BNY MELLON

THE BANK OF NEW YORK MELLON

Resolution Plan

Public Section • July 1, 2018

* * *

Our IDI Plan is based on a series of hypothetical scenarios and assumptions about future events and circumstances. Accordingly, many of the statements and assessments in this public section constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "forecast," "project," "anticipate," "target," "expect," "intend," "commit," "believe," "plan," "goal," "could," "should," "may," "will," "ensure," "assure," "strategy," "opportunities," "trends" and words of similar meaning signify forward-looking statements, as do statements that relate to our future plans, objectives and strategies and to the objectives and effectiveness of our risk management, capital and liquidity policies. These statements are based on the current beliefs and expectations of our management and are subject to significant risks and uncertainties that are subject to change based on various important factors (some of which are beyond our control). Actual outcomes may differ materially from those set forth in the forward-looking statements as a result of numerous factors, including those described under "Forward-Looking Statements" and "Risk Factors" in Parent's 2017 Annual Report and Form 10-Q for the period ended March 31, 2018, and in other filings with the SEC, which are available on the Investor Relations section of BNY Mellon's corporate website at www.bnymellon.com.

Our IDI Plan is not binding on the FDIC, our other regulators or any other resolution authority, and in the event of the resolution of our firm, the strategies implemented by us, our regulators or any other resolution authority could differ, possibly materially, from the strategies we have described. In addition, our expectations and projections regarding the implementation of our resolution strategies are based on scenarios that are hypothetical, involve economic outcomes that are more adverse than expected and may not reflect events to which we are or may become subject. Our IDI Plan is also based on many significant assumptions, including with respect to the effects of the events that could lead to our failure, the actions of clients, financial market utilities, agent banks and regulators, and the ability to sell, wind down or transfer components of the Bank. None of these assumptions may prove to be correct in an actual resolution scenario. As a result, our resolution strategies in an actual resolution scenario, or the outcomes of our resolution strategies, could differ, possibly materially, from those we have described.

We have included information about actions we have undertaken, or are considering, in connection with resolution planning. The statements with respect to these actions and their impact and effectiveness are forward-looking statements, based on our current expectations regarding our ability to complete and effect those actions and any actions that third parties must take, or refrain from taking, to permit us to complete those actions. As a result, the timing of those actions may change, possibly materially, from what is currently expected. All forward-looking statements speak only as of the date on which such statements are made and we do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

The information contained in our IDI Plan, including the designation of "material entities" and "core business lines," has been prepared in accordance with applicable regulatory requirements and guidance. Differences in the presentation of information concerning our businesses and operations contained in this public section, relative to how we present such information for other purposes, are solely due to our efforts to comply with the rules governing the submission of resolution plans and do not reflect changes to our organizational structure, business practices or strategy.

Financial information presented herein is as of December 31, 2017, unless noted otherwise.

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Key Terms

The terms “BNY Mellon” and the “firm” refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries—*i.e.*, the organization as a whole. The term “Parent” refers solely to The Bank of New York Mellon Corporation, the top-tier entity in our corporate hierarchy, while the terms “the Bank,” “we,” “us,” and “our” refer to The Bank of New York Mellon, BNY Mellon’s covered insured depository institution subject to the IDI Rule. Other terms used in this public section are defined below:

Term	**Definition**
2017 Annual Report	Parent’s Annual Report on Form 10-K for the year ended December 31, 2017
Agencies	The Federal Reserve and the FDIC
Agent banks	Correspondent banks and sub-custodians
Bankruptcy Code	Title 11 of the United States Bankruptcy Code
BAU	Business as usual, meaning a time which is normal business operation for the Bank (*i.e.*, when the Bank is not experiencing stress)
BNY Investment Management Services	BNY Investment Management Services LLC, a material entity
BNYMIL	The Bank of New York Mellon (International) Limited, a material entity
BNY Mellon India Ops	BNY Mellon International Operations (India) Private Limited, a material entity
BNY Mellon Investment Servicing	BNY Mellon Investment Servicing (US) Inc., a material entity
BNY Mellon SA/NV	The Bank of New York Mellon SA/NV, a material entity
Brussels Branch	The Bank of New York Mellon – Brussels Branch, a material entity
CFTC	U.S. Commodity Futures Trading Commission
Core business lines	Our business lines, including associated operations, services, functions and support that, upon failure, would result in a material loss of revenue, profit, or franchise value. Additional information about our core business lines can be found in Section 2.

Term	Definition
Critical services	Services and operations of the Bank, such as servicing, information technology support and operations, human resources and personnel that are necessary to continue the day-to-day operations of the Bank
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EMEA	Europe, Middle East and Africa
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
Financial market utility	Systems that provide for the payment, clearing and settlement of cash and securities transactions between financial institutions, among other types of financial transactions. Financial market utilities include central securities depositories, central counterparties, securities settlement systems, and payment systems.
FMI	Financial market infrastructure, which includes financial market utilities, agent banks, and the Society for Worldwide Interbank Financial Telecommunication
G-SIB	Global systemically important bank, a designation applicable to BNY Mellon that is reassessed annually by the Financial Stability Board
GSS Corp.	BNY Mellon Government Securities Services Corp., a material entity
HQLA	High-quality liquid assets
IDI Plan	Our required resolution plan submission under the IDI Rule, containing this public section and the confidential information required by the FDIC
IDI Rule	The rule adopted by the FDIC requiring certain large insured depository institutions to submit resolution plans, available here
IHC	BNY Mellon IHC, LLC, a wholly-owned subsidiary of Parent that was formed in December 2016 to facilitate the provision of capital and liquidity resources in the event of material financial distress or failure. In the second quarter of 2017, the Parent transferred its intercompany loans and most of its cash to the IHC.
Internal service provider	An entity of the firm the primary purpose of which is to provide services or support to multiple recipients

Term	**Definition**
LCR	Liquidity coverage ratio
London Branch	The Bank of New York Mellon – London Branch, a material entity
Material entity	A company that is significant to the activities of a critical service or core business line. Additional information on our material entities can be found in Section 2 and Section 5.1.2.
MIS	Management information systems
NFA	National Futures Association
PCS	Payment, clearing, and settlement
PRA	Prudential Regulation Authority
RLAP	Resolution Liquidity Adequacy and Positioning
SEC	U.S. Securities and Exchange Commission
SPOE	Single point of entry
Title I Plan	BNY Mellon's required annual resolution plan submission under § 165(d) of the Dodd-Frank Act and the Title I Rule; BNY Mellon's most recent Title I Plan is dated July 1, 2017 and contains a public section available here
Title I Rule	The rule jointly adopted by the Agencies pursuant to Section 165(d) of Title I of the Dodd-Frank Act requiring certain large bank holding companies to submit resolution plans periodically, available here
TPC	Tennessee Processing Center LLC, a material entity
TPL	BNY Mellon Technology Private Limited, a material entity
TSG	Technology Services Group, Inc., a material entity
VaR	Value-at-risk

1 INTRODUCTION

What is a resolution plan?

In the aftermath of the 2008 financial crisis, regulatory authorities started requiring large "systemically important" financial institutions, or SIFIs, and other large banking institutions to submit resolution plans. Also known as a living will, a resolution plan describes the institution's strategy for how it could safely fail and achieve certain stated objectives.

Title I Rule vs. IDI Rule

Title I Rule: Section 165(d) of the Dodd-Frank Act and implementing regulations issued by the FDIC and the Federal Reserve require certain large bank holding companies, such as the Parent, to submit periodically to the FDIC and the Federal Reserve a plan for resolution under the Bankruptcy Code or other applicable insolvency law in the event of material distress or failure of the bank holding company. A plan submitted under the Title I Rule describes the institution's strategy for how it could safely fail and maintain the key functions that it provides to the market without causing financial instability or requiring taxpayer funds.

IDI Rule: In addition to the Title I Rule requirements, the FDIC separately requires certain large insured depository institutions, such as the Bank, to submit periodically to the FDIC a plan for resolution of the depository institution in the event of its failure under the Federal Deposit Insurance Act in a manner that achieves certain stated objectives.

We are pleased to present this public section of The Bank of New York Mellon's 2018 IDI Plan. The focus of our IDI Plan is The Bank of New York Mellon (the Bank), a New York state-chartered bank and an FDIC-insured depository institution. Our IDI Plan is designed to enable the FDIC, as receiver, to resolve the Bank efficiently under the Federal Deposit Insurance Act in a manner that:

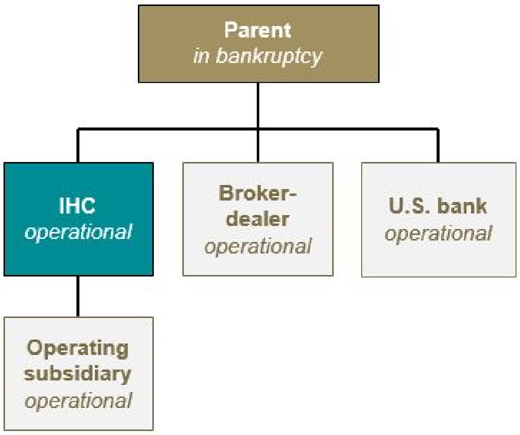
- Ensures that depositors receive access to their insured deposits within one business day of the Bank's failure (two days if the failure occurs on a day other than Friday);
- Maximizes the net present value return from the sale or disposition of its assets; and
- Minimizes the amount of any loss to be realized by creditors in the Bank's resolution.

There are key differences between the Bank's IDI Plan and BNY Mellon's Title I Plan. The focus of BNY Mellon's Title I Plan is the Parent, the top-tier entity in our corporate hierarchy. BNY Mellon's Title I Plan is designed to ensure that if the Parent were to fail, there would be no systemic threat to the U.S. financial system, and no support from U.S. taxpayers would be required.

As discussed below, BNY Mellon's Title I Plan contemplates that despite the Parent's failure and resolution under the Bankruptcy Code, the Bank would not enter into a separate resolution proceeding and would continue operating as a going concern. Resolution plans submitted under the IDI Rule, by contrast, must assume failure of the covered insured depository institution. Accordingly, our IDI Plan contemplates the Bank's failure, the Bank's entry into an FDIC receivership, and resolution of the Bank by the FDIC under the Federal Deposit Insurance Act.

What is an SPOE strategy?

Under an SPOE strategy, only the parent financial holding company fails, while other subsidiary entities remain open for business and do not themselves enter insolvency proceedings.



BNY Mellon's Title I Plan resolution strategy is Single Point of Entry (SPOE).

Under BNY Mellon's SPOE strategy, only the Parent would enter bankruptcy proceedings, and only Parent shareholders and creditors would be expected to sustain losses. Prior to filing for bankruptcy, Parent's remaining assets (other than stock in subsidiaries and a cash reserve to fund bankruptcy expenses) would be transferred to BNY Mellon's intermediate holding company (IHC), which would provide sufficient capital and liquidity to entities designated as material entities in the firm's Title I Plan to help ensure their financial health and ongoing operations. Such entities, including the Bank, would remain well capitalized and sufficiently liquid, and the firm would be streamlined as it sells certain businesses. Following these sales, the Title I Plan contemplates that a smaller organization would exit resolution through an initial public offering of the firm's remaining business, including the custody business.

BNY Mellon has taken significant actions and mobilized significant resources, including meaningful improvements to its corporate and capital structure, to make its SPOE strategy executable in a real-world crisis. In December 2017, following the submission of BNY Mellon's most recent Title I Plan, the Agencies announced that they found no deficiencies or shortcomings in BNY Mellon's Title I Plan.

The resolution strategy described in our IDI Plan is a bridge bank strategy. Our IDI Plan contemplates that if the Bank were to fail, it would enter into an FDIC receivership and be resolved under the Federal Deposit Insurance Act. Substantially all of the assets and certain liabilities of the Bank, including the stock of the Bank's subsidiaries, would be transferred by the FDIC to a newly-created bridge bank chartered by the Office of the Comptroller of the Currency.

Use of a bridge bank is designed to permit the FDIC to take control of the Bank and give the FDIC additional time to implement a satisfactory sale of all or parts of the Bank's businesses, thus allowing for the continuity of the Bank's core business lines pending the ultimate disposition and resolution of the bridge bank.

Once the bridge bank has been established, there are a number of options regarding the disposition of the businesses conducted by the Bank and its branches and subsidiaries. We anticipate that promptly after being appointed as receiver, the FDIC would work with existing Bank personnel and external advisors to identify divestiture strategies that would enable the FDIC to meet its statutory objectives for resolution of the Bank.

Resolution planning is important given BNY Mellon's role as a global financial intermediary.

