



Press Release

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BNY MELLON REPORTS FIRST QUARTER EARNINGS OF \$661 MILLION OR \$0.57 PER COMMON SHARE

PRE-TAX EARNINGS UP 12% YEAR-OVER-YEAR

- **INVESTMENT SERVICES FEES UP 3% YEAR-OVER-YEAR**
 - Assets under custody and/or administration up 6% year-over-year
 - Asset servicing revenue up 4% year-over-year
 - Clearing services revenue up 7% year-over-year
- **INVESTMENT MANAGEMENT AND PERFORMANCE FEES UP 3% YEAR-OVER-YEAR**
 - Assets under management up 14% year-over-year to a record \$1.6 trillion
 - Net long-term inflows of \$21 billion in the first quarter of 2014

REPURCHASED 11.6 MILLION COMMON SHARES FOR \$375 MILLION IN FIRST QUARTER

RETURN ON TANGIBLE COMMON EQUITY OF 18% FOR FIRST QUARTER OF 2014 (a)

AS PREVIOUSLY ANNOUNCED, BOARD APPROVED A COMMON STOCK DIVIDEND INCREASE OF 13% AND THE REPURCHASE OF UP TO \$1.74 BILLION OF COMMON STOCK

NEW YORK, April 22, 2014 – The Bank of New York Mellon Corporation (“BNY Mellon”) (NYSE: BK) today reported first quarter net income applicable to common shareholders of \$661 million, or \$0.57 per diluted common share. In the first quarter of 2013, the company reported a net loss applicable to common shareholders of \$266 million, or \$0.23 per diluted common share. Excluding the charge related to the U.S. Tax Court’s disallowance of certain foreign tax credits of \$854 million, or \$0.73 per diluted common share, net income applicable to common shareholders totaled \$588 million, or \$0.50 per diluted common share, in the first quarter of 2013. Net income applicable to common shareholders was \$513 million, or \$0.44 per diluted common share, in the fourth quarter of 2013. Excluding the after-tax loss of \$115 million, or \$0.10 per diluted common share, related to an equity investment, net income applicable to common shareholders totaled \$628 million, or \$0.54 per diluted common share, in the fourth quarter of 2013. (a)

“Investment Management and Investment Services fees increased 3 percent and we managed our expenses well, resulting in pretax earnings growth of 12 percent year over year. Our performance benefitted from strength in Clearing Services, the eighteenth consecutive quarter of positive long-term inflows in Investment Management and the growing contribution from our Global Collateral Services and electronic foreign exchange initiatives,” said Gerald L. Hassell, chairman and chief executive officer of BNY Mellon.

(a) See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 11 for the reconciliation of the Non-GAAP measures.

“The earnings power and strength of our business model allowed us to announce a capital plan that includes share repurchases of up to \$1.74 billion, an increase of nearly 30 percent from the prior year’s board authorization, and a 13 percent increase in the quarterly dividend,” added Mr. Hassell.

“The management team is focused on actively realigning the business model for the new regulatory environment, controlling expenses and generating strong returns on tangible common equity,” Mr. Hassell concluded.

First Quarter Results – Sequential growth rates are unannualized. Please refer to the Quarterly Earnings Review for a detailed review of our businesses.

Total revenue

Reconciliation of total revenue (dollars in millions)	1Q14	4Q13	1Q13	1Q14 vs.	
				1Q13	4Q13
Fee and other revenue (a)	\$ 2,883	\$ 2,814	\$ 2,860	1%	2%
Income from consolidated investment management funds	36	36	50		
Net interest revenue	728	761	719		
Total revenue – GAAP (a)	3,647	3,611	3,629	-	1
Add: Loss related to an equity investment (pre-tax)	-	175	-		
Less: Net income attributable to noncontrolling interests related to consolidated investment management funds	20	17	16		
Total revenue – Non-GAAP (a)	\$ 3,627	\$ 3,769	\$ 3,613	-%	(4)%

