

December 3, 2021

**Rating Object**

Bank of New York Mellon Corporation

**Rating incl. Outlook / Watch**

A+ / stable

**Date of Inception / Disclosure to Rated Entity / Maximum Validity:**

**Rating Object**

Bank of New York Mellon Corporation

**Date of Inception**

03.12.2021

**Disclosure to Rated Entity**

03.12.2021

**Maximum Validity**

until withdrawn

There occurred no changes after the communication of the rating to the rating object.

**Rating Summary:**

BNYM's long-term issuer rating is raised to 'A+' and the outlook is confirmed at 'stable'. The Corona crisis has not had any significant negative impact on BNYM's business model so far. In particular, the business areas of asset servicing and investment management were even able to benefit from higher volumes. The grade improvement results from the recurringly high profitability, which will be stable after the crisis.

**Primary Key Rating Driver:**

Overall, the 2020 financial year and the financial year to date up to Q3/2021 have been fairly stable compared to previous years. The earning power has deteriorated slightly compared to the previous year, the AuM volume and the asset servicing business have continued to grow, but the interest business is continuously declining. The lending business is being further restricted and is largely only used as interim financing for investments. Asset quality remains at a very good level, with the main income assets being off-balance sheet. Capital ratios are also improved and above average. After Q3 2021, income and costs have continued to increase slightly, accordingly there is little change in the 2021 to 2020 rating, so no rating deterioration is expected with the 2021 financial statements. Only the equity situation will worsen slightly in 2021 due to the high distribution of dividends. However, the main AuM and asset servicing business is expected to grow even in the crisis. The decisive factor for our rating improvement is the adjustment of our methodology, which has led to a significantly better assessment of the earnings ratios at BNYM. BNYM has benefited from its consistently good earnings power over the last few years.

**Rating Scenarios:**

*Please note: The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.*

In a scenario analysis, the bank is able to reach an "AA-" rating in the "best case" scenario and an "A-" rating in the "worst case" scenario.


Best-case scenario: AA-

We could upgrade BNYM's long-term issuer credit rating if we see BNYM continuing to outperforming its peers in regards to the time after COVID-19 crisis. In addition, a continuous improvement of the bank's capital ratios and an increase in asset quality might lead to an upgrade as well.

Worst-case scenario: A-

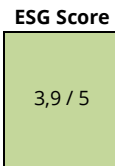
By contrast, a downgrade of BNYM's long-term issuer credit rating is likely if we see that BNYM fares significantly worse due to the time after COVID-19 crisis. A spike in risk-weighted Assets and deteriorating asset quality in general, a decrease in profitability due to significantly higher costs of personnel over the medium term and a decline in business activity would likely lead to a downgrade of the rating.

**Environmental, Social and Governance (ESG) Score Card**

**Creditreform Bank Rating**  
**Environmental, Social and Governance (ESG) Score Card**   
 The Bank of New York Mellon Corporation (225 LIBERTY STREET, NY 10286 New York, NY)

The Bank of New York Mellon has one significant and two moderate ESG rating drivers

Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to BNYM’s strong and sustainable earning figures, the widespread ESG policies and its ambitious ESG targets.



Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to relatively high amount of green bonds, Corporate Behaviour is rated positive due the ethics principles.

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2020	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
( - )	Negative
( - - )	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

A general valid description of Creditreform Rating AG, as well as a valid description of bank ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here: <https://www.creditreform-rating.de/de/wir-ueber-uns/regulatorische-anforderungen.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/DE/Ratingmethodiken%20DE/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

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**Rating History:**

Bank Issuer Rating	Rating Date	Result
Initialrating	02.05.2018	A / stable / L2
Rating Update	22.05.2019	A / stable / L2
Rating Update	24.03.2020	A / watch negative / L2
Rating Update	30.11.2020	A / stable / L2
Rating Update	03.12.2021	A+ / stable / L2

Please consult our website [www.creditreform-rating.de](http://www.creditreform-rating.de) for additional information regarding the dates of publication.

**Status of Solicitation and Information Basis:**

The present rating is an **unsolicited** rating. The rating object participated in the creation of the rating as follows:

With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

**Rating Methodology:**

Rating Methodology	Version	Website
Rating Methodology Bank Ratings	3.0	<a href="https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Bank%20Ratings.pdf">https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20Bank%20Ratings.pdf</a>
Methodology Environmental, Social and Governance Score for Banks	1.0	<a href="https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20ESG%20v1.0.pdf">https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/Rating%20Methodology%20ESG%20v1.0.pdf</a>
Rating Criteria and Definitions	1.3	<a href="https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf">https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/EN/Ratingmethodiken%20EN/CRAG%20Rating%20Criteria%20and%20Definitions.pdf</a>

## **Regulatory requirements:**

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Bank of New York Mellon Corporation was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

## **Conflict of interests**

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In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

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The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes.

Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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