive securities (a)	1,334	3,142	642

(a) Represents stock options, restricted stock units and participating securities outstanding but not included in the computation of diluted average common shares because their effect would be anti-dilutive.

Earnings per share applicable to common shareholders of The Bank of New York Mellon Corporation (in dollars)	Year ended Dec. 31,		
	2023	2022	2021
Basic	\$ 3.89	\$ 2.91	\$ 4.17
Diluted	\$ 3.87	\$ 2.90	\$ 4.14

See accompanying Notes to Consolidated Financial Statements.

Consolidated Comprehensive Income Statement

(in millions)	Year ended Dec. 31,		
	2023	2022	2021
Net income	\$ 3,288	\$ 2,560	\$ 3,771
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	272	(603)	(376)
Unrealized gain (loss) on assets available-for-sale:			
Unrealized gain (loss) arising during the period	829	(3,245)	(1,147)
Reclassification adjustment	52	338	(4)
Total unrealized gain (loss) on assets available-for-sale	881	(2,907)	(1,151)
Defined benefit plans:			
Net (loss) gain arising during the period	(75)	(306)	219
Foreign exchange adjustment	(1)	—	—
Amortization of prior service credit, net loss and initial obligation included in net periodic benefit cost	(10)	56	88
Total defined benefit plans	(86)	(250)	307
Net unrealized gain (loss) on cash flow hedges	6	(6)	(6)
Total other comprehensive income (loss), net of tax (a)	1,073	(3,766)	(1,226)
Total comprehensive income (loss)	4,361	(1,206)	2,545
Net (income) loss attributable to noncontrolling interests	(2)	13	(12)
Other comprehensive loss (income) attributable to noncontrolling interests	—	13	(2)
Comprehensive income (loss) applicable to shareholders of The Bank of New York Mellon Corporation	\$ 4,359	\$ (1,180)	\$ 2,531

(a) Other comprehensive income (loss) attributable to The Bank of New York Mellon Corporation shareholders was \$1,073 million for the year ended Dec. 31, 2023, \$(3,753) million for the year ended Dec. 31, 2022 and \$(1,228) million for the year ended Dec. 31, 2021.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet

(dollars in millions, except per share amounts)	Dec. 31,	
	2023	2022
Assets		
Cash and due from banks, net of allowance for credit losses of \$18 and \$29	\$ 4,922	\$ 5,030
Interest-bearing deposits with the Federal Reserve and other central banks	111,550	91,655
Interest-bearing deposits with banks, net of allowance for credit losses of \$2 and \$4 (includes restricted of \$3,420 and \$6,499)	12,139	17,169
Federal funds sold and securities purchased under resale agreements	28,900	24,298
Securities:		
Held-to-maturity, at amortized cost, net of allowance for credit losses of \$1 and less than \$1 (fair value of \$44,711 and \$49,992)	49,578	56,194
Available-for-sale, at fair value (amortized cost of \$80,678 and \$92,484, net of allowance for credit losses of less than \$1 and \$1)	76,817	86,622
Total securities	126,395	142,816
Trading assets	10,058	9,908
Loans	66,879	66,063
Allowance for credit losses	(303)	(176)
Net loans	66,576	65,887
Premises and equipment	3,163	3,256
Accrued interest receivable	1,150	858
Goodwill	16,261	16,150
Intangible assets	2,854	2,901
Other assets, net of allowance for credit losses on accounts receivable of \$5 and \$7 (includes \$1,201 and \$771, at fair value)	25,985	25,855
Total assets	\$ 409,953	\$ 405,783
Liabilities		
Deposits:		
Noninterest-bearing (principally U.S. offices)	\$ 58,274	\$ 78,017
Interest-bearing deposits in U.S. offices	132,616	108,362
Interest-bearing deposits in non-U.S. offices	92,779	92,591
Total deposits	283,669	278,970
Federal funds purchased and securities sold under repurchase agreements	14,507	12,335
Trading liabilities	6,226	5,385
Payables to customers and broker-dealers	18,395	23,435
Other borrowed funds	479	397
Accrued taxes and other expenses	5,567	5,410
Other liabilities (including allowance for credit losses on lending-related commitments of \$87 and \$78, also includes \$195 and \$221, at fair value)	8,844	8,543
Long-term debt	31,257	30,458
Total liabilities	368,944	364,933
Temporary equity		
Redeemable noncontrolling interests	85	109
Permanent equity		
Preferred stock – par value \$0.01 per share; authorized 100,000,000 shares; issued 43,826 and 48,826 shares	4,343	4,838
Common stock – par value \$0.01 per share; authorized 3,500,000,000 shares; issued 1,402,429,447 and 1,395,725,198 shares	14	14
Additional paid-in capital	28,908	28,508
Retained earnings	39,653	37,864
Accumulated other comprehensive loss, net of tax	(4,893)	(5,966)
Less: Treasury stock of 643,085,355 and 587,280,598 common shares, at cost	(27,151)	(24,524)
Total The Bank of New York Mellon Corporation shareholders' equity	40,874	40,734
Nonredeemable noncontrolling interests of consolidated investment management funds	50	7
Total permanent equity	40,924	40,741
Total liabilities, temporary equity and permanent equity	\$ 409,953	\$ 405,783

