



The Bank of New York Mellon Corporation

# LIQUIDITY COVERAGES RATIO DISCLOSURE

For the Quarterly Period Ended September 30, 2024



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## Introduction

In this Liquidity Coverage Ratio (“LCR”) Disclosure (“Disclosure”), references to “our,” “we,” “us,” “BNY,” the “Company” and similar terms refer to The Bank of New York Mellon Corporation and its consolidated subsidiaries. References in this Disclosure to “Parent” refer to The Bank of New York Mellon Corporation on a standalone basis. This Disclosure should be read in conjunction with the section titled “Forward-looking Statements” below.

BNY is a global financial services company that helps make money work for the world – managing it, moving it and keeping it safe. For 240 years BNY has partnered alongside clients, putting its expertise and platforms to work to help them achieve their ambitions. Today BNY helps over 90% of Fortune 100 companies and nearly all the top 100 banks globally to access the money they need. BNY supports governments in funding local projects and works with over 90% of the top 100 pension plans to safeguard investments for millions of individuals, and so much more. As of September 30, 2024, BNY oversees \$52.1 trillion in assets under custody and/or administration and \$2.1 trillion in assets under management.

BNY is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Headquartered in New York City, BNY employs over 50,000 people globally and has been named among Fortune’s World’s Most Admired Companies and Fast Company’s Best Workplaces for Innovators. Additional information is available on [www.bny.com](http://www.bny.com). Follow on LinkedIn or visit the BNY Newsroom for the latest company news.

United States regulators have established an LCR that requires certain banking organizations, including BNY, to maintain a minimum amount of unencumbered high quality liquid assets (“HQLA”) sufficient to withstand the net cash outflow under a hypothetical standardized acute liquidity stress scenario for a 30-day time horizon. The eligible HQLA amount is the numerator, and the cumulative net cash outflow amount is the denominator of the LCR. The LCR caps cash inflows at 75% of cash outflows and requires an add-on calculation based on the difference between the net cumulative outflow amounts on the peak day and the last day of the 30-day period to address potential maturity mismatches between outflows and inflows. The U.S. regulators have affirmed the principle that HQLA is expected to be available for use to address liquidity needs in a time of stress.

The U.S. LCR rule requires BNY and each of our in scope domestic bank subsidiaries to meet a daily LCR of at least 100%. The LCR of BNY and each of our in scope domestic bank subsidiaries was compliant with the U.S. LCR requirements for the third quarter of 2024.

In addition, BNY is subject to the Federal Reserve’s Enhanced Prudential Standards, which include liquidity standards. BNY has taken actions to comply with these standards, including the adoption of various liquidity management standards and maintenance of a liquidity buffer of unencumbered highly liquid assets calibrated to satisfy liquidity needs based on the results of internal liquidity stress testing. United States regulators have also established a Net Stable Funding Ratio (“NSFR”) that requires certain banking organizations, including BNY, to maintain a minimum amount of stable funding to support their assets, commitments, and derivatives exposures over a one-year time horizon.

The Federal Reserve’s regulations also require that large banking organizations, including BNY, publicly disclose certain quantitative liquidity metrics as set forth herein, as well as qualitative factors affecting their LCR results (the “U.S. LCR Disclosure rule”). Accordingly, we have developed this Disclosure, which contains the required public disclosures prepared in accordance with the U.S. LCR Disclosure rule and covering the period beginning on July 1, 2024 and ending on September 30, 2024. The information is based on our current interpretation and understanding of the LCR Rule and may evolve to the extent we discuss the interpretation and application of these rules with our regulators. This Disclosure will remain publicly available for at least 5 years. The U.S. LCR Disclosure rule requires us to present certain components of HQLA, cash inflows, and cash outflows on both a weighted and an unweighted basis. With respect to HQLA, weighted basis refers to the application of haircuts and caps applicable to otherwise eligible HQLA; unweighted basis refers to HQLA before application of such haircuts and caps. With respect to cash inflows and outflows, weighted basis refers to the application of specified inflow and outflow rates applicable to certain types of cash inflows and outflows; unweighted basis refers to inflows and outflows before the application of such rates. Averages are calculated as simple averages of daily amounts over the calendar quarter.