BNY Mellon's resolution capabilities have been significantly enhanced in recent years, including in light of guidance and other feedback provided by the Agencies. The firm endorses the concept of resolution planning as a key element of risk management to protect the soundness of the global financial system, and it has dedicated significant resources at every level of the organization to help make the firm's plans actionable and credible. Key actions BNY Mellon has taken to enhance resolvability are discussed in the public section of the firm's Title I Plan, available here. Highlights of these actions include:

- Creation of enhanced governance mechanisms, including a new crisis management governance structure and related improvements;
- Development or enhancement of playbooks and plans, including operational continuity plans, business separation plans, an employee retention plan, account transfer plans, and playbooks to guide actions with respect to financial market infrastructure;
- Enhancements to our management information system reporting capabilities; and
- Various actions to provide for continuity of critical services in resolution, including an enhanced mapping of service dependencies and new contractual frameworks for interaffiliate services and key services provided by vendors.

While these efforts are designed to enhance the resolvability of BNY Mellon as a whole, they also improve the resolvability of the Bank and would support the objectives of the FDIC if resolution of the Bank under the Federal Deposit Insurance Act were necessary.

The remainder of this public section continues in the following manner:

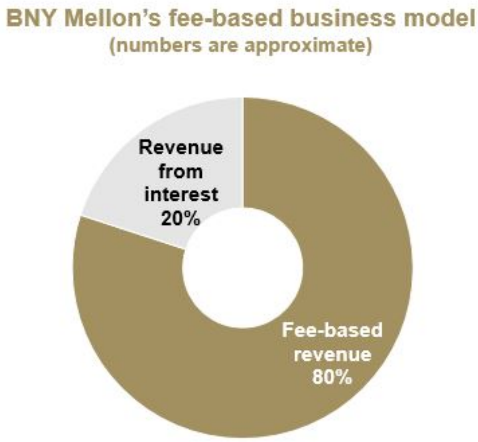
- **Section 2** provides an overview of the Bank, including the role of the Bank within BNY Mellon and the criteria we used to designate our core business lines and material entities.
- **Section 3** explains the bridge bank resolution strategy contained in our IDI Plan in more detail.
- **Section 4** describes the comprehensive governance process supporting the development of our IDI Plan.
- Additional background information is included in **Section 5**.

2 OVERVIEW OF THE BANK OF NEW YORK MELLON

Overview of BNY Mellon

BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries.

BNY Mellon's Business Model Supports Resolvability



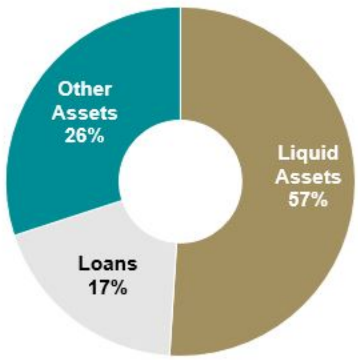
Strong, safe, trusted counterparty

BNY Mellon's reputation as a strong, safe, trusted counterparty reflects its success in building a solid balance sheet and robust risk culture. BNY Mellon's strategy is one of not incurring outsized risk to reach for returns. The firm has maintained among the highest credit ratings in the industry, and its capital and liquidity positions remain strong.

Unlike a typical retail, commercial or investment bank, BNY Mellon's business model is characterized by fee-based businesses. It does not provide traditional banking services to retail clients, other than to high-net-worth clients, nor does it lend to consumers in any significant way or operate any consumer bank branches. BNY Mellon does not engage in material derivatives market-making, and its low value-at-risk foreign exchange trading business is comparatively small and is conducted for clients.

BNY Mellon generates nearly 80% of its revenues from fees, the vast majority of which are recurring. This business model helps BNY Mellon maintain a strong balance sheet with highly liquid assets and a strong capital position. Net interest revenue is a significantly smaller part of BNY Mellon's revenues than for most U.S. G-SIBs.

BNY Mellon has a small balance sheet relative to the other U.S. G-SIBs. The composition of the firm's balance sheet also differs from that of most retail and commercial banks, which typically have a larger proportion of retail or commercial loans, or investment banks, which typically have trading portfolios. BNY Mellon's assets are liquid, with approximately 57% of total assets consisting of securities backed by the full faith and credit of the U.S. government, issued by U.S. government-sponsored enterprises or that are claims on or guaranteed by an international sovereign entity, as well as interest-bearing deposits with the Federal Reserve and other central banks. Loans comprise only 17% of total assets. These assets are of high quality and short-term duration, with 93% of the firm's investment securities portfolio rated AAA/AA-. BNY Mellon's liabilities, primarily deposits, are largely tied to operational services and invested in liquid assets.



BNY Mellon's credit ratings, capital generation and payout ratio are each among the highest of its U.S. G-SIB peers.

Role of the Bank within BNY Mellon

The Bank—BNY Mellon's principal banking subsidiary—is the focus of our IDI Plan. The Bank houses BNY Mellon's Investment Services business, including Asset Servicing, Issuer Services, Treasury Services, and Broker-Dealer Services, as well as the bank-advised business of Asset Management. The Bank holds the majority of BNY Mellon's memberships in financial market utilities, manages the majority of BNY Mellon's contracts with agent banks, contains the majority of BNY Mellon's shared services, and operates the majority of BNY Mellon's management information systems.

Designation of the Bank's Core Business Lines and Material Entities

In our IDI Plan, we designate certain of the Bank's business lines as core business lines. We also designate the Bank and certain of its branches and subsidiaries as material entities. These designations focus our resolution planning efforts on the business lines that are important to the Bank's revenue, profitability and franchise value, as well as the entities that are important to these business lines. We make these determinations following a well-defined process. The Bank's core business lines and material entities for purposes of our IDI Plan differ from BNY Mellon's core business lines and material entities for purposes of its Title I Plan due to differences in the definitions of those terms in the IDI Rule and the Title I Rule.

The Bank's Core Business Lines

To determine which of the Bank's business lines are "core" for purposes of our IDI Plan, we analyzed all of the Bank's businesses to determine which, if they were to fail, would result in a material loss of revenue, profit, or franchise value for the Bank. For purposes of our IDI Plan, the Bank's four core business lines are described below.

Core Business Lines

Asset Servicing

Our Asset Servicing business supports institutional investors by safekeeping assets and enhancing the administration of client investments through services that process, monitor and measure data from around the world. We leverage our global footprint and local expertise to deliver insight and solutions across every stage of the investment life cycle. Our comprehensive suite of Asset Servicing solutions includes global custody, global fund services, investment manager outsourcing, performance and risk analytics, and alternative investment services. Asset Servicing provides its services globally to major banks, broker-dealers, investment managers, insurance companies, corporations, government agencies, not-for-profits, endowments, pensions, alternative investment managers and structured funds.

Corporate Trust

We are a leading provider of corporate trust services to governments and their agencies, multinational corporations, financial institutions and other entities that access global debt capital markets. Our Corporate Trust business utilizes its global footprint and expertise to deliver a full range of issuer and related investor services and to develop customized and market-driven solutions. We provide corporate trust services for all major conventional and structured finance debt categories and specialty services including escrow, specialized agency and loan services.

Broker-Dealer Services

Through our Broker-Dealer Services business, we are the leading provider of U.S. government securities clearing and settlement services and U.S. tri-party repo settlement services. Broker-Dealer Services also provides clearance and settlement services for eligible securities through the Depository Trust Company.

Treasury Services

Treasury Services helps organizations conduct operations in the U.S. and internationally, assisting them in their efforts to optimize cash flow, ensure adequate liquidity and manage risk. Treasury Services provides treasury and cash management products and services, including accounts receivable solutions, accounts payable solutions, and transaction initiation and reporting for a full range of cash management needs.

Additional information related to BNY Mellon's businesses is contained in BNY Mellon's reports filed with the SEC, including the 2017 Annual Report, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

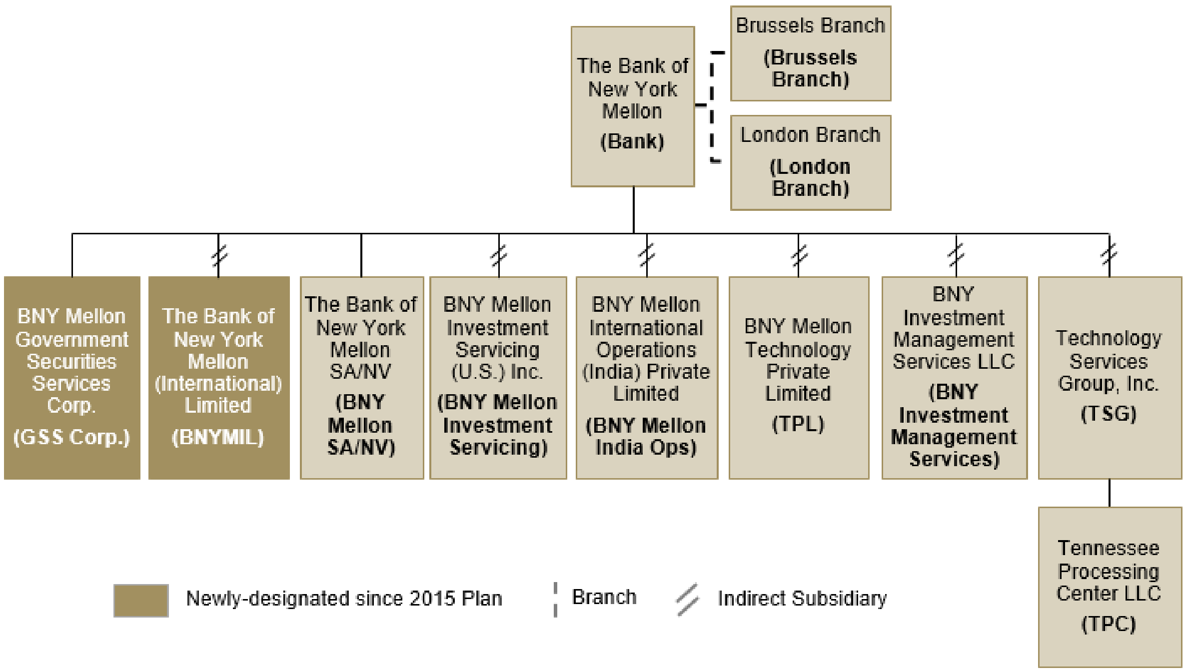
Material Entities

To determine which of our entities are "material" for purposes of our IDI Plan, we used quantitative and qualitative criteria to determine which of the Bank's branches and subsidiaries are significant to the activities of the Bank's core business lines or critical services.

Quantitative criteria we assessed include an entity's contribution of revenues, assets and liabilities, deposits, employees, real estate, and key FMI memberships. Qualitative criteria we assessed include, for example, assessments of the kind of support (*e.g.*, operational or financial) provided by an entity to a core business line or to a critical service. We considered whether an entity has been part of a recent significant structural change to our organization and may therefore be more important than previously considered. We assessed the importance of the entity in the context of the Bank's failure. We also considered whether it would be operationally feasible for an entity's activities to be stopped, substituted or shifted to another of our entities.

Figure 2-1 below illustrates our material entities for purposes of our IDI Plan (including newly-designated material entities since the submission of the Bank's last IDI Plan in 2015). A brief overview of each material entity is provided on the following page. Please refer to Section 5.1.2 for more detailed information about each of our material entities, including our rationale for designating each material entity.

Figure 2-1: Material Entities



The Bank and its material entity branches and subsidiaries

The Bank of New York Mellon, which we call simply “the Bank,” is a New York state-chartered bank and an FDIC-insured depository institution. The Bank has 15 non-U.S. branches and various U.S. and non-U.S. subsidiaries.

London Branch is a branch of the Bank located in London that supports Asset Servicing and Corporate Trust, among other businesses and shared services.

Brussels Branch is a branch of the Bank located in Brussels, Belgium that supports client activity for Asset Servicing, among other businesses.

BNY Mellon SA/NV is a bank licensed in Belgium and headquartered in Brussels. It supports Asset Servicing, among other businesses.

BNYMIL is a U.K.-based bank that provides services to Asset Servicing clients, particularly custody and investment administration services. BNYMIL also provides fund accounting and transfer agency services.

GSS Corp. is a U.S.-based operating subsidiary that houses the operations and technology supporting our U.S. government securities clearing and settlement and U.S. tri-party repo clearing and settlement services.

BNY Mellon Investment Servicing is a U.S.-based internal service provider that provides operational support for certain functions of Asset Servicing.

BNY Investment Management Services is a U.S.-based internal service provider that provides operational support for multiple business units, including Asset Servicing.

BNY Mellon India Ops is an India-based internal service provider that provides middle and back-office operational support to much of the firm.

TPL is an India-based internal service provider that provides IT services to much of the firm, including network monitoring of IT infrastructure, IT call center and help desk support and software development.

TSG and its subsidiary **TPC** are both U.S.-based internal service providers that own and operate a majority of our technology infrastructure.

3 OVERVIEW OF BRIDGE BANK STRATEGY

Overview

Our IDI Plan is designed to enable the FDIC, as receiver, to resolve the Bank efficiently under the Federal Deposit Insurance Act. This section provides details regarding the bridge bank strategy for the resolution of the Bank described in our IDI Plan.