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in millions)	Year ended Dec. 31,		
	2023	2022	2021
Operating activities			
Net income	\$ 3,288	\$ 2,560	\$ 3,771
Net (income) loss attributable to noncontrolling interests	(2)	13	(12)
Net income applicable to shareholders of The Bank of New York Mellon Corporation	3,286	2,573	3,759
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Provision for credit losses	119	39	(231)
Pension plan contributions	(6)	(7)	(6)
Depreciation and amortization	1,748	1,636	1,867
Goodwill impairment	—	680	—
Deferred tax (benefit)	(423)	155	257
Net securities losses (gains)	68	443	(5)
Change in trading assets and liabilities	436	7,015	(1,898)
Change in accruals and other, net	684	2,534	(905)
Net cash provided by operating activities	5,912	15,068	2,838
Investing activities			
Change in interest-bearing deposits with banks	1,943	1,540	1,225
Change in interest-bearing deposits with the Federal Reserve and other central banks	(18,730)	7,812	35,073
Purchases of securities held-to-maturity	(341)	(2,497)	(8,921)
Paydowns of securities held-to-maturity	4,675	7,168	11,339
Maturities of securities held-to-maturity	1,766	1,610	1,872
Purchases of securities available-for-sale	(23,422)	(32,336)	(54,239)
Sales of securities available-for-sale	11,229	14,990	13,545
Paydowns of securities available-for-sale	3,898	5,215	12,775
Maturities of securities available-for-sale	19,748	11,573	17,221
Net change in loans	(801)	1,423	(11,350)
Sales of loans and other real estate	49	—	1
Change in federal funds sold and securities purchased under resale agreements	(4,597)	5,294	1,233
Net change in seed capital investments	25	64	171
Purchases of premises and equipment/capitalized software	(1,220)	(1,346)	(1,215)
Proceeds from the sale of premises and equipment	—	45	34
Acquisitions, net of cash	—	—	(170)
Dispositions, net of cash	—	446	8
Other, net	(32)	(1,127)	1,070
Net cash (used for) provided by investing activities	(5,810)	19,874	19,672
Financing activities			
Change in deposits	3,456	(37,009)	(17,896)
Change in federal funds purchased and securities sold under repurchase agreements	2,148	790	418
Change in payables to customers and broker-dealers	(5,030)	(1,488)	128
Change in other borrowed funds	73	(344)	397
Net proceeds from the issuance of long-term debt	6,487	9,929	5,186
Repayments of long-term debt	(6,059)	(4,000)	(4,650)
Proceeds from the exercise of stock options	—	9	50
Issuance of common stock	16	14	13
Issuance of preferred stock	—	—	1,287
Treasury stock acquired	(2,604)	(124)	(4,567)
Preferred stock redemption	(500)	—	(1,000)
Common cash dividends paid	(1,262)	(1,165)	(1,126)
Preferred cash dividends paid	(225)	(211)	(197)
Amortization of preferred stock discount	5	—	10
Other, net	(24)	(55)	(15)
Net cash (used for) financing activities	(3,519)	(33,654)	(21,962)
Effect of exchange rate changes on cash	230	358	(84)
Change in cash and due from banks and restricted cash			
Change in cash and due from banks and restricted cash	(3,187)	1,646	464
Cash and due from banks and restricted cash at beginning of period	11,529	9,883	9,419
Cash and due from banks and restricted cash at end of period	\$ 8,342	\$ 11,529	\$ 9,883
Cash and due from banks and restricted cash			
Cash and due from banks at end of period (unrestricted cash)	\$ 4,922	\$ 5,030	\$ 6,061
Restricted cash at end of period	3,420	6,499	3,822
Cash and due from banks and restricted cash at end of period	\$ 8,342	\$ 11,529	\$ 9,883
Supplemental disclosures			
Interest paid	\$ 16,021	\$ 3,307	\$ 233
Income taxes paid	882	449	473
Income taxes refunded	17	11	42

