The Bank of New York Mellon Corporation

BNY MELLON

Company-Run Stress Test
Dodd-Frank Act Stress Test Results

September 15, 2014

Severely Adverse Scenario
Dodd-Frank Capital Actions

12 CFR Section 252.55
12 CFR Section 252.58

Introduction

The Bank of New York Mellon Corporation ("BNY Mellon") is required to conduct mid-cycle company-wide stress tests and disclose a summary of those results pursuant to the requirements of 12 CFR Section 252.55 and 12 CFR Section 252.58, respectively (together, the "Regulations"). Accordingly, we have developed the following disclosure, which contains the information required by the Regulations to be disclosed publicly. The information contained in this disclosure has been prepared in accordance with the Regulations. Any differences in the presentation of information concerning BNY Mellon contained herein relative to how it presents such information for other purposes is solely due to our efforts to comply with the Regulations. The information presented herein does not, in any way, reflect changes to our organizational structure, business plans or practices, or strategy. The projections contained here represent hypothetical estimates that involve an economic outcome that is more adverse than expected, and accordingly these estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios.

Since the 2008 financial crisis, stress testing has evolved as an important analytical tool for evaluating capital adequacy under adverse conditions. BNY Mellon regularly uses stress tests in its capital planning to measure our exposure to material risks and evaluate the adequacy of capital resources available to absorb potential losses arising from those risks and support operations during adverse economic conditions. We conduct multiple stress tests each year under a range of adverse scenarios.

Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and related regulations require each U.S. domiciled top-tier bank holding company with total consolidated assets of $50 billion or more (including BNY Mellon) to conduct semi-annual stress tests ("covered BHCs"). In these mid-cycle Dodd-Frank Act stress tests, covered BHCs are required to conduct stress tests under a set of internally developed scenarios (baseline, adverse, and severely adverse). These stress tests provide an in-depth view into BNY Mellon's capital position under scenarios that are appropriate for its own risk profile and operations.

The pro forma capital ratios in this report reflect specific assumptions regarding capital actions that are prescribed by the Dodd-Frank Act stress test rule. These standardized capital actions assume dividend payments are maintained at prior levels across the test horizon, while, in practice, if a severely adverse economic scenario were to in fact occur, it is highly likely that BNY Mellon would respond with certain capital conservation actions consistent with internal policy and could change planned distributions. The stress test results summarized in this report should not be interpreted as expected or likely outcomes, but rather as a possible result under hypothetical, highly adverse economic conditions.

BNY Mellon's Business Model

BNY Mellon is a Delaware corporation and is a global investments company headquartered in New York, New York, with $28.5 trillion in assets under custody and/or administration and $1.6 trillion in assets under management as of June 30, 2014. BNY Mellon divides its businesses into two principal segments, Investment Management and Investment Services. Other services and assets maintained by BNY Mellon outside these two principal segments include credit-related services, a leasing portfolio, corporate treasury activities (including our investment securities portfolio), certain equity investments, and corporate overhead.

BNY Mellon is dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or financial investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments.

BNY Mellon's global client base consists of corporations, high-net-worth individuals and families, family offices, charitable gift programs, public funds and government agencies, foundations and endowments; global financial institutions including banks, broker-dealers, asset managers, insurance companies and central banks; financial intermediaries and independent registered investment advisors; and hedge fund managers. BNY Mellon does not engage in mass market consumer lending nor does it have a retail branch network.

BNY Mellon's businesses benefit during periods of global growth in financial assets and from the globalization of the investment process. Over the long term, its financial goals focus on deploying capital to accelerate the long-term growth of its businesses and generating an appropriate return to its shareholders within prudent, responsible, and pragmatic risk parameters. BNY Mellon was identified by the Financial Stability Board ("FSB") as a Global Systemically Important Financial Institutions ("G-SIFI").