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

- **Assets under custody and/or administration (“AUC/A”)** amounted to \$27.9 trillion at March 31, 2014, an increase of 6% compared with the prior year and 1% sequentially. Both increases were primarily driven by higher market values. The sequential increase also reflects net new business. **Assets under management (“AUM”)** amounted to a record \$1.62 trillion at March 31, 2014, an increase of 14% compared with the prior year and 2% sequentially. Both increases resulted from higher market values and net new business. Long-term inflows totaled \$21 billion driven by the continued strong flows of liability-driven investments. Short-term outflows totaled \$7 billion for the first quarter of 2014.
- **Investment services fees** totaled \$1.7 billion, an increase of 3% year-over-year and 1% sequentially. The year-over-year increase primarily reflects higher asset servicing fees driven by higher market values, net new business and organic growth, as well as higher clearing services and Depository Receipts revenue. The sequential increase reflects higher asset servicing fees primarily driven by organic growth, higher securities lending revenue and net new business. Both increases were partially offset by the impact of the continued net run-off of high margin securitizations in Corporate Trust and higher money market fee waivers.
- **Investment management and performance fees** were \$843 million, an increase of 3% year-over-year and a decrease of 7% sequentially. The year-over-year increase primarily reflects higher equity market values, net new business and higher performance fees, partially offset by higher money market fee waivers. The sequential decrease primarily reflects seasonally lower performance fees and fewer days in the first quarter of 2014.
- **Foreign exchange and other trading revenue** totaled \$136 million compared with \$161 million in the first quarter of 2013 and \$146 million in the fourth quarter of 2013. In the first quarter of 2014, foreign exchange revenue totaled \$130 million, a decrease of 13% year-over-year and an increase of 3% sequentially. Comparisons with both prior periods were impacted by lower volatility, and higher volumes driven by enhancements to our electronic foreign exchange platform. Other trading revenue was \$6 million in the first quarter of 2014 compared with \$12 million in the first quarter of 2013 and \$20 million in the fourth quarter of 2013. The decrease from both prior periods reflects lower fixed income trading revenue.

- **Investment and other income** was \$102 million in the first quarter of 2014 compared with income of \$88 million in the first quarter of 2013 and a loss of \$43 million in the fourth quarter of 2013. The year-over-year increase primarily reflects higher leasing gains, partially offset by lower equity investment revenue. The sequential increase primarily reflects a loss related to an equity investment recorded in the fourth quarter of 2013.
- **Net interest revenue** and the **net interest margin (FTE)** were \$728 million and 1.05% in the first quarter of 2014 compared with \$719 million and 1.11% in the first quarter of 2013 and \$761 million and 1.09% in the fourth quarter of 2013. The year-over-year increase in net interest revenue resulted from a change in the asset mix and higher average deposits, partially offset by lower yields on investment securities. The sequential decrease primarily reflects lower yields on investment securities and fewer days in the first quarter of 2014, partially offset by the change in the mix of assets.
- The **net unrealized pre-tax gain on our total investment securities portfolio** was \$676 million at March 31, 2014 compared with \$309 million at Dec. 31, 2013. The increase was primarily driven by the reduction in market interest rates.

The **provision for credit losses** was a credit of \$18 million in the first quarter of 2014 driven by the continued improvement in the credit quality of the loan portfolio. The provision for credit losses was a credit of \$24 million in the first quarter of 2013 and a provision of \$6 million in the fourth quarter of 2013.