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(in millions, except per share amount)	The Bank of New York Mellon Corporation shareholders						Nonredeemable noncontrolling interests of consolidated investment management funds	Total permanent equity	(a)	Redeemable non-controlling interests/ temporary equity
	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income, net of tax	Treasury stock				
Balance at Dec. 31, 2022	\$ 4,838	\$ 14	\$ 28,508	\$ 37,864	\$ (5,966)	\$(24,524)	\$ 7	\$ 40,741	(a)	\$ 109
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—		38
Redemption of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	—		(54)
Other net changes in noncontrolling interests	—	—	16	—	—	—	41	57		(12)
Net income	—	—	—	3,286	—	—	2	3,288		—
Other comprehensive income	—	—	—	—	1,073	—	—	1,073		—
Dividends:										
Common stock at \$1.58 per share (b)	—	—	—	(1,262)	—	—	—	(1,262)		—
Preferred stock	—	—	—	(225)	—	—	—	(225)		—
Repurchase of common stock	—	—	—	—	—	(2,604)	—	(2,604)		—
Common stock issued under employee benefit plans	—	—	20	—	—	—	—	20		—
Preferred stock redemption	(500)	—	—	—	—	—	—	(500)		—
Stock-based compensation	—	—	364	—	—	—	—	364		—
Amortization of preferred stock discount	5	—	—	(5)	—	—	—	—		—
Excise tax on share repurchases	—	—	—	—	—	(23)	—	(23)		—
Excise tax on preferred stock redemption	—	—	—	(5)	—	—	—	(5)		—
Other	—	—	—	—	—	—	—	—		4
Balance at Dec. 31, 2023	\$ 4,343	\$ 14	\$ 28,908	\$ 39,653	\$ (4,893)	\$(27,151)	\$ 50	\$ 40,924	(a)	\$ 85

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of \$35,896 million at Dec. 31, 2022 and \$36,531 million at Dec. 31, 2023.

(b) Includes dividend-equivalents on share-based awards.