Any differences between the presentation of information in this Disclosure and how we present such information for other purposes are solely due to our efforts to comply with applicable regulation. The information presented in this Disclosure does not, in

any way, reflect changes to our organizational structure, business plans or practices, or strategy.

Additional financial and other information about BNY, its liquidity, and its principal business activities can be found in its Net Stable Funding Ratio Disclosure (“NSFR Disclosure”) as well as its 2023 Annual Report on Form 10-K (“2023 Annual Report”), Quarterly Reports on Form 10-Q (“10-Q”) and other filings, collectively referred to as “SEC Filings”, with the Securities and Exchange Commission, which we make available on the Investor Relations section of our corporate website at [www.bny.com](http://www.bny.com).

## LCR Disclosure

### *Quarterly Variance in the LCR*

For the third quarter of 2024, BNY's average Consolidated LCR was 116.2%, with average weighted HQLA holdings of \$130.7 billion and an average weighted net cash outflow of \$112.6 billion. The third quarter of 2024 average LCR increased approximately 1.3%, compared to the second quarter 2024 average LCR. The LCR surplus amount was \$18.1 billion for the third quarter, compared to \$17.7 billion for the second quarter. We expect our average LCR to vary from period to period due to business-as-usual fluctuations in our client activity, business mix and the overall market environment. Please see below for more information regarding the components of our LCR.

### *Drivers of the LCR*

Deposits are the key driver of our LCR. BNY provides custody, cash management and clearing services to a wide range of clients, including banks, broker dealers, other non-bank financial institutions, corporations, and individuals. These services are primarily operational and generate substantial deposit balances. Client deposits are the main funding source for BNY and are the main component of weighted outflow in the LCR. The HQLA BNY holds is adequate to cover assumed deposit outflows, as well as other cash outflows, under the hypothetical LCR liquidity stress.

### *HQLA*

For the third quarter of 2024, BNY's total eligible average weighted HQLA was \$130.7 billion and primarily made up of Level 1 HQLA, composed of deposits with central banks, U.S. Treasury securities, and securities issued or guaranteed by non-U.S. sovereigns.

### *Cash Outflow Amounts*

For the third quarter of 2024, the average weighted cash outflow was \$152.9 billion.

Average weighted retail funding outflow was \$5.2 billion, approximately 49.9% consisted of other retail funding outflow, which included less stable retail deposits and broker-dealer retail customer cash. Stable retail deposit outflow and brokered deposit outflow comprised the remaining approximate 50.1% of retail funding outflow.

Average weighted unsecured wholesale funding outflow was \$120.7 billion. Approximately 70.1% of average unweighted unsecured wholesale funding outflow was operational deposits with low outflow rates; 29.3% was non-operational funding outflow, with high outflow rates, primarily consisting of non-operational deposits and broker-dealer wholesale customer cash. Operational deposit outflow and non-operational funding outflow comprised approximately 98.6% of average weighted unsecured wholesale funding outflows.

Average weighted secured wholesale funding outflow was \$10.5 billion, the majority of which was from customer shorts and secured lending.

Average weighted outflow from credit and liquidity facilities was \$10.6 billion.

The remaining average weighted outflow of \$5.4 billion was mainly related to derivative exposures and other collateral requirements.

### *Cash Inflow Amounts*

For the third quarter of 2024, the average weighted cash inflow was \$42.3 billion.

Average weighted secured lending transaction inflow was \$23.6 billion the majority of which was from maturing securities borrowing, margin loans collateralized with non-HQLA assets in our broker-dealer subsidiaries, and other secured loans.

Average weighted unsecured wholesale cash inflow was \$12.4 billion, mainly from placements and other loans. The remaining average weighted inflow of \$6.3 billion consisted primarily of broker-dealer segregated account inflows.

## Calculation and Components of our LCR

The table below provides information about our calculation and components of the LCR as required by the U.S. LCR Disclosure rule.