Bridge Bank Strategy

The bridge bank strategy contemplates that if the Bank were to fail, it would be placed into receivership by the FDIC, after which the FDIC would transfer substantially all of the assets and certain liabilities of the Bank, including the stock of the Bank's subsidiaries, to a newly-created bridge bank chartered by the Office of the Comptroller of the Currency. Each of the Bank's core business lines (Asset Servicing, Corporate Trust, Broker-Dealer Services, and Treasury Services) would continue to operate through the bridge bank and would ultimately be sold in one or more private sales to either existing competitors or new entrants into existing markets. Potential third-party purchasers of the businesses and operations of the Bank include a range of sophisticated and diverse financial services firms.

Immediately following its appointment as receiver for the Bank, the FDIC would take a number of specific actions and make a number of critical decisions (all of which will be facilitated by our resolution planning efforts) including, for example:

- Establishing a new management structure for the bridge bank;
- Identifying which assets and liabilities of the Bank should be transferred to the bridge bank and which should remain in the receivership estate;
- Seeking to ensure continuity of access to financial market utilities by the bridge bank;
- Seeking the cooperation of non-U.S. regulators with respect to the implementation of the resolution strategy in their jurisdictions;
- Communicating to key employees that they are eligible for retention awards; and
- Communicating with clients and external stakeholders that the FDIC will stabilize operations in order to stem client and deposit attrition while commencing the marketing of the bridge bank's businesses to acquirers who will assume its functions.

Use of a bridge bank is designed to permit the FDIC to take control of and stabilize the Bank and to give the FDIC additional time to implement a satisfactory sale of all or parts of the Bank's businesses. Further, it would allow for the continuity of the Bank's core business lines pending the ultimate disposition and resolution of the bridge bank because:

- The bridge bank would have, or have access to, all of the assets, personnel, shared services, systems and other operations that it requires to continue operating the Bank's core business lines;
- The bridge bank would have substantial positive equity upon its establishment, in view of the ability of the FDIC to "leave behind" as claims in the receivership those liabilities that are not essential to the continuation of the bridge bank's operations;

- Drawing upon the Bank's highly liquid balance sheet, the bridge bank would have sufficient liquidity to maintain the Bank's core business lines for a sufficient period of time to permit the bridge bank to transition them to new ownership in an orderly manner, or for clients themselves to transition their relationships to other institutions of their choice;
- It would keep the Bank and its branches and subsidiaries intact, as discussed below, and as a result, would permit the Bank and its branches and subsidiaries to continue operations in largely the same manner as prior to resolution;
- The bridge bank would be able to continue to utilize the services of the Bank's affiliates, and in particular its material service company affiliates, pursuant to intercompany agreements; and
- The bridge bank would have the resources to continue to comply with the requirements of financial market utilities, like payment, clearing and settlement systems, which we anticipate would generally continue to provide services to the bridge bank when possible without undue risk.

Assets and liabilities of the Bank's branches—including the Brussels Branch and the London Branch—would be transferred to the bridge bank. In addition, it is anticipated that the equity of subsidiaries of the Bank—including BNY Mellon SA/NV, BNYMIL, GSS Corp., TSG, TPC, TPL, BNY Mellon India Ops, BNY Investment Management Services and BNY Mellon Investment Servicing—would also be transferred to the bridge bank. These entities would thus become subsidiaries of the bridge bank.

We believe that keeping the Bank and its branches and subsidiaries intact via a transfer to a bridge bank would maximize recovery values and minimize depositor concerns because it would permit the Bank and its branches and subsidiaries to continue operations in largely the same manner as prior to resolution and allow for the continuity of core business lines. Moreover, as each of the Bank-owned internal service providers—including TSG, TPC, TPL, BNY Mellon India Ops, BNY Investment Management Services, and BNY Mellon Investment Servicing—support various core business lines, transferring these entities to an operating bridge bank would allow for these service companies to remain solvent, stay out of resolution proceedings and continue providing services.

Resulting Organization Upon Completion of Resolution Process

Once the bridge bank has been established, there are a number of options regarding the disposition of the businesses that were conducted by the Bank and its branches and subsidiaries. We believe that, in the circumstances and under the assumptions reflected in our IDI Plan, sales of particular business lines to either existing competitors or new entrants into our existing markets would be the most efficient way of disposing of our operations while maintaining continuity. After such sales have been executed, we anticipate that the FDIC would wind down the bridge bank and distribute any proceeds to creditors according to the priority of their claims.Our IDI Plan also addresses, in addition to our strategy reflecting separate sales of core business lines via one or more purchase and assumption transactions, strategies reflecting a solvent wind-down of our operations, a liquidation of the Bank and a pay-off of our deposits, and a public offering of a bank formed to acquire or operate a subset of our businesses.

4 RESOLUTION PLANNING GOVERNANCE

BNY Mellon has dedicated significant firm-wide resources to develop and embed resolvability principles into the firm's operating model. Figure 4-1 displays the firm's Resolution Planning Governance Structure, which leverages established roles and responsibilities and committee charters for the global management of risk and incorporates enhancements designed to address resolution planning specifically—integrating resolution considerations into the management and oversight of all of the firm's operations.

Figure 4-1: Resolution Planning Governance Structure

From top to bottom, the firm's resolution planning governance structure consists of:

- **Board of Directors**: The Parent's board of directors has oversight over the firm's resolution planning efforts. The Bank's board of directors has ultimate responsibility for approving our IDI Plan; the Finance Committee of the Bank's board of directors also provided oversight of our IDI Plan.
- **Senior Risk and Controls Committee**: The Senior Risk and Controls Committee is the most senior management body responsible for evaluating and providing strategic direction on emerging risk issues, including issues that pertain to resolvability.
- **Resolvability Steering Committee**: Composed of various members of senior leadership, the Resolvability Steering Committee provides strategic direction, oversight and coordination for the firm's resolution planning efforts, and escalates topics as appropriate, as shown above in Figure 4-1.
- **Resolvability Leadership Team**: The Resolvability Leadership Team—which includes members of the Office of Recovery and Resolution Planning, Corporate Program Management Office, and Legal—provides direction to, and monitoring of, the workstreams and projects related to

resolution planning, including our IDI Plan. It is also tasked with identifying key strategic issues and execution risks and raising them to the Resolvability Steering Committee as appropriate.

Controls

BNY Mellon has established rigorous project management controls and completed independent review exercises to ensure adherence to BNY Mellon's Recovery and Resolution Planning Policy, which outlines governance roles and responsibilities for recovery and resolution planning. In addition, BNY Mellon's Internal Audit department conducted a review of the firm's 2018 IDI Resolvability Program, which was formed with the objective of executing project plans in support of our IDI Plan.

5 OTHER BACKGROUND INFORMATION

This section contains the following background information:

- **Section 5.1**: The Bank's core business lines and material entities;
- **Section 5.2**: A summary of financial information regarding the Bank's assets, liabilities, capital and major funding sources;
- **Section 5.3**: The Bank's derivatives and hedging activities;
- **Section 5.4**: A description of the Bank's membership in material payment, clearing and settlement systems;
- **Section 5.5**: A description of the Bank's foreign operations;
- **Section 5.6**: A description of the Bank's material supervisory authorities;
- **Section 5.7**: The Bank's principal officers; and
- **Section 5.8**: A description of the Bank's material management information systems.

5.1 OUR CORE BUSINESS LINES AND MATERIAL ENTITIES

For resolution planning purposes, we must designate certain of the Bank's business lines as core business lines and certain of our entities as material entities. For purposes of our IDI Plan, our core business lines are business lines of the Bank that would lead to a material loss of revenue, profit or franchise value to the Bank if discontinued, and our material entities are entities that are important to the activities of our core business lines or critical services.

Making these designations allows us to focus our resolution planning efforts on the business lines that are important to the Bank's revenue, profitability and franchise value, as well as the entities that are important to these core business lines. We make these determinations following a rigorous, well-defined process. Please refer to Section 2 for an overview of how we designate our core business lines and material entities. Our rationale for designating each material entity is provided in Section 5.1.2.

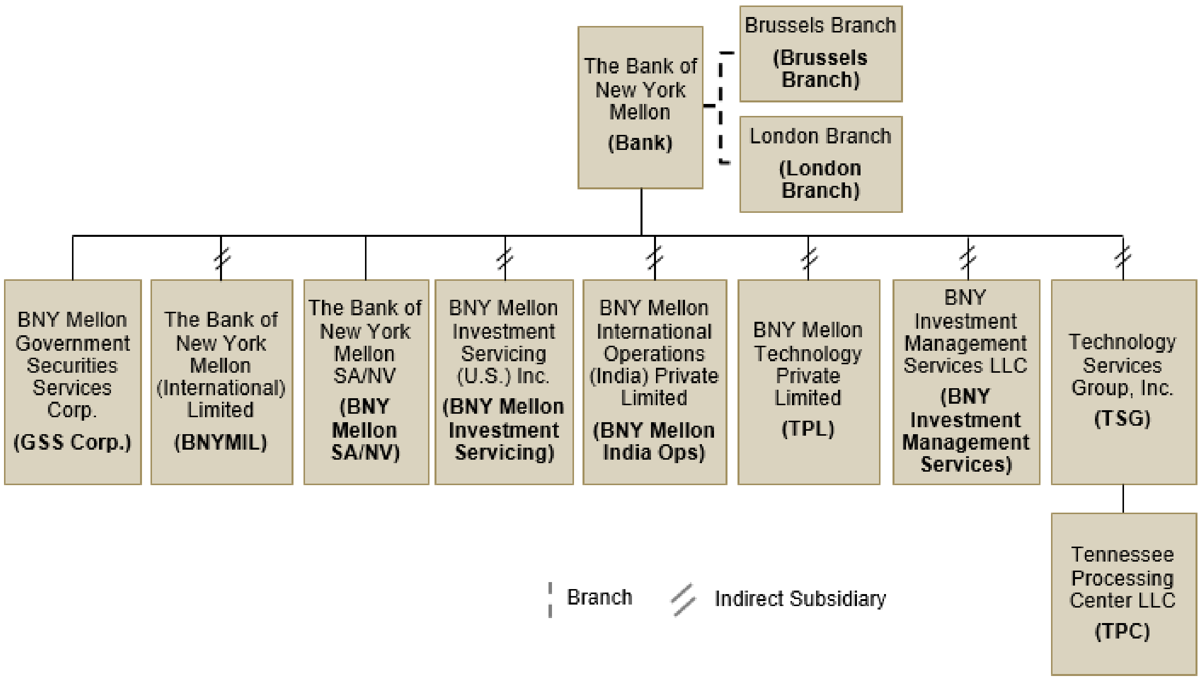
5.1.1 CORE BUSINESS LINES

Please refer to Section 2 for a description of the Bank's core business lines.

5.1.2 MATERIAL ENTITIES

The entities described below are our material entities for purposes of our IDI Plan. Figure 5.1-1 below is a pictorial representation of the organizational structure of our material entities.

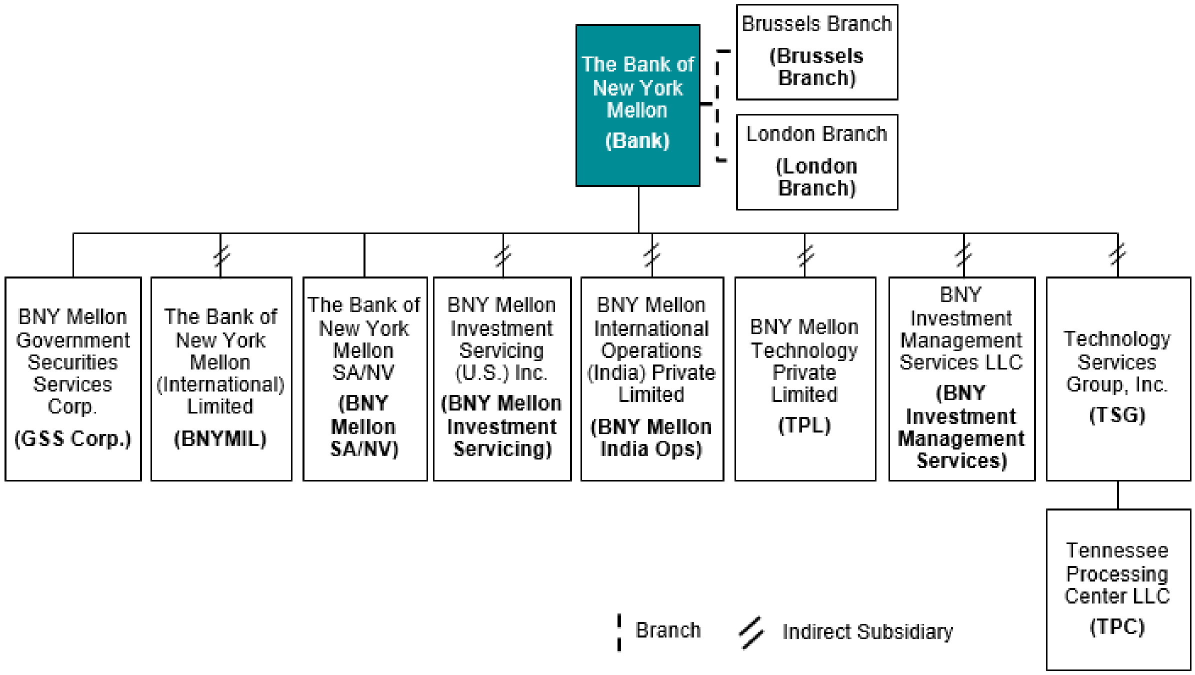
Figure 5.1-1: High-Level Organizational Structure of Material Entities



BNY MELLON

Banks and Other Operating Entities

The Bank of New York Mellon



The Bank, which is 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 New York State Department of Financial Services. The Bank has 15 foreign branches and various subsidiaries.

