

December 19, 2023

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

18.12.2023

Disclosure to Rated Entity

18.12.2023

Maximum Validity

until withdrawn

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

Rating Summary:

The Long-Term Issuer Rating of Bank of New York Mellon Corporation (BNYM) is affirmed at 'A+' and the outlook is 'stable'. BNYM experienced a decrease in net profit in 2022 in comparison to the previous year. Higher net interest income particularly because of the change in market rates was not able to offset valuation losses, losses incurred by portfolio repositioning and higher expense for personnel. In addition, significant non-cash charges such as goodwill impairment further depressed earnings. Cost of risk, while low, was higher than the previous year's. Excluding exceptional items, net profit would have been essentially flat. BNYM maintains a low risk portfolio and good capitalization, which enables generous distributions to shareholders.

Key Rating Drivers:

BNYM remains the world's largest custodian with \$45.7tn in Assets Under Custody and/or administration (AUC/A) in 2022, as well as USD 1.8tn in assets under management (AUM). Further, BNYM remains number one global provider of issuer services, number one provider for clearing and settlement of US government securities and number one provider of global collateral services, among others. Excluding exceptional items (in light of significant upheaval on the capital markets due to war in Ukraine), net profit was flat in 2022. Revenues were up in 2023, where BNYM was able to profit from higher market rates, while maintaining the level of expense. For 2023, Creditreform Rating expects BNYM to at least regain the level of profitability of the previous 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, a best-case and a worst-case scenario were considered. In the best-case scenario, the bank can expect an upgrade of the long-term issuer rating to 'AA-'. This could be achieved in particular in the context of a sustained improvement in earnings and capitalization.

In the worst-case scenario, the bank may expect a downgrade of the long-term issuer rating to 'A-'. This could be triggered by sustained lower profitability, e.g. due to lower AUC/A or AUM and as such a decrease in fee income or significantly eroded capitalization.

Environmental, Social and Governance (ESG) Score Card

BNYM 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 unique and successful market position.

Corporate Behavior and Green Financing / Promotion are identified as moderate rating drivers. Green Financing / Promoting is rated very positive due to the large volume of administered green bonds issuances.

**ESG
Bank Score**

4,0 / 5

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 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated very 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 very 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 neutral 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 very 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 "Consodering 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
Rating Update	20.12.2022	A+ / stable / L2
Rating Update	18.12.2023	A+ / stable / L2

Please consult our website 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	3.2	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html
Methodology Environmental, Social and Governance Score for Banks	1.0	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html
Rating Criteria and Definitions	1.3	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

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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.

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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.

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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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