<b>Liquidity Coverage Ratio</b>		<b>Average</b>	<b>Average</b>
<b>July 1, 2024 to September 30, 2024</b>		<b>Unweighted</b>	<b>Weighted</b>
<i>(in millions)</i>		<b>Amount</b>	<b>Amount</b>
<b>High-Quality Liquid Assets (b)</b>			
1	Total eligible high-quality liquid assets (HQLA), of which:	130,713	130,713
2	Eligible Level 1 liquid assets	130,712	130,712
3	Eligible Level 2A liquid assets	1	1
4	Eligible Level 2B liquid assets	-	-
<b>Cash Outflow Amounts</b>			
s5	Deposit outflow from retail customers and counterparties, of which:	22,627	5,248
6	Stable retail deposit outflow	670	20
7	Other retail funding outflow	8,931	2,617
8	Brokered deposit outflow	13,026	2,611
9	Unsecured wholesale funding outflow, of which:	274,099	120,681
10	Operational deposit outflow	192,151	47,867
11	Non-operational funding outflow	80,245	71,111
12	Unsecured debt outflow	1,703	1,703
13	Secured wholesale funding and asset exchange outflow	26,350	10,499
14	Additional outflow requirements, of which:	38,820	15,933
15	Outflow related to derivative exposures and other collateral requirements	5,418	5,368
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	33,402	10,565
17	Other contractual funding obligation outflow	537	537
18	Other contingent funding obligations outflow	-	-
<b>19</b>	<b>Total Cash Outflow</b>	<b>362,433</b>	<b>152,898</b>
<b>Cash Inflow Amounts</b>			
20	Secured lending and asset exchange cash inflow	45,692	23,575
21	Retail cash inflow	41	21
22	Unsecured wholesale cash inflow	12,764	12,410
23	Other cash inflows, of which:	6,254	6,254
24	Net derivative cash inflow	619	619
25	Securities cash inflow	1,342	1,342
26	Broker-dealer segregated account inflow	4,293	4,293
27	Other cash inflow	-	-
<b>28</b>	<b>Total Cash Inflow</b>	<b>64,751</b>	<b>42,260</b>
			<b>Average</b>
			<b>Amount (a)</b>
29	HQLA Amount (b)		130,713
30	Total Net Cash Outflow Amount Excluding the Maturity Mismatch Add-on		110,638
31	Maturity Mismatch Add-on		1,938
32	Total Unadjusted Net Cash Outflow Amount		112,576
33	Outflow Adjustment Percentage		100%
34	Total Net Cash Outflow Amount		112,576
<b>35</b>	<b>Liquidity Coverage Ratio (%) (c)</b>		<b>116%</b>

(a) The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1 – 28 due to technical factors such as the application of the level 2 liquid asset caps and the total inflow cap.

(b) HQLA excludes excess liquidity held at certain subsidiaries that is not transferable within the Company.

(c) Disclosed Liquidity Coverage Ratio (LCR) is calculated as a simple average of the daily ratios over the calendar quarter, rather than the calculation of the average HQLA divided by the net cash outflow, for the quarter.

## Liquidity Management

### *Liquidity Management Practices*

BNY's Corporate Treasury function is responsible for day-to-day liquidity management for the Company, under the supervision of the Corporate Treasurer. Corporate Treasury monitors and manages liquidity exposures and funding needs within and across significant legal entities, branches, currencies and business lines, taking into account, among other factors, any applicable restrictions on the transfer of liquidity among entities. The Corporate Treasurer has continuous authority, as well as the legal and operational capability, to direct the monetization of any asset in BNY's HQLA.

Our overall approach to liquidity management is to ensure sources of liquidity are sufficient in amount and diversity such that changes in market conditions or in funding requirements at the Parent and at our significant bank and broker-dealer subsidiaries can be accommodated routinely without material adverse impact on earnings, daily operations or our financial condition.

We seek to maintain an adequate liquidity cushion in both normal and stressed environments and diversify funding sources by line of business, counterparty, and market segment. We also seek to maintain liquidity ratios within approved limits and liquidity risk tolerance in accordance with our liquidity policy.