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Description of types of risks addressed in the stress test

When conducting the mid-cycle company-run stress test under the severely adverse scenario with Dodd-Frank Act capital actions, BNY Mellon evaluated and incorporated the principal risks that have been determined to influence the firm. These risks include operational/business risk, market risk, credit risk, and liquidity risk. The following table presents the primary type of risk typically embedded in on- and off-balance-sheet instruments.

Table 1: Risks of BNY Mellon's On- and Off-balance Sheet Instruments

Risks of our on- and off-balance-sheet instruments	
Assets:	
Interest-bearing deposits with banks	credit
Federal funds sold and securities purchased under resale agreements	market, credit
Securities	market, credit
Trading assets	market, credit
Loans	credit
Goodwill	operational/business, market
Intangible assets	operational/business, market
Liabilities:	
Deposits	liquidity
Federal funds purchased and securities sold under repurchase agreements	liquidity
Trading liabilities	market, liquidity
Payables to customers and broker-dealers	liquidity
Commercial paper	liquidity
Off-balance-sheet instruments:	
Lending commitments	credit, liquidity
Standby letter of credit	credit, liquidity
Commercial letters of credit	credit, liquidity
Securities lending indemnifications	market, credit

Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors and systems, breaches of technology and information systems, or from external events. Operational risk also includes fiduciary risk, reputational risk, and the risk of potential legal or regulatory actions. Operational risk is inherent in BNY Mellon's global business activities, and, in the case of an operational event, we could suffer a financial loss as well as damage to our reputation.

Market Risk. Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from derivative financial instruments, such as futures, forwards, swaps, and options, and other financial instruments including loans, securities, deposits, and other borrowings. BNY Mellon's market risks are primarily interest rate, foreign exchange risk, and equity risk. Market risk particularly impacts our exposures that are marked-to-market such as the securities portfolio, trading book, and equity investments.

Credit Risk. Credit risk is the risk of loss attributable to counterparty or borrower default on obligations to us. Credit risk is resident in the majority of our assets, but BNY Mellon's primary exposure to the credit risk of a counterparty is concentrated in the loan and securities portfolios

and off-balance-sheet exposures such as lending commitments, letters of credit, and securities lending indemnifications.

Liquidity Risk. Liquidity risk is the risk that BNY Mellon cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints leading to an inability to convert assets to cash, inability to raise cash in the markets, deposit run-off, or contingent liquidity events. Thus, liquidity risk can be inherent in the majority of our balance sheet exposures.

BNY Mellon's mid-cycle company-run stress test under the severely adverse scenario with Dodd-Frank Act capital actions contained wide-ranging impacts across multiple risk areas including the principal risk types identified above. To incorporate these risks into our mid-cycle stress test, BNY Mellon identified and stressed key risk drivers and assumptions to estimate how losses might be incurred and how an event in one risk may migrate into other areas. The next section discusses BNY Mellon's methodology for translating the severely adverse scenario's factors into various financial impacts including expected losses, net income, on- or off-balance sheet, liquidity, leverage, and capital positions. Please refer to the Capital Planning and Stress Testing section and the Risk Management Overview section of BNY Mellon's Annual Report on Form 10-K for the year ended December 31, 2013 for a broader description of the BNY Mellon's capital planning and risk management process.

General description of methodologies

BNY Mellon has forecasted projected losses, pre-provision net revenue, provision for loan and lease losses and other factors affecting capital using a series of models and estimation techniques that translate the economic and financial variables in the mid-cycle severely adverse scenario to BNY Mellon's losses and revenues.

Occasionally it is necessary to supplement modeled projections with expert judgment where historical data may be inadequate to project loss and revenue estimates or historical relationships may not hold up under forward-looking hypothetical scenarios. In these cases, BNY Mellon ensures consistency of projections with the conditions of the stress test through a cross-functional governance structure and control environment that incorporates multiple levels of review, challenge, and approval.

Provision for loan losses. BNY Mellon has developed a series of models to estimate losses on various types of loans. Loss projection methods are product-specific and link economic variables to credit performance based on historical and expected relationships. The table below identifies major loan types and key assumptions used to derive loss estimates.