Total noninterest expense

Reconciliation of noninterest expense (dollars in millions)	1Q14	4Q13	1Q13	1Q14 vs.	
				1Q13	4Q13
Noninterest expense – GAAP	\$ 2,739	\$ 2,877	\$ 2,828	(3)%	(5)%
Less: Amortization of intangible assets	75	82	86		
M&I, litigation and restructuring charges	(12)	2	39		
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges – Non-GAAP	\$ 2,676	\$ 2,793	\$ 2,703	(1)%	(4)%

- Total **noninterest expense** excluding amortization of intangible assets, M&I, litigation and restructuring charges (Non-GAAP) decreased 1% year-over-year and 4% sequentially. Staff expense decreased sequentially despite the acceleration of the vesting of long-term stock awards for retirement eligible employees, driven by lower pension and compensation expense. Year over year, the decrease in non-staff expense was primarily due to a provision for administrative errors in certain offshore tax-exempt funds and the cost of generating certain tax credits both of which were recorded in the first quarter of 2013.

The **effective tax rate** was 25.1% in the first quarter of 2014 and was positively impacted by the change in New York state tax rates enacted on March 31, 2014.

Capital ratios	March 31, 2014	Dec. 31, 2013	March 31, 2013
Regulatory capital ratios: (a)			
Estimated common equity Tier 1 ratio (“CET1”), fully phased-in – Non-GAAP: (b)(c)			
Standardized Approach	11.0%	10.6%	9.4%
Advanced Approach	11.0	11.3	9.7
CET1 ratio (d)	15.7	14.5 (c)	12.2 (c)
Tier 1 capital ratio (d)	17.0	16.2	13.6
Total (Tier 1 plus Tier 2) capital ratio (d)	17.8	17.0	14.7
Leverage capital ratio (d)	6.1	5.4	5.2
BNY Mellon shareholders’ equity to total assets ratio (c)	10.3	10.0	10.0
BNY Mellon common shareholders’ equity to total assets ratio (c)	9.9	9.6	9.7
BNY Mellon tangible common shareholders’ equity to tangible assets of operations ratio – Non-GAAP (c)	6.6	6.8	5.9

- (a) *March 31, 2014 regulatory capital ratios are preliminary. At March 31, 2014 and Dec. 31, 2013, the estimated fully phased-in Basel III CET1 ratios are based on our interpretation of the final rules released by the Board of Governors of the Federal Reserve (the “Federal Reserve”) on July 2, 2013 (the “Final Rules”), which will be gradually phased-in over a multi-year period. At March 31, 2013, these ratios were estimated using our interpretation of the Federal Reserve’s Notices of Proposed Rulemaking (“NPRs”) dated June 7, 2012.*
- (b) *Consistent with historic practice, the risk-based capital ratios do not include the impact of BNY Mellon’s actual contractual exposure to certain consolidated investment management funds, and do not include the impact of the total consolidated assets of these vehicles. If the Company is required to include the net impact of such total consolidated assets, it would decrease the fully phased-in CET1 ratio under the Standardized Approach by approximately 60 basis points and the Advanced Approach by approximately 100 basis points at March 31, 2014.*
- (c) *See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 11 for a reconciliation of these ratios.*
- (d) *At March 31, 2014, the capital ratios are based on Basel III components of capital, as phased-in, and asset risk-weightings using the general risk-based guidelines included in the Final Rule (which for 2014 look to Basel I-based requirements). March 31, 2014 risk-weightings are not based on the Advanced Approach rules. The leverage capital ratio is based on Basel III components of capital, and quarterly average total assets, as phased-in. Periods prior to March 31, 2014 are based on Basel I rules.*

Dividends

Common – As previously disclosed on April 7, 2014, The Bank of New York Mellon Corporation announced a 13% increase in the quarterly common stock dividend, from \$0.15 per common share to \$0.17 per common share. This cash dividend is payable on May 7, 2014 to shareholders of record as of the close of business on April 25, 2014.