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

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

### *Sources of Funds*

BNY's primary sources of funding are (i) deposits, the majority of which are classified as "operational" according to the U.S. LCR rules (these are generally generated through BNY's core services, including

custody, clearing and cash management functions), (ii) long-term debt (generally senior and subordinated unsecured debt) primarily issued at the Parent and certain bank subsidiaries, and (iii) stockholders' equity. These sources may be supplemented by short-term borrowings, primarily in the form of secured funding transactions.

In addition, BNY also has borrowing capacity at the Federal Reserve Discount Window and the Federal Home Loan Bank of Pittsburgh. We do not consider these sources of funding to be primary sources of funding.

### *Foreign Currency*

The majority of our HQLA and net cash outflows are U.S. dollar-denominated.

To manage foreign exchange risk, foreign currency-denominated assets are mainly funded with liabilities denominated in the same currency.

### *Liquidity Risk Oversight*

Corporate Treasury is supported by an Independent Liquidity Risk function, which provides an on-going review of liquidity risk management that is independent of Corporate Treasury. In addition, Internal Audit assesses the effectiveness of internal controls by providing independent, risk-based assurance reviews designed to identify control risks, risk mitigants, control gaps, and opportunities to improve efficiency.

### *Governance*

Our board of directors oversees the Company's liquidity risk management practices and approves our liquidity risk tolerances. The Asset Liability Committee ("ALCO") is the senior management committee responsible for the oversight of liquidity management. ALCO is responsible for ensuring that board approved strategies, policies and procedures for managing liquidity are appropriately executed. ALCO is also responsible for reviewing liquidity stress tests and various liquidity metrics including the LCR. Senior management is also responsible for regularly reporting the liquidity position of the Company to the board of directors. The Balance Sheet Risk Committee is the senior management committee providing governance over independent risk oversight of the liquidity risks associated with the Company's assets and liabilities, liquidity risk limits, and the adequacy of related control procedures. The Treasury Risk Committee approves and validates stress test methodologies and assumptions. For further discussion of our liquidity management framework, see "Risk Management – Liquidity risk" in our 2023 Annual Report.

## Forward-looking Statements

Additional financial and other information about the Company and its liquidity can be found in its NSFR Disclosure as well as the Company's SEC Filings as such disclosures become available on the SEC's website at [www.sec.gov](http://www.sec.gov) and at [www.bny.com](http://www.bny.com).

In this Disclosure and the SEC Filings, words such as "estimate," "forecast," "project," "anticipate," "likely," "target," "expect," "intend," "continue," "seek," "believe," "plan," "goal," "could," "should," "would," "may," "might," "will," "strategy," "synergies," "opportunities," "trends," "momentum," "ambition," "aspiration," "objective," "aim," "future," "potentially," "outlook" and words of similar meaning, may signify forward looking statements. Some statements in this Disclosure and the SEC Filings may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to, among other things: statements about the Company's funding, financial results, liquidity management and ratios and HQLA.

These forward-looking statements and other forward-looking statements contained in the Company's SEC Filings are not guarantees of future results or occurrences, are inherently uncertain and are based upon current beliefs and expectations of future events, many of which are, by their nature, difficult to predict, outside of our control and subject to change.

Actual results may differ, possibly materially, from the anticipated results expressed or implied in these forward-looking statements as a result of a number of important factors, including those factors described in the 2023 Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") – Risk Factors," such as:

- errors or delays in our operational and transaction processing, or those of third parties, may materially adversely affect our business, financial condition, results of operations and reputation;
- our risk management framework, models and processes may not be effective in identifying or mitigating risk and reducing the potential for losses and any inadequacy or lapse in our risk management framework, models and processes could expose us to unexpected losses that could materially adversely affect our results of operations or financial condition;
- a communications or technology disruption or failure within our infrastructure or the infrastructure of third parties that results in a loss of information, delays our ability to access information or impacts our ability to provide services to our clients may materially adversely affect our business, financial condition and results of operations;
- a cybersecurity incident, or a failure in our computer systems, networks and information, or those of third parties, could result in the theft, loss, disclosure, use or alteration of information, unauthorized access to or loss of information, or system or network failures. Any such incident or failure could adversely impact our ability to conduct our businesses, damage our reputation and cause losses;
- we are subject to extensive government rulemaking, policies, regulation and supervision that impact our operations. Changes to and introduction of new rules and regulations have compelled, and in the future may compel, us to change how we manage our businesses, which could have a material adverse effect on our business, financial condition and results of operations;
- regulatory or enforcement actions or litigation could materially adversely affect our results of operations or harm our businesses or reputation;
- our business may be adversely affected if we are unable to attract, retain, develop and motivate employees;
- a failure or circumvention of our controls, policies and procedures could have a material adverse effect on our business, financial condition, results of operations and reputation;
- weakness and volatility in financial markets and the economy generally may materially adversely affect our business, financial condition and results of operations;
- we are dependent on fee-based business for a substantial majority of our revenue and our fee-based revenues could be adversely affected by slowing market activity, weak financial markets, underperformance and/or negative trends in savings rates or in investment preferences;
- levels of and changes in interest rates have impacted, and will in the future continue to



impact, our profitability and capital levels, at times adversely;

- we have experienced, and may continue to experience, unrealized or realized losses on securities related to volatile and illiquid market conditions, reducing our capital levels and/or earnings;
- reform of interest rate benchmarks and the use of alternative reference rates by us and our clients could adversely affect our business, financial condition and results of operations;
- the failure or perceived weakness of any of our significant clients or counterparties, many of whom are major financial institutions or sovereign entities, and our assumption of credit, counterparty and concentration risk, could expose us to credit losses and adversely affect our business;
- we could incur losses if our allowance for credit losses, including loan and lending-related commitment reserves, is inadequate or if our expectations of future economic conditions deteriorate;
- our business, financial condition and results of operations could be adversely affected if we do not effectively manage our liquidity;
- failure to satisfy regulatory standards, including “well capitalized” and “well managed” status or capital adequacy and liquidity rules more generally, could result in limitations on our activities and adversely affect our business and financial condition;
- the Parent is a non-operating holding company and, as a result, is dependent on dividends from its subsidiaries and extensions of credit from its IHC to meet its obligations, including with respect to its securities, and to provide funds for share repurchases, payment of income taxes and payment of dividends to its stockholders;
- our ability to return capital to shareholders is subject to the discretion of our Board of Directors and may be limited by U.S. banking laws and regulations, including those governing capital and capital planning, applicable provisions of Delaware law and our failure to pay full and timely dividends on our preferred stock;
- any material reduction in our credit ratings or the credit ratings of our principal bank subsidiaries, The Bank of New York Mellon, BNY Mellon, N.A. or The Bank of New York Mellon SA/NV, could increase the cost of funding and borrowing to us and our rated subsidiaries and have a material adverse effect on our business, financial condition and results of operations and on the value of the securities we issue;
- the application of our Title I preferred resolution strategy or resolution under the Title II orderly liquidation authority could adversely affect the Parent’s liquidity and financial condition and the Parent’s security holders;
- new lines of business, new products and services or transformational or strategic project initiatives subject us to new or additional risks, and the failure to implement these initiatives could affect our results of operations;
- we are subject to competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability;
- our strategic transactions present risks and uncertainties and could have an adverse effect on our business, financial condition and results of operations;
- our businesses may be negatively affected by adverse events, publicity, government scrutiny or other reputational harm;
- ESG concerns, including climate change, could adversely affect our business, affect client activity levels, subject us to additional regulatory requirements and damage our reputation;
- impacts from geopolitical events, acts of terrorism, natural disasters, the physical effects of climate change, pandemics and other similar events may have a negative impact on our business and operations;
- tax law changes or challenges to our tax positions with respect to historical transactions may adversely affect our net income, effective tax rate and our overall results of operations and financial condition; and
- changes in accounting standards governing the preparation of our financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.

All forward-looking statements speak only as of the date on which such statements are made, and BNY

undertakes no obligation to update any statement to reflect events or circumstances after the date on which such forward-looking statement is made or to reflect the occurrence of unanticipated events.



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