Table 2: Credit Portfolio Loss Methodologies and Assumptions

Loan Type	Description of Methodology	Key Assumptions
First-lien, Closed End Domestic Residential Mortgages	• Statistical model estimated using loan-level data on mortgage characteristics and performance supplemented by macroeconomic indicators and house price data	• Macroeconomic factors such as: - Housing Price Index ("HPI") - Unemployment rate - Mortgage rates
Home Equity Lines of Credit ("HELOCs")	• Loss given default ("LGD") approach based on historical relationships between macroeconomic factors and non-accrual loan balance data	• Macroeconomic factors such as: - HPI - Unemployment rate
Domestic Commercial Real Estate Loans	• Estimated loss model based on correlation of CRE net charge-offs, internal CRE loans rating migration, and estimated loss to macroeconomic factors	• Macroeconomic factors such as: - Unemployment - GDP - Commercial Real Estate Prices - Mortgage rates
Corporate Wholesale and Other*	• Expected loss model relying on probability of default ("PD"), LGD, and usage given default	• Migration analysis including both default and non-default predictions based on historical relationships

**C&I, loans to depositories and other financial institutions, loans for purchasing or carrying securities, overdrafts, and leases*

Realized gains/losses on securities. BNY Mellon uses instrument-specific methodologies to forecast other-than-temporary impairment ("OTTI") on its securities investment portfolio. These securities are divided into two separate and distinct classes: securities we intend to hold to maturity are held to maturity ("HTM"), and all other securities are classified as available-for-sale ("AFS"). Loss estimates are recognized in accordance with BNY Mellon's established accounting policy. The table below identifies major security types and key assumptions used to derive loss estimates.

Table 3: Securities Portfolio OTTI Methodologies and Assumptions

Security Type	Description of Methodology	Key Assumptions
Domestic Non-Agency RMBS	• Statistical model estimated using loan-level data on mortgage characteristics and performance supplemented by macroeconomic indicators and house price data	• Collateral type and characteristics • Macroeconomic factors such as: - HPI - Unemployment rate - Mortgage rates
Foreign RMBS	• Region-specific econometrics models to project delinquency, default, and prepayment based on historical relationships that influence cash flow projections	• Collateral type and characteristics • Macroeconomic factors such as: - HPI - Unemployment rate - Interest rates
CMBS	• Deterministic loan-level loss and cash flow projections based on underlying loan/collateral deal characteristics	• Loan details • Property type and characteristics
Consumer ABS	• Pool-level prepayment/default/delinquency/loss severity models driven by underlying deal characteristics	• Collateral type and characteristics • Macroeconomic factors such as: - Unemployment rate - Interest rates
Bond Portfolio*	• PD/LGD approach	• Product-specific ratings transition analysis
CLOs	• Bottom-up cash flow modeling approach in which performance is projected at the underlying collateral level	• Underlying collateral metrics including: - Prepayment rate - Default rate - Severity rate

**Corporate bonds, municipal bonds, sovereign bonds, and covered bonds*

Operational losses. In addition, BNY Mellon uses a methodology to estimate operational losses that incorporates both internal and external data. We forecast both litigation and non-litigation operational losses under separate methodologies.

For non-litigation loss estimates, BNY Mellon's forecasting methodology relies on an average of four models. Two models leverage the Advanced Measurement Approach ("AMA") capital model, which uses internal and external data. One model involves the AMA capital model and a principle component analysis ("PCA") of the macroeconomic factors. One model is a regression-based approach using macroeconomic factors and internal and external loss data.

For litigation loss estimates, BNY Mellon's forecasting methodology relies on a combination of high frequency, low severity cases and low frequency, high severity cases that draw from historical experience as well as potential losses associated with new litigation that may arise over the normal course of business (within the projection horizon).