Preferred – As previously disclosed on April 7, 2014, The Bank of New York Mellon Corporation also declared the following dividends for the noncumulative perpetual preferred stock, liquidation preference \$100,000 per share, for the dividend period ending in June 2014, in each case, payable on June 20, 2014 to holders of record as of the close of business on June 5, 2014:

- \$1,022.22 per share on the Series A Preferred Stock (equivalent to \$10.2222 per Normal Preferred Capital Security of Mellon Capital IV, each representing 1/100th interest in a share of Series A Preferred Stock);
- \$1,300.00 per share on the Series C Preferred Stock (equivalent to \$0.3250 per depositary share, each representing a 1/4,000th interest in a share of the Series C Preferred Stock); and
- \$2,250.00 per share on the Series D Preferred Stock (equivalent to \$22.5000 per depositary share, each representing a 1/100th interest in a share of the Series D Preferred Stock).

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 and more than 100 markets. As of March 31, 2014, BNY Mellon had \$27.9 trillion in assets under custody and/or administration, and \$1.6 trillion in assets under management. 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 is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com, or follow us on Twitter @BNYMellon.

Supplemental Financial Information

The Quarterly Earnings Review and Quarterly Financial Trends for The Bank of New York Mellon Corporation have been updated through March 31, 2014 and are available at www.bnymellon.com (Investor Relations - Financial Reports).

Conference Call Information

Gerald L. Hassell, chairman and chief executive officer and Thomas P. Gibbons, vice chairman and chief financial officer, along with other members of executive management from BNY Mellon, will host a conference call and simultaneous live audio webcast at 8:00 a.m. EDT on April 22, 2014. This conference call and audio webcast will include forward-looking statements and may include other material information.

Persons wishing to access the conference call and audio webcast may do so by dialing (888) 677-5383 (U.S.) and (773) 799-3611 (International), and using the passcode: Earnings, or by logging on to www.bnymellon.com. The Earnings Release, together with the Quarterly Earnings Review and Quarterly Financial Trends, will be available at www.bnymellon.com beginning at approximately 6:30 a.m. EDT on April 22, 2014. Replays of the conference call and audio webcast will be available beginning April 22, 2014 at approximately 2 p.m. EDT through May 21, 2014 by dialing (866) 463-4961 (U.S.) or (203) 369-1399 (International). The archived version of the conference call and audio webcast will also be available at www.bnymellon.com for the same time period.

THE BANK OF NEW YORK MELLON CORPORATION
Financial Highlights

<i>(dollar amounts in millions, except per common share amounts and unless otherwise noted; quarterly returns are annualized)</i>	Quarter ended		
	March 31, 2014	Dec. 31, 2013	March 31, 2013
Return on common equity (a)	7.4%	5.7%	N/M
Non-GAAP (a)	7.9%	6.3%	7.8%
Return on tangible common equity – Non-GAAP (a)	17.6%	14.3%	N/M
Non-GAAP adjusted (a)	17.4%	14.3%	18.5%
Fee revenue as a percentage of total revenue excluding net securities gains (b)	79%	78%	79%
Annualized fee revenue per employee (based on average headcount) (b) (in thousands)	\$ 226	\$ 216	\$ 230
Percentage of non-U.S. total revenue (c)	37%	39%	35%
Pre-tax operating margin (a)(b)	25%	20%	23%
Non-GAAP (a)	27%	22%	26%
Net interest margin (FTE)	1.05%	1.09%	1.11%
Selected average balances:			
Interest-earning assets	\$284,532	\$285,779	\$265,754
Assets of operations	\$343,638	\$344,629	\$322,161
Total assets	\$354,992	\$356,135	\$333,664
Interest-bearing deposits	\$152,986	\$157,020	\$147,728
Noninterest-bearing deposits	\$ 81,430	\$ 79,999	\$ 70,337
Preferred stock	\$ 1,562	\$ 1,562	\$ 1,068
Total The Bank of New York Mellon Corporation common shareholders' equity	\$ 36,289	\$ 35,698	\$ 34,898
Average common shares and equivalents outstanding (in thousands):			
Basic	1,138,645	1,142,861	1,158,819
Diluted	1,144,510	1,147,961	1,158,819
Period-end data:			
Assets under management (in billions) (d)	\$ 1,620 (e)	\$ 1,583	\$ 1,423
Assets under custody and/or administration (in trillions) (f)	\$ 27.9 (e)	\$ 27.6	\$ 26.3
Market value of securities on loan (in billions) (g)	\$ 264	\$ 235	\$ 244
Full-time employees	51,400	51,100	49,700
Book value per common share – GAAP (a)(b)	\$ 31.94	\$ 31.46	\$ 29.81
Tangible book value per common share – Non-GAAP (a)(b)	\$ 14.48	\$ 13.95	\$ 12.45
Cash dividends per common share	\$ 0.15	\$ 0.15	\$ 0.13
Common dividend payout ratio	26%	34%	N/M
Closing stock price per common share	\$ 35.29	\$ 34.94	\$ 27.99
Market capitalization	\$ 40,244	\$ 39,910	\$ 32,487