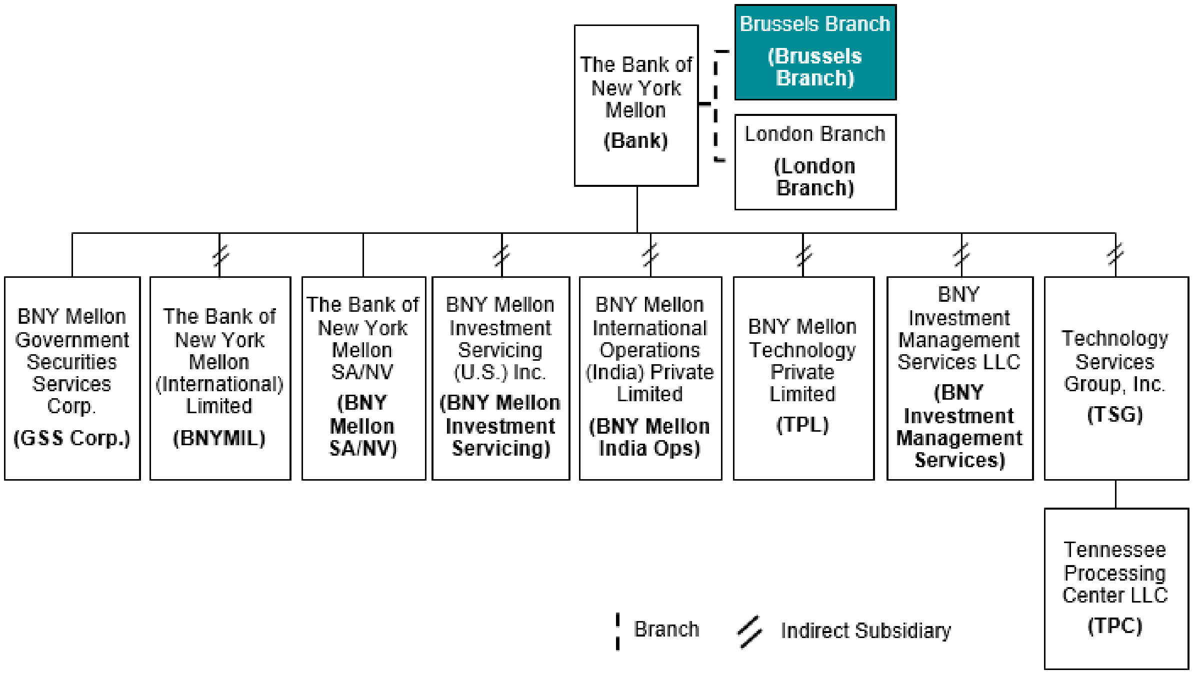
The Bank's material assets consist of cash, interest-bearing deposits, available-for-sale/held-to-maturity securities and loans. Its primary liabilities are deposits. For more information regarding the balance sheet of the Bank, please see Section 5.2 below. The Bank had $26.6 billion in total bank equity capital as of December 31, 2017. For the 12 months ended December 31, 2017, the Bank had net income of $2.5 billion. The Bank is largely self-funded through deposits received from its clients.

The Bank has operational dependencies on our other material entities, including the Brussels Branch and BNY Mellon SA/NV, as more fully described in the applicable material entity descriptions provided below. The Bank also relies on information technology infrastructure and support from TSG, TPC and TPL, as well as operational support through BNY Mellon India Ops. The Bank has been designated a material entity because it is the covered insured depository institution subject to the IDI Rule.

Additional information related to the financial condition of the Bank is contained in its Report of Condition and Income (Call Report) available at the Federal Financial Institutions Examination Council website at www.ffiec.gov.

Banks and Other Operating Entities

The Bank of New York Mellon – Brussels Branch



The Brussels Branch is a branch of the Bank and provides mainly global custody and global clearing services for institutional clients primarily located in Asia and the United States. The Brussels Branch is supervised by the National Bank of Belgium and the Belgian Financial Services and Market Authority and is also regulated by the Federal Reserve.

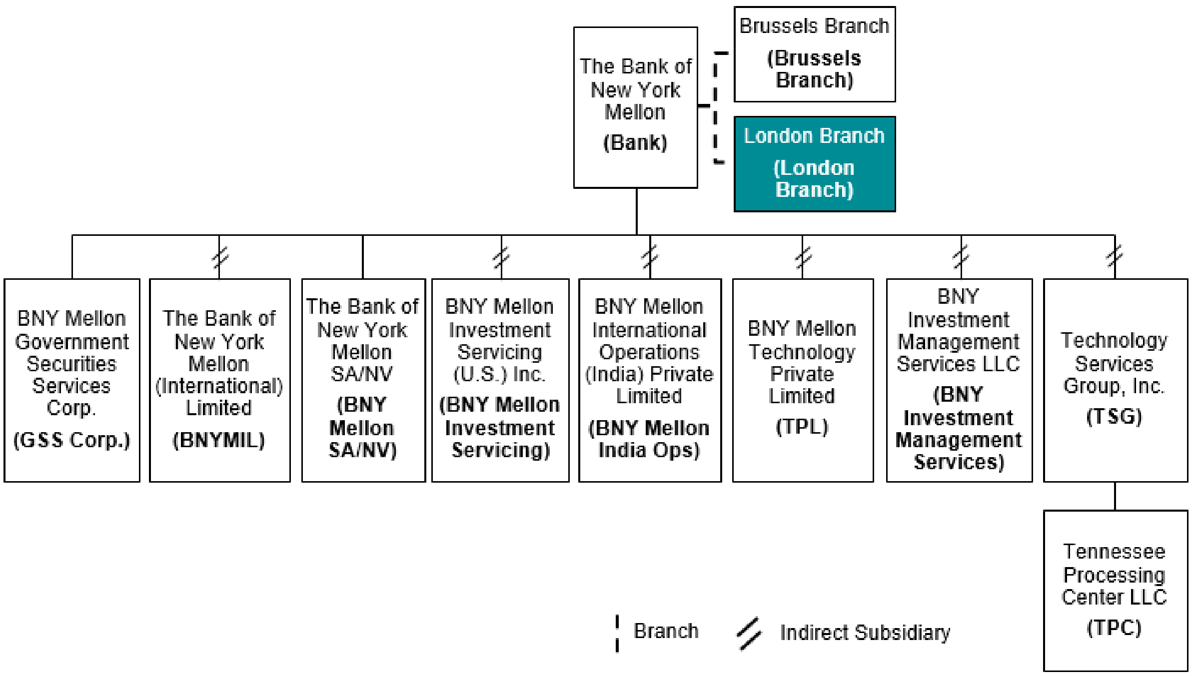
The Brussels Branch's primary assets are amounts due from affiliates that exist as a result of movements of excess deposits from the Brussels Branch to BNY Mellon SA/NV and other branches of the Bank. Generally, excess deposits of the Brussels Branch are invested with BNY Mellon SA/NV and other branches of the Bank in demand deposit accounts. Material liabilities of the Brussels Branch consist primarily of deposits received from its Asset Servicing clients. As a branch of the Bank, the Brussels Branch has no independent equity capital. The Brussels Branch does not have direct access to FMI. Similar to other legal entities with indirect access to FMI, the Brussels Branch may generate intraday liquidity needs due to timing mismatches related to client-related PCS activities. These intraday liquidity needs are supported by our other legal entities with direct financial market utility membership or agent bank contractual relationships.

Our material entities have operational dependencies on the Brussels Branch, including the provision of asset servicing services, consisting of the servicing and safekeeping of global assets via global sub-custodian and directly owned networks, to some clients of the Bank. The Brussels Branch also has operational dependencies on our other material entities, including BNY Mellon SA/NV, as more fully described in the BNY Mellon SA/NV material entity description provided below. The Brussels Branch receives information technology infrastructure and support from TSG, TPC and TPL, as well as operational support from BNY Mellon India Ops through its reliance on BNY Mellon SA/NV.

The Brussels Branch has been designated a material entity because it is significant to the activities of our Asset Servicing core business line, providing investment and banking services.

Banks and Other Operating Entities

The Bank of New York Mellon – London Branch



The London Branch is a branch of the Bank that extends the geographical reach of the Bank by providing services to its local and international client base. The London Branch is subject to regulation by the Prudential Regulation Authority and Financial Conduct Authority, as well as the Federal Reserve. The London Branch provides asset servicing and corporate trust services and is also engaged in BNY Mellon's Depositary Receipts, Wealth Management and Markets businesses.

The London Branch's primary assets are interest bearing placements with banks, securities and balances due from affiliates. Material liabilities of the London Branch primarily consist of deposits associated with its asset servicing and corporate trust activities. The London Branch's role in facilitating the flow of funds throughout the firm, and acting as the EMEA regional hub for Sterling liquidity, leads to material placement and deposit balances with affiliates. As a branch of the Bank, the London Branch has no independent equity capital.

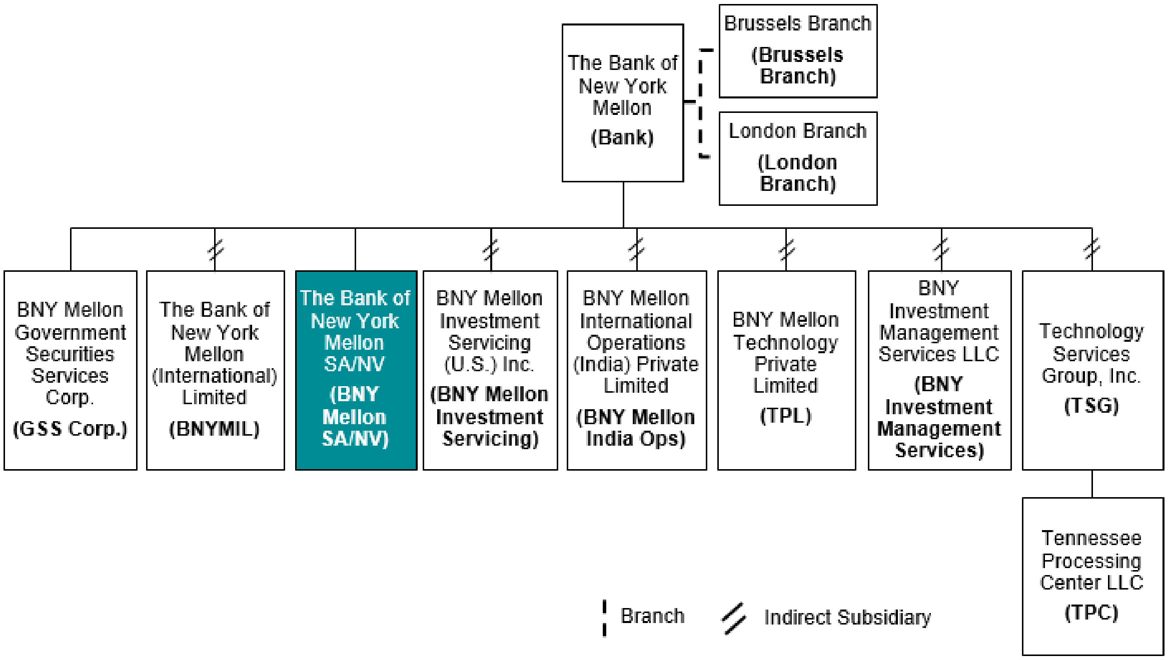
The London Branch retains a sufficient inventory of unencumbered liquid assets to meet its liquidity obligations, including intraday obligations. The London Branch's excess funds are maintained on deposit with the Bank for corporate treasury centralized management, with the amounts being repayable on demand should funds be required at short notice.

Other material entities have operational dependencies on the London Branch, including the provision by the London Branch of (1) securities lending services and global corporate trust services to the Bank's clients, and (2) securities lending services for BNY Mellon SA/NV. The London Branch has operational dependencies on our other material entities, including BNY Mellon SA/NV, as more fully described in the BNY Mellon SA/NV material entity description provided below. The London Branch also relies on information technology infrastructure and support from TSG, TPC and TPL, as well as operational support through BNY Mellon India Ops.

The London Branch has been designated a material entity because it is significant to the activities of our Asset Servicing and Corporate Trust core business lines.