(in millions, except per share amount)	The Bank of New York Mellon Corporation shareholders						Nonredeemable noncontrolling interests of consolidated investment management funds	Total permanent equity	(a)	Redeemable non-controlling interests/ temporary equity
	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss), net of tax	Treasury stock				
Balance at Dec. 31, 2021	\$ 4,838	\$ 14	\$ 28,128	\$ 36,667	\$ (2,213)	\$(24,400)	\$ 196	\$ 43,230	(a)	\$ 161
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—		31
Redemption of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	—		(31)
Other net changes in noncontrolling interests	—	—	44	—	—	—	(176)	(132)		(37)
Net income (loss)	—	—	—	2,573	—	—	(13)	2,560		—
Other comprehensive (loss)	—	—	—	—	(3,753)	—	—	(3,753)		(13)
Dividends:										
Common stock at \$1.42 per share (b)	—	—	—	(1,165)	—	—	—	(1,165)		—
Preferred stock	—	—	—	(211)	—	—	—	(211)		—
Repurchase of common stock	—	—	—	—	—	(124)	—	(124)		—
Common stock issued under employee benefit plans	—	—	20	—	—	—	—	20		—
Stock awards and options exercised	—	—	316	—	—	—	—	316		—
Other	—	—	—	—	—	—	—	—		(2)
Balance at Dec. 31, 2022	\$ 4,838	\$ 14	\$ 28,508	\$ 37,864	\$ (5,966)	\$(24,524)	\$ 7	\$ 40,741	(a)	\$ 109

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of \$38,196 million at Dec. 31, 2021 and \$35,896 million at Dec. 31, 2022.

(b) Includes dividend-equivalents on share-based awards.

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Statement of Changes in Equity (continued)

(in millions, except per share amount)	The Bank of New York Mellon Corporation shareholders						Nonredeemable noncontrolling interests of consolidated investment management funds	Total permanent equity	(a)	Redeemable non-controlling interests/ temporary equity
	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss), net of tax	Treasury stock				
Balance at Dec. 31, 2020	\$ 4,541	\$ 14	\$ 27,823	\$ 34,241	\$ (985)	\$(19,833)	\$ 143	\$ 45,944	(a)	\$ 176
Shares issued to shareholders of noncontrolling interests	—	—	—	—	—	—	—	—		48
Redemption of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	—		(94)
Other net changes in noncontrolling interests	—	—	(36)	—	—	—	41	5		29
Net income	—	—	—	3,759	—	—	12	3,771		—
Other comprehensive (loss) income	—	—	—	—	(1,228)	—	—	(1,228)		2
Dividends:										
Common stock at \$1.30 per share (b)	—	—	—	(1,126)	—	—	—	(1,126)		—
Preferred stock	—	—	—	(197)	—	—	—	(197)		—
Repurchase of common stock	—	—	—	—	—	(4,567)	—	(4,567)		—
Common stock issued under employee benefit plans	—	—	18	—	—	—	—	18		—
Preferred stock redemption	(1,000)	—	—	—	—	—	—	(1,000)		—
Preferred stock issued	1,287	—	—	—	—	—	—	1,287		—
Stock awards and options exercised	—	—	323	—	—	—	—	323		—
Amortization of preferred stock discount	10	—	—	(10)	—	—	—	—		—
Balance at Dec. 31, 2021	\$ 4,838	\$ 14	\$ 28,128	\$ 36,667	\$ (2,213)	\$(24,400)	\$ 196	\$ 43,230	(a)	\$ 161

(a) Includes total The Bank of New York Mellon Corporation common shareholders' equity of \$41,260 million at Dec. 31, 2020 and \$38,196 million at Dec. 31, 2021.

(b) Includes dividend-equivalents on share-based awards.

See accompanying Notes to Consolidated Financial Statements.

The secret animal #3 is a "shark".

Note 1—Summary of significant accounting and reporting policies

In this Annual Report, references to “our,” “we,” “us,” “BNY Mellon,” the “Company” and similar terms refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries. The term “Parent” refers to The Bank of New York Mellon Corporation but not its subsidiaries.

Nature of operations

BNY Mellon is a global leader in providing a broad range of financial products and services in domestic and international markets. Through our three principal business segments, Securities Services, Market and Wealth Services and Investment and Wealth Management, we serve institutions, corporations and high-net-worth individuals. See Note 24 for the primary products and services of our lines of business and other information.