(a) Non-GAAP excludes M&I, litigation and restructuring charges and the impact of the U.S. Tax Court's disallowance of certain foreign tax credits, if applicable. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 11 for a reconciliation of the Non-GAAP measures.

(b) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

(c) Includes fee revenue, net interest revenue and income from consolidated investment management funds, net of net income attributable to noncontrolling interests.

(d) Excludes securities lending cash management assets and assets managed in the Investment Services business. Also excludes assets under management related to Newton's private client business that was sold in September 2013.

(e) Preliminary.

(f) Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.2 trillion at March 31, 2014, Dec. 31, 2013 and March 31, 2013.

(g) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent, beginning in the fourth quarter of 2013, on behalf of CIBC Mellon clients, which totaled \$66 billion at March 31, 2014 and \$62 billion at Dec. 31, 2013.

N/M – Not meaningful.

THE BANK OF NEW YORK MELLON CORPORATION
Condensed Consolidated Income Statement

<i>(in millions)</i>	Quarter ended		
	March 31, 2014	Dec. 31, 2013	March 31, 2013
Fee and other revenue			
Investment services fees:			
Asset servicing	\$ 1,009	\$ 984	\$ 969
Clearing services	325	324	304
Issuer services	229	237	237
Treasury services	136	137	141
Total investment services fees	1,699	1,682	1,651
Investment management and performance fees	843	904	822
Foreign exchange and other trading revenue	136	146	161
Distribution and servicing	43	43	49
Financing-related fees	38	43	41
Investment and other income (a)	102	(43)	88
Total fee revenue (a)	2,861	2,775	2,812
Net securities gains	22	39	48
Total fee and other revenue (a)	2,883	2,814	2,860
Operations of consolidated investment management funds			
Investment income	138	109	146
Interest of investment management fund note holders	102	73	96
Income from consolidated investment management funds	36	36	50
Net interest revenue			
Interest revenue	812	846	815
Interest expense	84	85	96
Net interest revenue	728	761	719
Provision for credit losses	(18)	6	(24)
Net interest revenue after provision for credit losses	746	755	743
Noninterest expense			
Staff	1,511	1,522	1,472
Professional, legal and other purchased services	312	344	295
Software and equipment	237	241	228
Net occupancy	154	154	163
Distribution and servicing	107	110	106
Sub-custodian	68	68	64
Business development	64	96	68
Other	223	258	307
Amortization of intangible assets	75	82	86
Merger and integration, litigation and restructuring charges	(12)	2	39
Total noninterest expense	2,739	2,877	2,828
Income			
Income before income taxes (a)	926	728	825
Provision for income taxes (a)	232	172	1,062
Net income (loss) (a)	694	556	(237)
Net (income) attributable to noncontrolling interests (includes \$(20), \$(17) and \$(16) related to consolidated investment management funds, respectively)	(20)	(17)	(16)
Net income (loss) applicable to shareholders of The Bank of New York Mellon Corporation (a)	674	539	(253)
Preferred stock dividends	(13)	(26)	(13)
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation (a)	\$ 661	\$ 513	\$ (266)