Banks and Other Operating Entities

The Bank of New York Mellon SA/NV



BNY Mellon SA/NV is the main banking subsidiary of the Bank in continental Europe. It is authorized and regulated as a credit institution by the National Bank of Belgium and is also supervised by the European Central Bank. BNY Mellon SA/NV has its principal office in Brussels and branches in Amsterdam, Dublin, Frankfurt, London, the City of Luxembourg, Paris and Milan.

BNY Mellon SA/NV's activities primarily consist of providing asset servicing products focused on global custody and collateral management. In addition, it provides corporate trust services through its branch in Dublin, performs specific functions related to global securities service delivery including client onboarding and custody, and provides services to BNY Mellon's Markets business, including collateral management and segregation services and foreign exchange services.

BNY Mellon SA/NV plays an important part in facilitating the movement of funds and securities settlement throughout the firm and receives significant cash balances from our other entities. Accordingly, its balance sheet reflects significant due to affiliate liabilities as well as deposit liabilities primarily related to asset servicing activities. Consistent with the characteristics of its underlying liabilities, BNY Mellon SA/NV's assets are primarily balances due from affiliates, available-for-sale securities, and placements through which excess funds received are invested. BNY Mellon SA/NV retains a sufficient inventory of unencumbered liquid assets to meet its liquidity obligations, including intraday obligations.

Our material entities have operational dependencies on BNY Mellon SA/NV, including the provision by BNY Mellon SA/NV of (1) operational services related to global collateral management and global securities operations services for our clients, including support to the London Branch's clients, and (2) operational activities on behalf of the Brussels Branch.

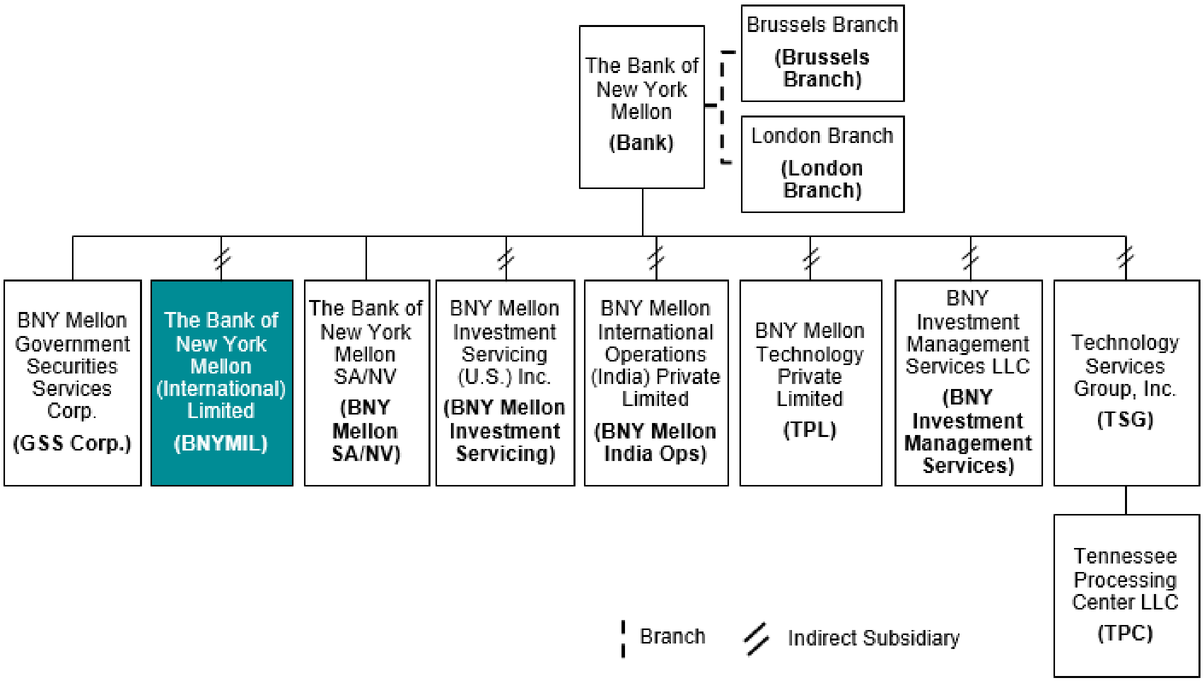
BNY Mellon SA/NV has operational dependencies on the Bank and its material entity subsidiaries, including information technology infrastructure and support from TSG, TPC and TPL, as well as operational support from BNY Mellon India Ops.

BNY Mellon SA/NV has been designated a material entity because it is a key banking entity supporting our Asset Servicing and Corporate Trust core business lines.

Additional information related to BNY Mellon SA/NV is contained in its 2017 Pillar 3 Disclosure published in accordance with the requirements of the National Bank of Belgium, available at www.bnymellon.com.

Banks and Other Operating Entities

The Bank of New York Mellon (International) Limited



BNYMIL, a U.K.-based indirect subsidiary of the Bank, provides custody, depository, transfer agency and fund accounting services in support of our Asset Servicing business. BNYMIL's business is headquartered in London, England, with a branch in Luxembourg.

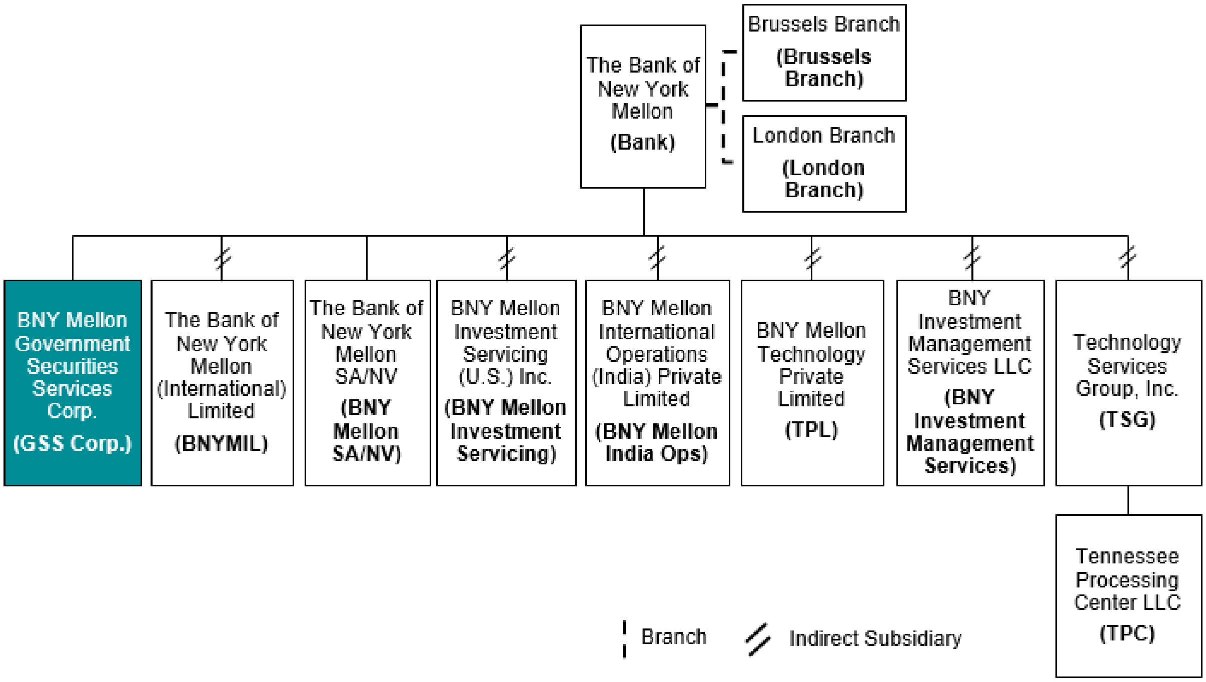
BNYMIL's primary material assets are interest-bearing deposits with banks. This includes deposits placed with the Bank of England, a small number of highly rated external financial institutions, and placements with other affiliated entities. Material liabilities of BNYMIL are comprised primarily of client deposits. These deposits are a combination of deposits placed by Asset Servicing clients and intercompany deposits from other affiliated entities. BNYMIL does not require external funding and seeks to maintain a very liquid balance sheet at all times.

Our material entities have operational dependencies on BNYMIL, as it has significance to our Asset Servicing business. All operations of BNYMIL are outsourced to other entities, predominantly the London Branch. Information technology infrastructure, development and support from TPG, TPC and TPL and operational support from BNY Mellon India Ops and BNY Mellon SA/NV are provided to BNYMIL via the London Branch.

BNYMIL has been designated a material entity because of its significance to our Asset Servicing core business line.

Banks and Other Operating Entities

BNY Mellon Government Securities Services Corp.



GSS Corp., a Delaware corporation and a direct subsidiary of the Bank, houses personnel, processes and technology involved in U.S. government securities clearing and settlement and U.S. tri-party repo clearing and settlement services. GSS Corp. provides services to the Bank and other entities of the firm and has no external clients. GSS Corp. is headquartered in New York, New York.

GSS Corp.'s primary assets are cash and cash equivalents and capitalized system software, and its primary liabilities consist of an intercompany loan from the Bank that represents approximately 50% of its total liabilities and deferred tax liabilities, which are related to systems transferred from the Bank required to support the U.S. government securities clearing and settlement and U.S. tri-party repo clearing and settlement operational activities.

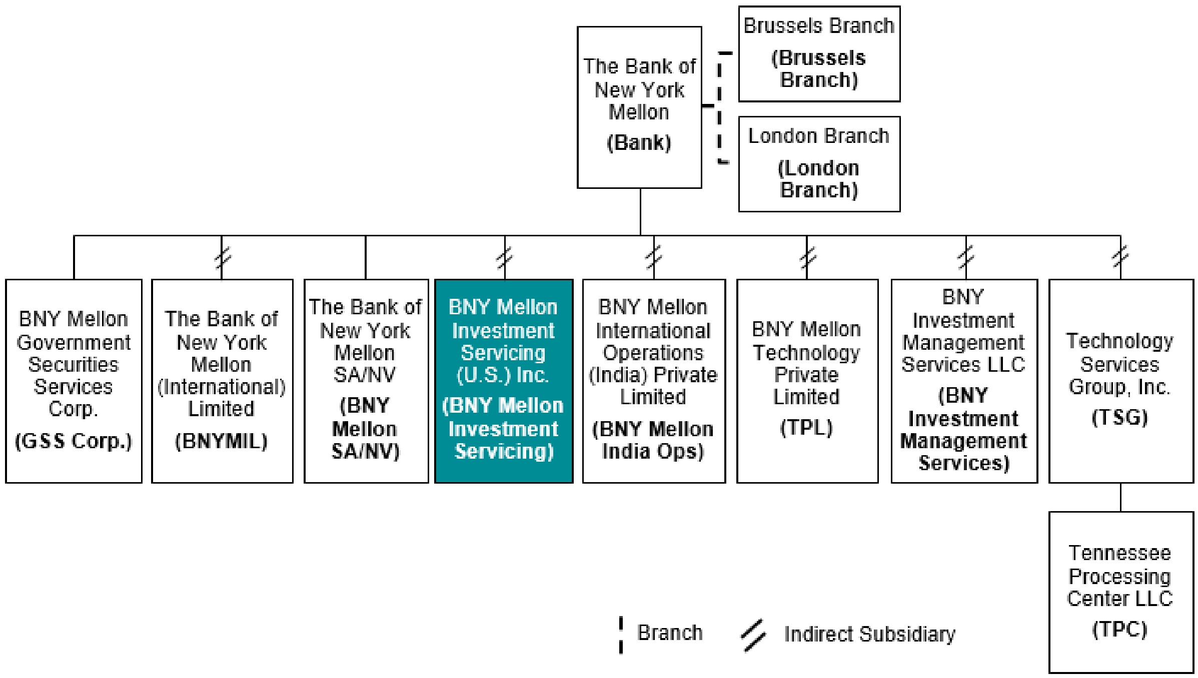
Revenue for GSS Corp. is earned through performing the processing activities necessary to complete transactions between the Bank and its clients related to U.S. government securities clearing and settlement and U.S. tri-party repo clearing and settlement.

Our material entities have operational dependencies on GSS Corp., as it houses key operations required to execute U.S. government securities clearing and settlement and U.S. tri-party repo clearing and settlement services. GSS Corp. is reliant on operational support from BNY Mellon India Ops, the London Branch, and BNY Mellon SA/NV, information technology infrastructure and support from TSG, TPC and TPL, and the Bank for access to certain critical services and assets.

GSS Corp. has been designated a material entity because of its operational and technological significance to our Broker-Dealer Services core business line.

Service Entities

BNY Mellon Investment Servicing (US) Inc.



BNY Mellon Investment Servicing, a Massachusetts corporation and indirect subsidiary of the Bank, offers transfer agency, document solutions and ClearSky services (mutual fund “blue sky” filing services) in support of our Asset Servicing business. BNY Mellon Investment Servicing is headquartered in Wilmington, Delaware.