Pre-provision net revenue. Consistent with the balance sheet and exposure assumptions used for loss estimation, BNY Mellon developed a model to project all key elements of pre-provision net revenue including net interest income, non-interest income, and non-interest expense.

PPNR Component	Description of Methodology	Key Assumptions
Net Interest Income	• Current and forecasted balance sheet positions and cash flows are modeled by product type and reflect growth, runoff, prepayment and loss projection assumptions.	• Future balance sheet growth • Runoff and pricing assumptions • Interest rates • Prepayment assumptions
Non-Interest Revenue	• Total non-interest revenue projection is comprised of a series of granular projection models for individual revenue lines developed using historical data • A majority are regression models tied to the external economic factors and used to describe the forward scenarios. In cases where regression models were insufficiently robust, historical averages were employed	• Asset and trading volumes • Growth rates • Macroeconomic factors, such as: - GDP - Equity indices - Volatility
Non-Interest Expense	• Variable expenses were modeled based on historical expense to non-interest revenue relationships • Distinct Board-approved initiatives identified by management are additionally layered into the projections over the projection horizon	• Non-interest revenue projections • Growth rates

Capital position. BNY Mellon's forecasting process employed a set of methodologies to layer in the effect of losses, pre-provision net revenue, and provision for loan and lease losses on pro forma capital levels and ratios.

Future balance sheet growth, runoff and pricing assumptions were derived from business line forecasts, historical trends, market dynamics, and balance sheet strategy input from senior management and are reflective of the economic and interest rate environments being analyzed under the severely adverse scenario. BNY Mellon forecasts risk-weighted assets ("RWA") based on the changes in its individual asset components in each quarter of the projection horizon. Total RWA was projected through 2014 using the current general risk-based capital approach, using the Basel III standardized capital risk-based approach beginning in the first quarter of 2015, and using the market risk capital rules over the entire projection period. BNY Mellon's severely adverse scenario post-stress capital position reflects regulatory capital inclusive of stress losses and PPNR. Additionally, BNY Mellon's severely adverse scenario post-stress capital includes a set of capital actions based on historical capital distributions, including common stock dividends, contracted payments, and a general assumption of no redemptions, repurchases, or issuances of capital instruments. These projections do not reflect BNY Mellon's currently planned capital actions.

Description of Severely Adverse Scenario

For the 2014 severely adverse scenario of the mid-cycle company-run stress test, BNY Mellon designed and selected a severely adverse scenario premised on direct unsecured counterparty credit risk to capture the unique risks inherent in one of its core activities.

Given its unique business model, BNY Mellon developed an idiosyncratic severely adverse stress test that is premised on counterparty credit risk to capture the unique risks inherent in our core activities. Based on both external feedback as well as a desire to create an optimally severe stress event, management selected a direct unsecured credit counterparty whose default generated substantial losses and would meaningfully stress regulatory capital to satisfy the requirements of the 2014 mid-cycle severely adverse scenario standards.

BNY Mellon considers the potential default of a large unsecured credit counterparty to be a key risk. If a top BNY Mellon counterparty fails, BNY Mellon could be exposed to large idiosyncratic default losses on its exposures to the failed counterparty. To effectively capture direct credit counterparty default risk in a stress scenario and assess the potential impact, it is critical to select a counterparty to which BNY Mellon has exposure large enough to generate substantial losses and drive a meaningful stress to our capital. Management reviewed the Firm's current exposures considering the type of exposure and subsequently the potential severity of the loss to select a counterparty for the mid-cycle severely adverse scenario. Furthermore, to ensure conditions that stress regulatory capital ratios in a manner that is overall more severe than those associated with other mid-cycle scenarios, BNY Mellon designed the severely adverse scenario to include the combination of a macroeconomic downturn more prolonged and severe than that of the adverse scenario in addition to a significant loss resulting from the default of our single largest non-sovereign financial unsecured counterparty.