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

THE BANK OF NEW YORK MELLON CORPORATION
Condensed Consolidated Income Statement - continued

Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation used for the earnings per share calculation <i>(in millions)</i>	Quarter ended		
	March 31, 2014	Dec. 31, 2013	March 31, 2013
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation (a)	\$ 661	\$ 513	\$ (266)
Less: Earnings allocated to participating securities	13	10	2
Change in the excess of redeemable value over the fair value of noncontrolling interests	N/A	-	1
Net income (loss) applicable to the common shareholders of The Bank of New York Mellon Corporation after required adjustments for the calculation of basic and diluted earnings per common share (a)	\$ 648	\$ 503	\$ (269)

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

N/A – Not applicable.

Earnings (loss) per share applicable to the common shareholders of The Bank of New York Mellon Corporation (a)(b) <i>(in dollars)</i>	Quarter ended		
	March 31, 2014	Dec. 31, 2013	March 31, 2013
Basic	\$ 0.57	\$ 0.44	\$ (0.23)
Diluted	\$ 0.57	\$ 0.44	\$ (0.23)

(a) Diluted earnings per share for the three months ended March 31, 2013 was calculated using average basic shares. Adding back the dilutive shares would result in anti-dilution.

(b) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

THE BANK OF NEW YORK MELLON CORPORATION
Consolidated Balance Sheet

<i>(dollars in millions, except per share amounts)</i>	March 31, 2014	Dec. 31, 2013
Assets		
Cash and due from:		
Banks	\$ 6,092	\$ 6,460
Interest-bearing deposits with the Federal Reserve and other central banks	82,602	104,359
Interest-bearing deposits with banks	42,795	35,300
Federal funds sold and securities purchased under resale agreements	12,223	9,161
Securities:		
Held-to-maturity (fair value of \$19,092 and \$19,443)	19,226	19,743
Available-for-sale	80,216	79,309
Total securities	99,442	99,052
Trading assets	10,832	12,098
Loans	54,036	51,657
Allowance for loan losses	(198)	(210)
Net loans	53,838	51,447
Premises and equipment	1,613	1,655
Accrued interest receivable	533	621
Goodwill	18,100	18,073
Intangible assets	4,380	4,452
Other assets (a)	24,340	20,566
Subtotal assets of operations (a)	356,790	363,244
Assets of consolidated investment management funds, at fair value:		
Trading assets	10,260	10,397
Other assets	1,191	875
Subtotal assets of consolidated investment management funds, at fair value	11,451	11,272
Total assets (a)	\$ 368,241	\$ 374,516
Liabilities		
Deposits:		
Noninterest-bearing (principally U.S. offices)	\$ 89,051	\$ 95,475
Interest-bearing deposits in U.S. offices	52,825	56,640
Interest-bearing deposits in Non-U.S. offices	110,351	109,014
Total deposits	252,227	261,129
Federal funds purchased and securities sold under repurchase agreements	9,935	9,648
Trading liabilities	6,540	6,945
Payables to customers and broker-dealers	16,822	15,707
Commercial paper	27	96
Other borrowed funds	1,305	663
Accrued taxes and other expenses (a)	6,271	6,996
Other liabilities (includes allowance for lending-related commitments of \$128 and \$134) (a)	5,371	4,827
Long-term debt	20,616	19,864
Subtotal liabilities of operations (a)	319,114	325,875
Liabilities of consolidated investment management funds, at fair value:		
Trading liabilities	10,002	10,085
Other liabilities	156	46
Subtotal liabilities of consolidated investment management funds, at fair value	10,158	10,131
Total liabilities (a)	329,272	336,006
Temporary equity		
Redeemable noncontrolling interests	212	230
Permanent equity		
Preferred stock – par value \$0.01 per share; authorized 100,000,000 shares; issued 15,826 and 15,826 shares	1,562	1,562
Common stock – par value \$0.01 per share; authorized 3,500,000,000 shares; issued 1,277,739,777 and 1,268,036,220 shares	13	13
Additional paid-in capital	24,176	24,002
Retained earnings (a)	16,439	15,952
Accumulated other comprehensive loss, net of tax	(689)	(892)
Less: Treasury stock of 137,366,861 and 125,786,430 common shares, at cost	(3,515)	(3,140)
Total The Bank of New York Mellon Corporation shareholders' equity (a)	37,986	37,497
Nonredeemable noncontrolling interests of consolidated investment management funds	771	783
Total permanent equity (a)	38,757	38,280
Total liabilities, temporary equity and permanent equity (a)	\$ 368,241	\$ 374,516