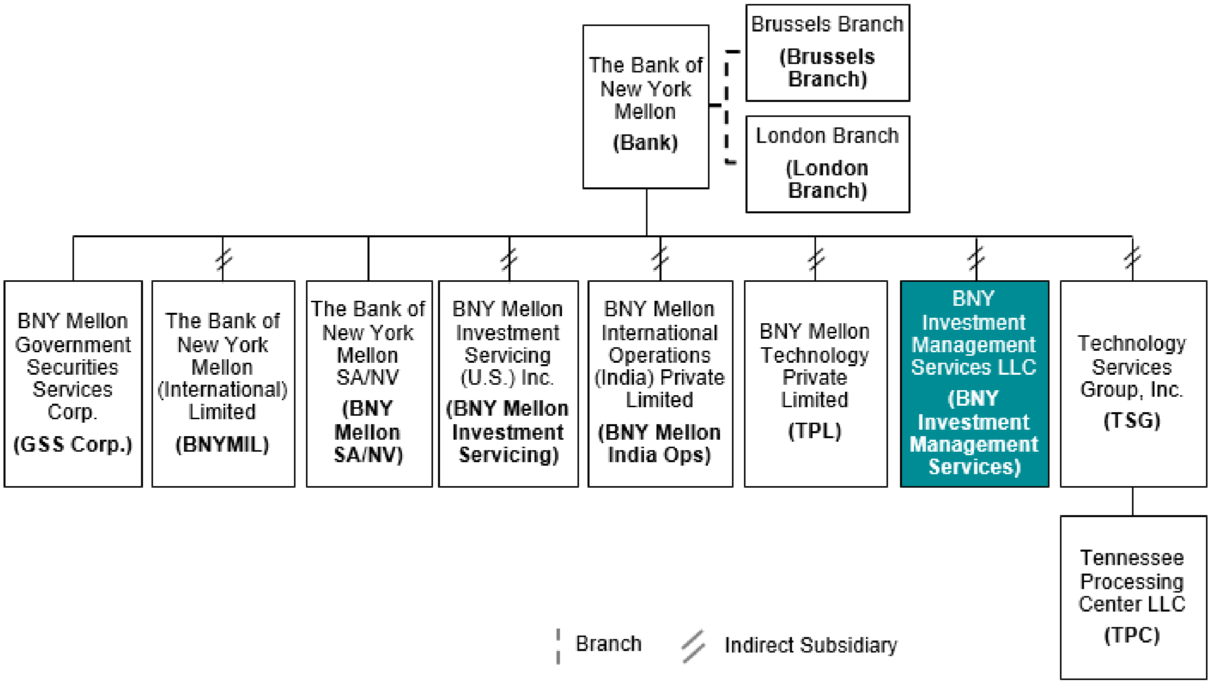
BNY Mellon Investment Servicing’s primary assets are cash and goodwill and intangibles, and its primary liabilities consist of accrued expenses and other current liabilities. BNY Mellon Investment Servicing does not have significant balance sheet funding requirements. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities have operational dependencies on BNY Mellon Investment Servicing, including the provision by BNY Mellon Investment Servicing of operational support services to our Asset Servicing business. BNY Mellon Investment Servicing has operational dependencies on our other material entities, including the Bank for various settlement and reconciliation services. BNY Mellon Investment Servicing also relies on information technology infrastructure and support from TSG, TPC and TPL, as well as operational support through BNY Mellon India Ops.

BNY Mellon Investment Servicing has been designated a material entity because of its operational significance to our Asset Servicing core business line.

Service Entities

BNY Investment Management Services LLC



BNY Investment Management Services, a Delaware limited liability company and indirect subsidiary of the Bank, provides operational support to our Asset Servicing business, as well as to our funds transfer operations. BNY Investment Management Services maintains a sizable presence in Lake Mary and Orlando, Florida.

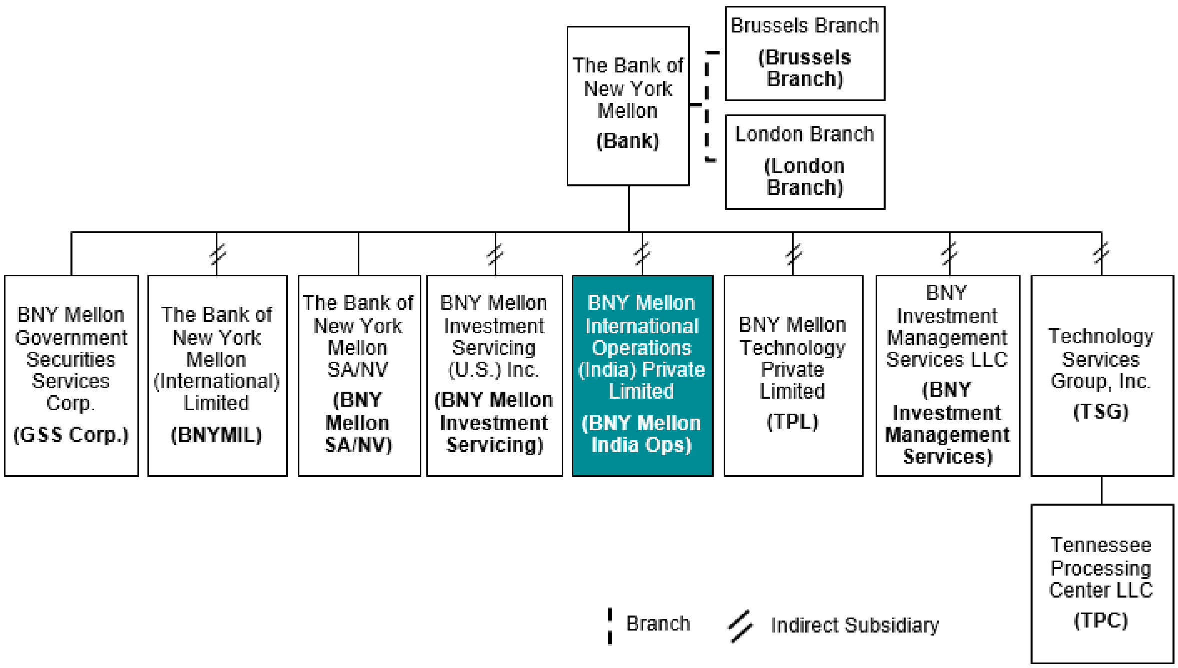
BNY Investment Management Services' primary assets are interest-bearing deposits with affiliated banks and accounts receivable and other assets. BNY Investment Management Services' primary liabilities include accounts payable and accrued taxes and other expenses. BNY Investment Management Services does not have significant balance sheet funding requirements. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities have operational dependencies on BNY Investment Management Services, including the provision by BNY Investment Management Services of operational support services to our Asset Servicing business, as well as to our funds transfer operations. BNY Investment Management Services has operational dependencies on our other material entities, including information technology infrastructure and support from TSG, TPC and TPL.

BNY Investment Management Services has been designated a material entity because of its operational significance to our Asset Servicing core business line.

Service Entities

BNY Mellon International Operations (India) Private Limited



BNY Mellon India Ops, a private limited company organized in India and an indirect subsidiary of the Bank, is a service entity providing operational support, primarily middle- and back-office support, to our businesses. BNY Mellon India Ops has locations in Chennai and Pune, India.

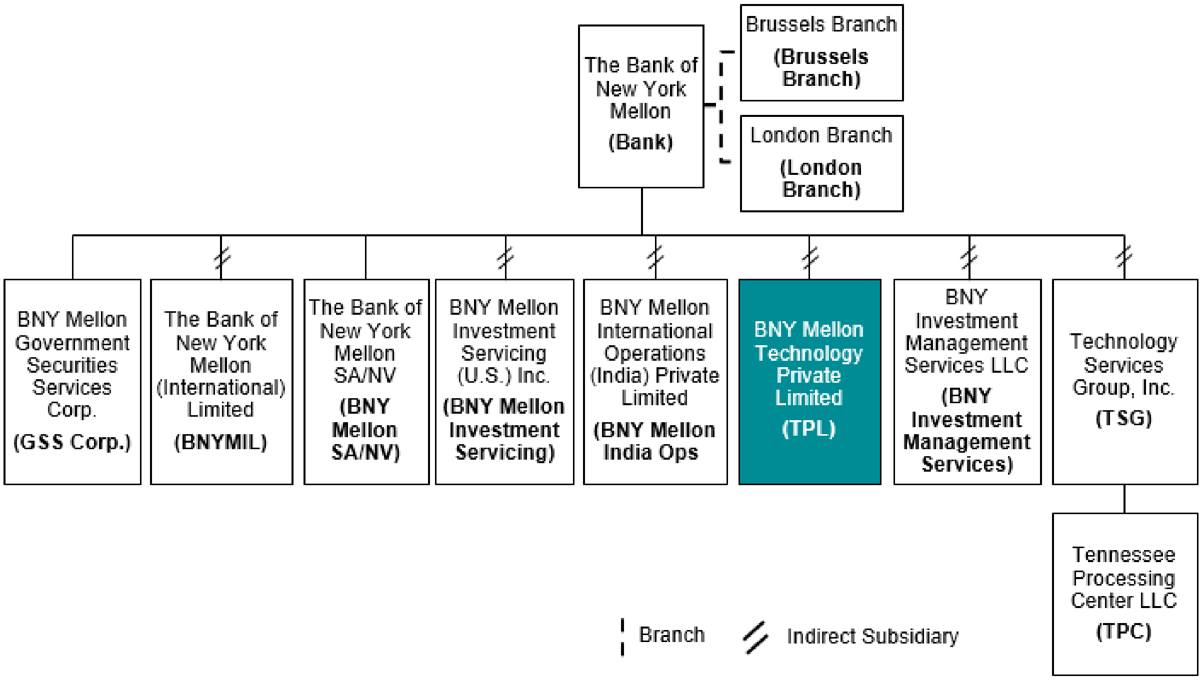
BNY Mellon India Ops' primary assets are cash, interest-bearing deposits, premises and equipment and accounts receivable. Other assets largely consist of prepaid expenses related to corporate taxes, deposits and advanced payments on employee medical insurance plans. BNY Mellon India Ops' primary liabilities include accounts payable and accrued taxes and other liabilities. BNY Mellon India Ops does not have external debt and is primarily equity funded. BNY Mellon India Ops generally relies on revenues generated from services performed for our affiliates for funding. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities and BNY Mellon India Ops have operational dependencies on each other, including information technology infrastructure and support to BNY Mellon India Ops through TSG, TPC and TPL and operational support from the London Branch and BNY Mellon Investment Servicing.

BNY Mellon India Ops has been designated a material entity because of its operational significance to several of the Bank's businesses.

Service Entities

BNY Mellon Technology Private Limited



TPL, a private limited company organized in India and an indirect subsidiary of the Bank, provides technology development, business and technology operations and remote infrastructure management services for our businesses. TPL also develops and delivers comprehensive technology solutions and software development products for our clients. TPL has locations in Chennai and Pune, India.

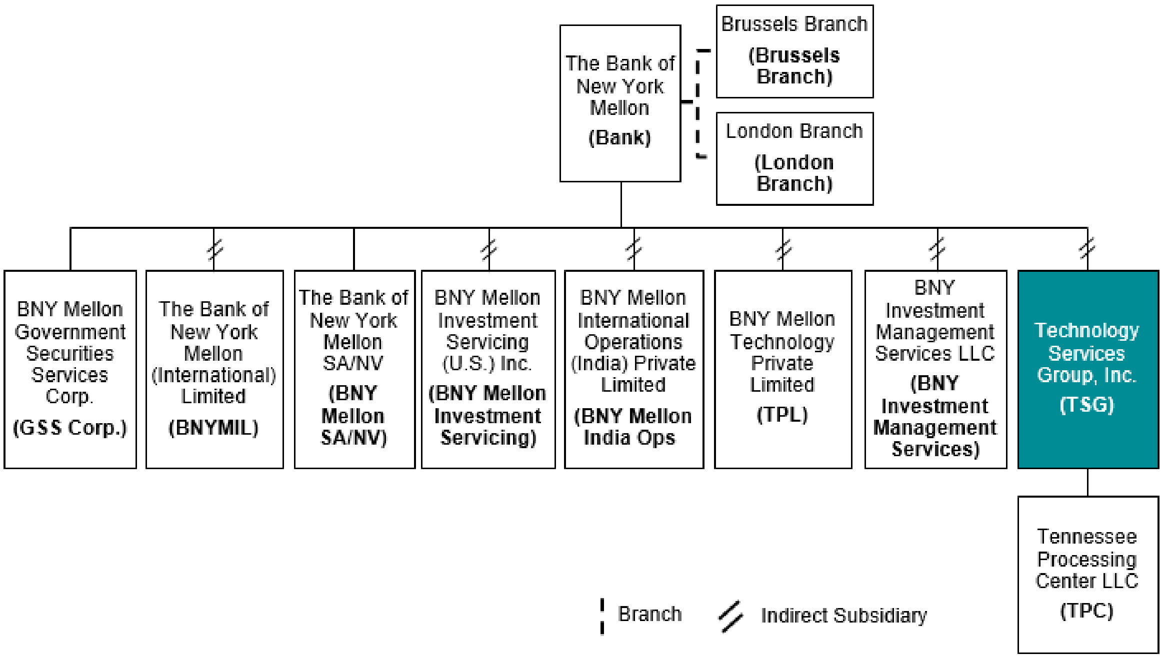
TPL's primary assets are interest-bearing deposits, accounts receivable, and premises and equipment. TPL's liabilities include accounts payable and accrued taxes and other liabilities. TPL does not have external debt and is primarily equity funded. TPL generally relies on revenues generated from services performed for our affiliates for funding. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities have operational dependencies on TPL, as TPL is a service entity providing information technology infrastructure and support to our businesses. TPL has operational dependencies on our other material entities, including information technology infrastructure and support from TSG and TPC.