Basis of presentation

The accounting and financial reporting policies of BNY Mellon, a global financial services company, conform to U.S. generally accepted accounting principles (“GAAP”) and prevailing industry practices.

In the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the periods presented have been made.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based upon assumptions about future economic and market conditions which affect reported amounts and related disclosures in our financial statements. Our most significant estimates pertain to our allowance for credit losses, goodwill and other intangibles and litigation and regulatory contingencies. Although our current estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the rate of exchange on the balance sheet date. Translation gains and losses on investments in foreign entities with functional currencies that are not the U.S. dollar are recorded as foreign currency translation adjustments in other comprehensive income (“OCI”). Revenue and expense transactions are translated at the applicable daily rate or the weighted average monthly exchange rate when applying the daily rate is not practical. For transactions that are denominated in a currency other than the functional currency, the effects of exchange rate changes are included in foreign exchange revenue in the income statement.

Acquisitions and divestitures

The income statement and balance sheet include results of acquired businesses accounted for under the acquisition method of accounting pursuant to Accounting Standards Codification (“ASC”) 805, *Business Combinations*, and equity investments from the dates of acquisition. Contingent purchase consideration is measured at its fair value and recorded on the purchase date. Any subsequent changes in the fair value of a contingent consideration liability are recorded to other noninterest expense. Gains or losses on divested business are reflected in investment and other revenue. For businesses that are determined to be held-for-sale and the fair value less costs to sell is less than its carrying value, a loss is recognized for that difference. Contingent consideration received is measured at fair value and recorded at the date of sale. Any subsequent changes in the fair value of a contingent consideration receivable are recorded to investment and other revenue.

Consolidation

We evaluate an entity for possible consolidation in accordance with ASC 810, *Consolidation*. We first determine whether or not we have variable interests in the entity, which are investments or other interests that absorb portions of an entity’s expected losses or receive portions of the entity’s expected returns. Our variable interests may include decision-maker or service provider fees, direct and indirect investments and investments made by related parties, including related parties under common control. If it is determined that we do not have a variable interest in

the entity, no further analysis is required and the entity is not consolidated.

If we hold a variable interest in the entity, further analysis is performed to determine if the entity is a variable interest entity (“VIE”) or a voting model entity (“VME”).

We consider the underlying facts and circumstances of individual entities when assessing whether or not an entity is a VIE. An entity is determined to be a VIE if the equity investors:

- do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support; or
- lack one or more of the following characteristics of a controlling financial interest:
 - the power, through voting rights or similar rights, to direct the activities of an entity that most significantly impact the entity’s economic performance;
 - the obligation to absorb the expected losses of the entity; and
 - the right to receive the expected residual returns of the entity.

We reconsider and reassess whether or not we are the primary beneficiary of a VIE when governing documents or contractual arrangements are changed that would reallocate the obligation to absorb expected losses or receive expected residual returns between BNY Mellon and the other investors. This could occur when BNY Mellon disposes of any portion of its variable interests in the VIE, when we acquire additional variable interests in the VIE, when additional variable interests are issued to other investors or when other investors liquidate their variable interest in the VIE.

We consolidate a VIE if it is determined that we have a controlling financial interest in the entity. We have a controlling financial interest in a VIE when we have both (1) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to that VIE.

For entities that do not meet the definition of a VIE, the entity is considered a VME. We consolidate these entities if we can exert control over the financial and

operating policies of an investee, which typically occurs if we have a 50% or more voting interest in the entity.

See Note 14 for additional disclosures related to our variable interests.

Equity method investments, including renewable energy investments

Equity investments of less than a majority but at least 20% ownership or where we are deemed to have significant influence are accounted for by the equity method and included in other assets. Earnings on these investments are reflected as investment services fees, investment management and performance fees or investment and other revenue, as appropriate, in the period earned.

A loss in value of an equity investment that is determined to be other-than-temporary is recognized by reducing the carrying value of the equity investment to its fair value.