These macroeconomic variables and parameters were projected in consideration of both historical events and forward-looking circumstances. Where possible, BNY Mellon relied on historically observed reactions of key variables to the default of a primary market participant. In cases where market circumstances varied from historical precedent, expert judgment was used to develop a comprehensive set of assumptions over the projection horizon consistent with the magnitude and nature of such a stress event.

The global economy in the severely adverse scenario enters a significant economic downturn that persists for several quarters; recovery does not begin until late 2015. GDP growth does not return until the sixth quarter of the projection period, while equity markets decline for four straight quarters (a decline of more than 50% in aggregate from their starting point). Unemployment peaks above 10% and home prices decline throughout the entire projection horizon. U.S. Treasuries see a flight to quality (10 yr. rates falling initially and remaining low for multiple quarters), while credit spreads widen dramatically, and volatility lingers throughout much of the projection period.

BNY Mellon incorporated the full set of material exposures, activities, and risks, both on and off the balance sheet, in the company-run severely adverse stress scenario.

- *Credit risk* was captured through the default of one of the Company's largest unsecured credit counterparties, through the general deterioration of its credit

portfolio, and through credit-driven devaluations in the securities portfolio due to the scenario's significant economic downturn.

- *Market Risk* was captured through the scenario's significant economic downturn (including sharp equity market declines and volatility in foreign exchange and interest rate markets) and its impact on BNY Mellon's securities portfolio, trading book, and equity investments.

- *Operational risk* was captured in the scenario through the significant market volatility built into the macroeconomic variables, and the scenario considers the potential for increased operational losses across all BNY Mellon lines of business that may result from such volatility. Additionally, BNY Mellon's severely adverse scenario considers the impact to sponsored funds and potential operational losses that may arise from such exposures and relationships in the event that a major financial institution defaults.

- *Liquidity risk* was considered in the context of a major financial institution default and the impact such an event might have on credit and the general flow of funds. BNY Mellon considered the potential impact on cash flows, liquidity position, profitability, and other aspects of its financial condition to assess the potential for liquidity to become impaired over the projection horizon as a result of the stress event.

Explanation of the most significant causes for changes in regulatory capital

For the majority of the forecast period, BNY Mellon continues to generate increases in regulatory and tier 1 common capital. The most significant cause for changes to BNY Mellon's regulatory capital ratios and tier 1 common ratio is losses related to the default of a major credit counterparty, which occurs in the first projection quarter. Additionally, declines in BNY Mellon's regulatory capital ratios early in the projection horizon were driven by impairments within the securities portfolio, additional provision expense associated with credit portfolio deterioration, operational losses (including litigation), and trading book losses.

However, to offset losses that initially generated declines in BNY Mellon's regulatory capital ratios and tier 1 common ratio, BNY Mellon's fee-based business model permitted the generation of capital over the course of the projection horizon even in the stressed environment.

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Dodd-Frank Act Stress Testing Results

Projected Stressed Capital Ratios
BNY Mellon Estimates in the Severely Adverse Scenario

The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act stress testing rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period beginning in (and including) the second quarter of 2014 and ending in (and including) the second quarter of 2016 (the "Projection Period").

Projected stressed capital ratios through Q2 2016

	Actual Q1 2014	Stressed capital ratios[1]	
		Ending	Minimum
Tier 1 common ratio (%)	13.9	11.6	11.4
Common equity tier 1 capital ratio (%)[2]	15.7	9.4	9.4
Tier 1 risk-based capital ratio (%)	17.0	10.3	10.3
Total risk-based capital ratio (%)	17.8	11.1	11.1
Tier 1 leverage ratio (%)	6.1	6.8	6.7

1. The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act stress testing rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period beginning in (and including) the second quarter of 2014 and ending in (and including) the second quarter of 2016.

2. Advanced approaches bank holding companies (including BNY Mellon) are subject to the common equity tier 1 ratio for each quarter of the Projection Period.