TPL has been designated a material entity because of its information technology servicing support to much of the firm, including the Bank.

Service Entities

Technology Services Group, Inc.



TSG, a New York corporation and indirect subsidiary of the Bank, owns and operates technology infrastructure that supports our businesses. TSG is headquartered in Jersey City, New Jersey.

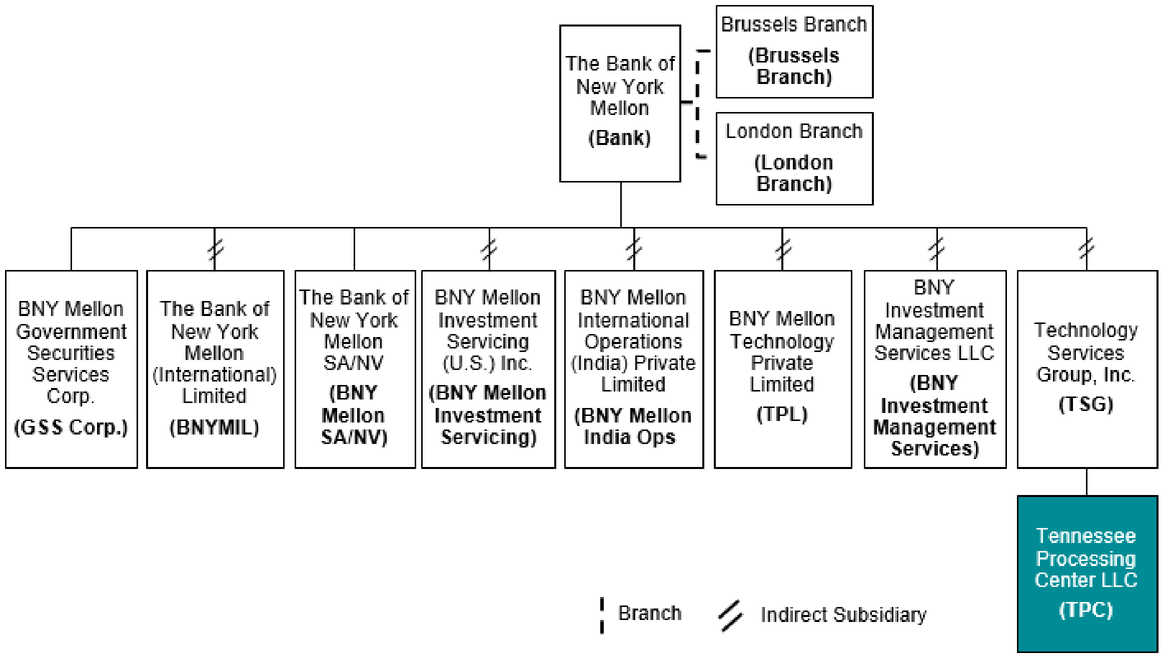
TSG's primary assets are accounts receivable, non-interest bearing assets due from affiliates, and premises and equipment. TSG's primary liabilities include accounts payable, borrowed funds, and accrued taxes and other expenses. TSG generally relies on revenues generated from services performed for our affiliates for funding. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities have operational dependencies on TSG, as TSG is a service entity providing information technology infrastructure and support to our businesses. TSG has operational dependencies on our other material entities, including staff support from TPL, BNY Mellon India Ops and the London Branch, as well as staff and hardware support from TPC.

TSG has been designated a material entity because of its technology servicing support to much of the firm, including the Bank.

Service Entities

Tennessee Processing Center LLC



TPC, a Delaware limited liability company and wholly-owned subsidiary of TSG, owns and operates technology infrastructure that supports our businesses. TPC is headquartered in Nashville, Tennessee.

TPC's primary assets are investments in premises and equipment and its primary liabilities consist of accounts payable. TPC generally relies on revenues generated from services performed for our affiliates for funding. In order to ensure they are in a financial position to maintain the continuity of their operations, we have pre-funded our internal service providers with at least six months of working capital.

Our material entities have operational dependencies on TPC, as TPC is a service entity providing information technology infrastructure and support to our businesses. TPC has operational dependencies on our other material entities, including staff support from TPL and TSG and remote support from BNY Mellon India Ops and the London Branch.

TPC has been designated a material entity because of its ownership of technology that in turn supports much of the firm, including the Bank.

5.2 SUMMARY OF FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

The table below provides a consolidated balance sheet for the Bank as of December 31, 2017.

(dollar amounts in millions)

Assets	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$4,671
Interest-bearing balances	103,042
Securities:	
Held-to-maturity securities	40,315
Available-for-sale securities	75,943
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	0
Securities purchased under agreements to resell	14,998
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases held for investment	29,491
LESS: Allowance for loan and lease losses	133
Loans and leases held for investment, net of allowance	29,358
Trading assets	3,358
Premises and fixed assets (including capitalized leases)	1,388
Other real estate owned	4
Investments in unconsolidated subsidiaries and associated companies	585
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,390
Other intangible assets	834
Other assets	16,419
Total assets	$297,305
Liabilities	
Deposits:	
In domestic offices	$127,898
Non-interest bearing	77,656
Interest-bearing	50,242
In foreign offices, Edge and Agreement subsidiaries, and IBFs	121,992
Non-interest bearing	5,485
Interest-bearing	116,507
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	4,917
Securities sold under agreements to repurchase	1,401
Trading liabilities	2,775
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	4,542
Subordinated notes and debentures	515
Other liabilities	6,284
Total liabilities	270,324

(dollar amounts in millions)

Equity Capital	
Perpetual preferred stock and related surplus	0
Common stock	1,135
Surplus (excludes all surplus related to preferred stock)	10,764
Retained earnings	15,872
Accumulated other comprehensive income	(1,140)
Other equity capital components	0
Total bank equity capital	26,631
Non-controlling (minority) interests in consolidated subsidiaries	350
Total equity capital	26,981
Total liabilities and equity capital	$297,305

Source: Federal Financial Institutions Examination Council Call Report, December 2017.

5.2.1 OUR CAPITAL IN BAU

The table below provides regulatory capital ratios for the Bank as of December 31, 2017.

	Well Capitalized	Minimum Required *(a)*	Capital Ratios
The Bank of New York Mellon regulatory capital ratios *(b)*			
Advanced Approach:			
CET1 ratio	6.5%	5.75%	**14.1%**
Tier 1 capital ratio	8	7.25	**14.4**
Total (Tier 1 plus Tier 2) capital ratio	10	9.25	**14.7**
Leverage capital ratio	5	4	**7.6**
SLR *(c)*	6	3	**6.9**
Selected regulatory capital ratios – fully phased-in – Non-GAAP			
Estimated SLR	6%	3%	**6.7%**

Source: 2017 Annual Report.

(a) *Minimum requirements for December 31, 2017 include Basel III minimum thresholds plus currently applicable buffers. See page 57 of the Parent's 2017 Annual Report for the minimum ratios with buffers phased in to 2018 levels.*

(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 leverage capital ratio is based on Tier 1 capital, as phased-in and quarterly average total assets.*

(c) *SLR became a binding measure on January 1, 2018. The SLR is based on Tier 1 capital, as phased in, and average quarterly assets and certain off-balance sheet exposures.*

The following table presents the amount of capital by which the Bank exceeded the capital thresholds determined under the transitional rules at Dec. 31, 2017.

Capital above thresholds at Dec. 31, 2017 *(in millions)*	**The Bank of New York Mellon** *(a)*
CET1	$10,848
Tier 1 capital	9,112
Total capital	6,717
Leverage capital	7,001

Source: 2017 Annual Report.

(a) *Based on well capitalized standards.*

Capital ratios vary depending on the size of the balance sheet at year-end and the level and types of investments in assets. The balance sheet size fluctuates from year to year based on levels of customers 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.

5.2.2 FUNDING AND LIQUIDITY IN BAU

This section discusses the Bank' funding and liquidity position as well as ongoing efforts to manage liquidity risk in BAU.

The Bank funds itself in BAU primarily through deposits and, to a lesser extent, other short-term borrowings. Short-term borrowings consist of federal funds purchased and securities sold under repurchase agreements, payables to clients and broker-dealers and other borrowed funds. Certain other borrowings, for example, securities sold under repurchase agreements, require the delivery of securities as collateral.

The Bank's overall approach to liquidity management is to have sources of liquidity that are sufficient in amount and diversity such that changes in funding requirements at the Bank can be accommodated routinely without material adverse impact on earnings, capital, daily operations or financial condition.

The Bank seeks to maintain an adequate liquidity cushion in both normal and stressed environments and seeks to diversify funding sources by line of business, client and market segment. In addition, the Bank monitors and controls liquidity exposures and funding needs within and across branches, currencies and business lines.

Additionally, the Bank seeks to maintain liquidity ratios within approved limits and liquidity risk tolerance, maintain a liquid asset buffer that can be liquidated, financed and/or pledged as necessary, and control the levels and sources of wholesale funds. Moreover, the Bank also manages potential intraday liquidity risks. The Bank monitors and manages intraday liquidity against existing and expected intraday liquidity resources (such as cash balances, remaining intraday credit capacity, intraday contingency funding and available collateral) to enable the Bank to meet the intraday obligations under normal and reasonably severe stressed conditions.

When monitoring liquidity, the Bank evaluates multiple metrics in order to have sufficient liquidity for expected and unexpected events. Metrics include cash flow mismatches, asset maturities, debt spreads, peer ratios, liquid assets, unencumbered collateral, funding sources and balance sheet liquidity ratios. The Bank monitors the LCR, as well as various internal liquidity limits, as part of its standard analysis to monitor depositor and market funding concentration, liability maturity profile and potential liquidity draws due to off-balance sheet exposure.

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

The LCR requires BNY Mellon and each of the firm's affected domestic bank subsidiaries, including the Bank, to meet an LCR of at least 100%. BNY Mellon and each of the firm's domestic bank subsidiaries were compliant with the LCR requirements throughout 2017.

The Bank also performs liquidity stress tests to evaluate whether it maintains sufficient liquidity resources under multiple stress scenarios, including by rules adopted by the Federal Reserve under the Dodd-Frank Act. Stress tests are based on scenarios that measure liquidity risks under unlikely but plausible conditions. The Bank performs these tests under various time horizons ranging from one day to one year in a base case, as well as supplemental tests to determine whether the Bank's liquidity is sufficient for severe market events and firm-specific events. Under the Bank's scenario testing program, the results of the tests indicate that the Bank has sufficient liquidity.

As part of BNY Mellon's resolution planning, the firm monitors, among other measures, the firm's Resolution Liquidity Adequacy and Positioning, or RLAP. The RLAP methodologies are designed to ensure that the liquidity needs of certain key subsidiaries, including the Bank, in a stress environment can be met by available resources held at the entity or at the Parent or IHC, as applicable.

Additional information related to BNY Mellon's assets, liabilities, capital and major funding sources is contained in BNY Mellon's reports filed with the SEC, including the 2017 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

5.3 DERIVATIVES AND HEDGING ACTIVITIES

Hedging derivatives

The Bank utilizes interest rate swap agreements to manage the firm's exposure to interest rate fluctuations. For hedges of available-for-sale investment securities, deposits and long-term debt, the hedge documentation specifies the terms of the hedged items and the interest rate swaps. The documentation also indicates that the derivative is hedging a fixed rate item and is a fair value hedge, that the hedge exposure is to the change in the fair value of the hedged item due to changes in benchmark interest rates, and that the strategy is to eliminate fair value variability by converting fixed rate interest payments to floating rate payments. The available-for-sale investment securities hedged consist of U.S. Treasury bonds, agency commercial mortgage-backed securities, sovereign debt and covered bonds that had original maturities of 30 years or less at initial purchase.

The fixed rate long-term debt instruments hedged generally have original maturities of five to 30 years. BNY Mellon issues both callable and non-callable debt. The non-callable debt is hedged with "receive fixed rate, pay variable rate" swaps.