Investments in renewable energy projects through limited liability companies are accounted for using the equity method of accounting. The hypothetical liquidation at book value (“HLBV”) methodology is used to determine the pre-tax loss that is recognized in each period. HLBV estimates the liquidation value at the beginning and end of each period, with the difference recognized as the amount of loss under the equity method.

The pre-tax losses are reported in investment and other revenue on the income statement. The corresponding tax benefits and credits are recorded as a reduction to provision for income taxes on the income statement.

See Note 8 for the amount of our renewable energy investments. Below are our most significant equity method investments, other than the investments in renewable energy.

Equity method investments at Dec. 31, 2023		
<i>(dollars in millions)</i>	Percentage ownership	Book value
CIBC Mellon Global Securities Services Company (“CIBC Mellon”)	50%	\$ 607
Siguler Guff	20%	\$ 234

Restricted cash and securities

Cash and securities may be segregated under federal and other regulatory requirements and primarily consists of excess client funds held by our broker-dealer entities. Restricted cash is included in interest-bearing deposits with banks on the balance sheet and with cash and due from banks when reconciling the beginning and end-of-period balances on the consolidated statement of cash flows.

Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are accounted for as collateralized financings. Generally, these agreements are recorded at the amounts at which the securities will be subsequently resold or repurchased, plus accrued interest.

Securities purchased under resale agreements are fully collateralized with high-quality liquid securities. Collateral requirements are monitored and additional collateral is received or provided, as required. As such, these transactions carry minimal credit risk and are generally not allocated an allowance for credit losses.

Where an enforceable netting agreement exists, resale and repurchase agreements executed with the same counterparty and the same maturity date are reported on a net basis on the balance sheet.

Securities – Debt

Debt securities are classified as available-for-sale, held-to-maturity or trading securities when they are purchased. Debt securities are classified as available-for-sale when we intend to hold them for an indefinite period of time or when they may be used for tactical asset/liability purposes and may be sold from time to time to effectively manage interest rate exposure, prepayment risk and liquidity needs. Debt securities are classified as held-to-maturity when we intend and have the ability to hold them until maturity. Debt securities are classified as trading when we intend to resell them.

Available-for-sale securities are measured at fair value. The difference between fair value and amortized cost representing unrealized gains or losses is recorded net of tax as an addition to, or deduction

from, OCI, unless an expected credit loss is recognized. Realized gains and losses on sales of available-for-sale securities are reported in investment and other revenue on the income statement. The cost of debt securities sold is determined on a specific identification method. Held-to-maturity securities are measured at amortized cost, net of expected credit loss, if any.

From time to time our intention to hold available-for-sale securities has changed such that we intend, and have the ability to, hold the securities to maturity. Transfers of securities from available-for-sale to held-to-maturity are accounted for at fair value and creates a new cost basis. The unrealized gains or losses at date of transfer continue to be recorded in accumulated other comprehensive income and are subsequently amortized into net interest revenue over the contractual lives of the securities.

The Company's policy for recognition of expected credit losses for securities available-for-sale and securities held-to-maturity is contained within "Allowance for credit losses – Securities – Debt" and "Allowance for credit losses – Other" below.

Trading securities are measured at fair value and included in trading assets on the balance sheet. Trading revenue, which is reflected in investment and other revenue, includes both realized and unrealized gains and losses. The liability incurred on short-sale transactions, representing the obligation to deliver securities, is included in trading liabilities at fair value.

Income on securities purchased is adjusted for amortization of premium and accretion of discount on a level yield basis, generally over their contractual life.

Debt securities that are beneficial interests in securitized financial assets and are not high credit quality are discounted at the current yield used to accrete the beneficial interest. A credit loss is recognized when there is an adverse change in expected cash flows.

If we intend to sell a debt security or it is more likely than not that we will be required to sell a debt security prior to recovery of its cost basis, the security is written down to fair value and the credit and non-credit components of the unrealized loss are recognized in earnings and subsequently accreted to