Projected loan losses, by type of loan, Q2 2014 – Q2 2016

	Billions of dollars	Portfolio loss rates (%)[1]
Loan losses	$2.1	4.1%
First-lien mortgages, domestic	$0.1	1.0%
Junior liens and HELOCs, domestic	$0.0	0.0%
Commercial and industrial	$0.1	2.8%
Commercial real estate, domestic	$0.1	3.7%
Credit cards	$0.0	0.0%
Other consumer	$0.0	0.2%
Other loans	$1.8	5.0%

1. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

Actual Q2 2014 and projected Q2 2016 risk-weighted assets

(billions of dollars)[1]	Actual Q1 2014	Projected Q2 2016	
		Current general approach	Basel III standardized approach
Risk-weighted assets	$120.7	$136.1	$167.1

1. For each quarter in 2014, risk-weighted assets are calculated using the current general risk-based capital approach and the market risk capital rules (as applicable). For each quarter within the Projection Period, risk-weighted assets are calculated under the Basel III standardized capital risk-based approach and the market risk capital rules (as applicable), except for the tier 1 common ratio which uses the general risk-based capital approach and the market risk capital rules (as applicable) for all quarters.

Projected losses, revenue, and net income before taxes through Q2 2016		
	Billions of dollars	**Percent of average assets[1]**
Pre-provision net revenue[2]	$2.2	0.8%
Other revenue[3]	$0.0	0.0%
less		
Provisions	$2.4	0.9%
Realized losses/(gains) on securities (AFS/HTM)	$0.4	0.1%
Trading and counterparty losses[4]	$0.3	0.1%
Other losses/gains[5]	$0.0	0.0%
equals		
Net income before taxes	($0.9)	0.3%
Memo items		
Other comprehensive income[6]	($0.1)	0.0%
Other effects on capital	*Q2 2015*	*Q2 2016*
AOCI included in capital (billions of dollars)[7]	($3.3)	($2.1)

1. "Average assets" is the nine-quarter average of total assets.
2. Pre-provision net revenue includes losses from operational-risk events, mortgage repurchase expenses, and other real estate owned costs.
3. Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.
4. Trading and counterparty losses include mark-to-market and credit valuation adjustments losses and losses arising from the counterparty default applied to derivatives, securities lending, and repurchase agreement activities.
5. Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and goodwill impairment losses.
6. Other comprehensive income includes incremental unrealized losses/gains on AFS securities and on any HTM securities that have experienced other than temporary impairment.
7. 40 percent of AOCI is included in capital calculations for 2015 and 60 percent of AOCI is included in capital calculations for 2016.

Additional information related to BNY Mellon is contained in BNY Mellon's reports filed with the Securities and Exchange Commission (the "SEC"), including the Annual Report on Form 10-K for the year ended December 31, 2013 (including the Annual Report to Shareholders (the "Annual Report") included with the 10-K) (the "2013 Form 10-K"), the Quarterly Reports on Form 10-Q and the Current Reports on Form 8-K (each, a "'34 Act Report"). These periodic '34 Act Reports can be viewed, as they become available, on the SEC's website at www.sec.gov and at www.bnymellon.com. Information contained in '34 Act Reports that BNY Mellon furnishes to the SEC subsequent to the date of the 2013 Form 10-K may modify, update and supersede the information contained in the 2013 Form 10-K and provided in this document.

This document and BNY Mellon's '34 Act Reports referred to above contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "forecast," "project," "anticipate," "confident," "target," "expect," "intend," "seek," "believe," "plan," "goal," "could," "should," "may," "will," "strategy," "opportunities," "trends" and words of similar meaning, signify forward-looking statements. These statements are based on the current beliefs and expectations of BNY Mellon's management and are subject to significant risks and uncertainties that are subject to change based on various important factors (some of which are beyond BNY Mellon's control). Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause BNY Mellon's actual results to differ materially from those described in the forward-looking statements can be found in the "Risk Factors" section of the 2013 Form 10-K and other subsequent '34 Act Reports filed with the SEC. All forward-looking statements speak only as of the date on which such statements are made and BNY Mellon does 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.