In addition, the Bank enters into foreign exchange hedges. BNY Mellon uses forward foreign exchange contracts with maturities of 15 months or less to hedge the firm's euro, Indian rupee, British pound, Hong Kong dollar, Singapore dollar, Canadian dollar and Polish zloty foreign exchange exposure with respect to foreign currency forecasted revenue and expense transactions in entities that have the U.S. dollar as their functional currency. Forward foreign exchange contracts are also used to hedge the value of the firm's net investments in foreign subsidiaries. These forward foreign exchange contracts have maturities of less than two years. The derivatives employed are designated as hedges of changes in value of the firm's foreign investments due to exchange rates. Changes in the value of the forward foreign exchange contracts offset the changes in value of the foreign investments due to changes in foreign exchange rates.

Trading activities (including trading derivatives)

The Bank manages trading risk through a system of position limits, a VaR methodology based on historical simulation and other market sensitivity measures. Risk is monitored and reported to senior management by a separate unit, independent from trading, on a daily basis. Based on certain assumptions, the VaR methodology is designed to capture the potential overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one-day holding period, utilizes a 99% confidence level, and incorporates non-linear product characteristics. The VaR model is one of several statistical models used to develop economic capital results, which are allocated to lines of business for computing risk-adjusted performance.

As the VaR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management's assessment of market conditions. Additional stress scenarios based upon historical market events are also performed. Stress tests may incorporate the impact of reduced market liquidity and the breakdown of historically observed correlations and extreme scenarios. VaR and other statistical measures, stress testing and sensitivity analysis are incorporated in other risk management materials.

Counterparty credit risk and collateral

The Bank assesses credit risk of the firm's counterparties through regular examination of their financial statements, confidential communication with the management of those counterparties and regular monitoring of publicly available credit rating information. This and other information is used to develop proprietary credit rating metrics used to assess credit quality. Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty. Collateral is generally held or pledged in the form of cash or highly liquid government securities. Collateral requirements are monitored and adjusted daily.

Additional information related to the Bank's derivatives activities is contained in its Report of Condition and Income (Call Report) available at the Federal Financial Institutions Examination Council website at www.ffiec.gov. Additional information related to BNY Mellon's derivatives activities is contained in BNY Mellon's reports filed with the SEC, including the 2017 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

5.4 MEMBERSHIP IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

As a global financial intermediary, payment, clearing and settlement (PCS) activities are core to our business. PCS activities include all of the "behind the scenes" work that ensures that payments and other transactions mechanically work—*e.g.*, that money is actually sent from one account to another or that money is actually exchanged for securities.

Much of this activity is facilitated through financial market infrastructure (FMI). FMI consists of financial market utilities, including central securities depositories, central counterparties, securities settlement systems and payment systems, and agent banks, which we use for PCS activities. PCS activities are performed through FMI.

Continuity of our PCS activities through FMI is important. As a global custodian and financial intermediary, we support a range of financial institutions, including financial services companies, corporations, central banks, governments and others. These entities rely on us for the smooth and efficient operation of numerous cash and securities markets under all economic conditions.

We are a direct member or participant in a number of financial market utilities and depend on relationships with a network of agent banks. See Figure 5.4-1 for a list of our key FMI.

Figure 5.4-1: Key FMI

Central Counterparty	
Fixed Income Clearing Corporation – Government Securities Division	National Securities Clearing Corporation
LCH Clearnet Limited	
Central Securities Depository	
Clearstream Banking Frankfurt	Euroclear Nederland
Clearstream Banking Luxembourg	Euroclear U.K. & Ireland
Depository Trust Company	Monte Titoli
Euroclear Bank SA/NV	

Figure 5.4-1 (continued): Key FMI

Payment	
Clearing House Automated Payment System	Fedwire Funds Service
Clearing House Interbank Payments System	Fedwire Securities Service
CLS Bank International	Trans-European Automated Real-Time Gross Settlement Express Transfer System
Electronic Payments Network	
Vendor	
Society for Worldwide Interbank Financial Telecommunication	
Agent Bank	
BNP Paribas	Mizuho Bank, Ltd.
Citigroup	MUFG Bank, Ltd.
Deutsche Bank	Skandinaviska Enskilda Banken
HSBC	

5.5 DESCRIPTION OF FOREIGN OPERATIONS

The Bank's primary international activities consist of asset servicing and global payment services in its Investment Services business. The Bank has 15 foreign branches.

Additional information related to BNY Mellon's international operations is contained in BNY Mellon's reports filed with the SEC, including the 2017 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

5.6 MATERIAL SUPERVISORY AUTHORITIES

The Bank 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 New York State Department of Financial Services.

The Bank is provisionally registered as a Swap Dealer (as defined in the Dodd-Frank Act) with the CFTC, and is a member of the NFA in that same capacity. As a Swap Dealer, the Bank is subject to regulation, supervision and examination by the CFTC and the NFA.

In Europe, branches of the Bank are subject to regulation in the countries in which they are established, in addition to being subject to oversight by the U.S. regulators referred to above. BNY Mellon SA/NV is a public limited liability company incorporated under the laws of Belgium. BNY Mellon SA/NV has been granted a banking license 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 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.

The PRA regulates BNYMIL, the firm's U.K. incorporated bank, as well as the London Branch. Certain of the firm's U.K. incorporated subsidiaries are authorized to conduct investment business in the U.K.

Additional information related to supervision and regulation is contained in BNY Mellon's reports filed with the SEC, including the 2017 Form 10-K, the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K, available at www.bnymellon.com.

5.7 PRINCIPAL OFFICERS

The principal officers of the Bank are:

Charles W. Scharf Chairman and Chief Executive Officer	**Kurtis R. Kurimsky** Corporate Controller
Bridget E. Engle Chief Information Officer	**Francis (Frank) La Salla** Chief Executive Officer, Issuer Services
Thomas P. (Todd) Gibbons Chief Executive Officer, Clearing, Markets and Client Management	**J. Kevin McCarthy** General Counsel
Mitchell E. Harris Chief Executive Officer, Investment Management	**Michael P. Santomassimo** Chief Financial Officer
Monique R. Herena Chief Human Resources Officer	**Douglas H. Shulman** Head of Client Service Delivery
Hani Kablawi Chief Executive Officer, Global Asset Servicing and Chairman, Europe, Middle East and Africa	**James S. Wiener** Chief Risk Officer

5.8 DESCRIPTION OF MATERIAL MANAGEMENT INFORMATION SYSTEMS

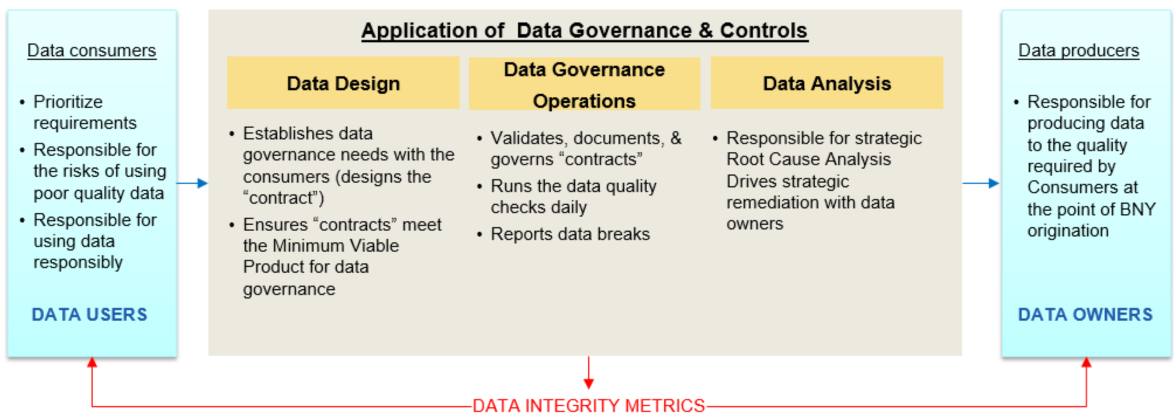
BNY Mellon has built enterprise-wide governance and infrastructure for its MIS and applications that provide a broad set of control processes and reporting capabilities on the financial health, risks and operations of the firm, including the Bank. As a result of these investments, the Bank has processes and reporting capabilities to facilitate efficient crisis response and to support the resolution of the Bank.

The firm's MIS strategy centers on data governance, robust MIS infrastructure, comprehensive reporting capabilities, and clearly defined MIS needs in resolution. As a result of these efforts, we are confident we have the MIS capabilities required to produce the information that would be necessary to resolve the Bank under the Federal Deposit Insurance Act.

Data Governance

The Bank and the rest of the firm utilize a Data Governance Framework to maintain standards for data integrity, transparency and reliability. The firm has defined an approach to data management that is designed to ensure the integrity and reliability of data. In early 2018, the firm established a Chief Data Office and hired a seasoned Chief Data Officer, with significant financial services data management experience. As shown in the figure below, there are three key components of the firm's data operating model: Data Design, Data Governance Operations, and Data Analysis.

Figure 5.8-1: BNY Mellon's Data Operating Model



Source: BNY Mellon Chief Data Office, April 2018.

MIS Infrastructure

Robust infrastructure lies at the foundation of our MIS capabilities and processes. This infrastructure supports our BAU MIS needs and would support MIS needs if the Bank were to experience stress or resolution.

The infrastructure comprises a set of disciplines, technologies, applications and procedures used to manage, harmonize and govern data acquired from core business systems. The infrastructure supports our MIS reporting activities on a daily basis. On any given day, over 200 million raw lines of data are processed through the infrastructure from transactional source systems. The centralization of sourcing and validation of data serves as the means to ensure consistency, integrity and reliability of MIS reports across the firm and facilitates the management of data throughout the data lifecycle. The firm's data standards and tools are applied throughout the MIS infrastructure.

Our MIS infrastructure includes:

- The **Enterprise Data Service** is a centralized, scalable data hub that distributes data in a cleansed, normalized and validated form to multiple down-stream consumers. Data is ingested into the Enterprise Data Service from source systems in either batch or real-time. The Enterprise Data Service standardizes the source data with enterprise standard definitions so that transactional data can be linked to the company's master reference data. As a result, users are able to consistently describe, aggregate and merge, and calculate information consumed from the Enterprise Data Service.

- The **Reference Data Hub** is a centralized data management capability that serves as the authoritative source of reference, master, market and structural data to provide consumers with consistent, validated and well-governed data. Two of the capabilities within the Reference Data Hub are primarily to support resolvability:

    - The **Legal Agreement Repository** provides an enterprise view of significant client contracts as well as a clean, efficient method of ingesting, maintaining and obtaining legal agreement information via a single enhanced search and catalog solution. The Legal Agreement Repository can filter through and report on multiple contractual dimensions across various provisions (e.g., cross defaults, change of control, and rehypothecation language).

    - The **Netting Flag Utility**, which is a central repository of netting rulesets used to determine net exposure to counterparties.

- The **Enterprise Data Warehouse** is the firm's data lake, a linear scalable platform that supports structured and unstructured data and serves as the primary component of the big data ecosystem. The Enterprise Data Warehouse provides users with multiple connectivity options for maximum flexibility and supports an open source analytics platform.

- The **Enterprise Customer Information File** is the authoritative source of client reference data used in downstream reporting for other functions such as a product or profitability master and Risk and Regulatory reporting. This platform aggregates client related records into a unique record representing the client. Through this aggregation, the Enterprise Customer Information File:

    - provides a unique profile of the involved party;

    - maps relationships between various involved parties; and

    - builds client hierarchies for Regulatory and other reporting.

MIS Reporting Capabilities

Our MIS capabilities provide critical reports and information that would be needed in the event of a resolution. These capabilities could provide information in a timely manner on items such as:

- Financial statements;
- Deposits;
- Non-deposit claimants;
- Counterparty and exposures;
- Collateral;
- Liquidity needs;
- Key personnel; and
- Information needed to facilitate a sale of assets.

6 CONCLUSION

We understand the important role that the Bank plays for its clients and the markets in which it operates, and we embrace the responsibility to manage risk every day. Resolution planning is far more than simply a compliance exercise for us.

As set forth in the firm's Title I Plan, BNY Mellon has developed a thorough, carefully considered SPOE resolution strategy with associated capabilities to make the strategy actionable. BNY Mellon believes that its Title I Plan demonstrates that, in the event of material financial stress or failure, it is prepared for a rapid and orderly resolution under the Bankruptcy Code.

While we believe that the SPOE strategy would permit the Bank to continue to operate as a going concern if it were to experience material financial stress, we also recognize the importance of preparing our IDI Plan to address how the FDIC, as receiver, could resolve the Bank, if necessary, under the Federal Deposit Insurance Act. We believe that our IDI Plan demonstrates our ability to produce the information that would be necessary, and otherwise would enable the FDIC, to resolve the Bank efficiently under the Federal Deposit Insurance Act in a manner that ensures depositors receive access to their insured deposits within one business day of the failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of its assets, and minimizes the amount of any loss to be realized by creditors in the Bank's resolution.

BNY MELLON

THE BANK OF NEW YORK MELLON
225 LIBERTY STREET
NEW YORK, NY 10286
UNITED STATES
+1 212 495 1784

bnymellon.com