(a) Prior period balances were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 10 for additional information.

Impact of Adopting New Accounting Guidance

In the first quarter of 2014, BNY Mellon elected to early adopt the new accounting guidance included in Accounting Standards Update (“ASU”) 2014-01, “Accounting for Investments in Qualified Affordable Housing Projects - a Consensus of the FASB Emerging Issues Task Force.” This ASU allows companies that invest in qualified affordable housing projects to elect the proportional amortization method of accounting for these investments, if certain conditions are met. In the first quarter of 2014, we restated the prior period financial statements to reflect the impact of the retrospective application of the new accounting guidance.

The table below presents the impact of the new accounting guidance on our previously reported earnings (loss) per share applicable to the common shareholders.

Earnings (loss) per share applicable to the common shareholders of The Bank of New York Mellon Corporation <i>(in dollars)</i>	As previously reported		As revised	
	4Q13	1Q13	4Q13	1Q13
Basic	\$ 0.44	\$ (0.23)	\$ 0.44	\$ (0.23)
Diluted	\$ 0.44	\$ (0.23)	\$ 0.44	\$ (0.23)

The table below presents the impact of this new accounting guidance on our previously reported income statements.

Income statement <i>(in millions)</i>	As previously reported		Adjustment		As revised	
	4Q13	1Q13	4Q13	1Q13	4Q13	1Q13
Investment and other income	\$ (60)	\$ 72	\$ 17	\$ 16	\$ (43)	\$ 88
Total fee revenue	2,758	2,796	17	16	2,775	2,812
Total fee and other revenue	2,797	2,844	17	16	2,814	2,860
Income before income taxes	711	809	17	16	728	825
Provision for income taxes	155	1,046	17	16	172	1,062
Net income (loss)	556	(237)	-	-	556	(237)
Net income (loss) applicable to shareholders of The Bank of New York Mellon Corporation	539	(253)	-	-	539	(253)
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	513	(266)	-	-	513	(266)

The table below presents the impact of this new accounting guidance on our previously reported balance sheet.

Balance sheet at Dec. 31, 2013 <i>(in millions)</i>	As previously reported	Adjustment	As revised
Other assets	\$ 20,360	\$ 206	\$ 20,566
Total assets of operations	363,038	206	363,244
Total assets	374,310	206	374,516
Accrued taxes and other expenses	6,985	11	6,996
Other liabilities	4,608	219	4,827
Total liabilities of operations	325,645	230	325,875
Total liabilities	335,776	230	336,006
Retained earnings	15,976	(24)	15,952
The Bank of New York Mellon Corporation shareholders' equity	37,521	(24)	37,497
Permanent equity	38,304	(24)	38,280
Total liabilities, temporary equity and permanent equity	374,310	206	374,516

The table below presents the impact of this new accounting guidance on our previously reported consolidated ratios and other measures.

Consolidated ratios and other measures <i>(in dollars unless otherwise noted)</i>	As previously reported		As revised	
	4Q13	1Q13	4Q13	1Q13
Fee revenue as a percentage of total revenue excluding net securities gains	78%	78%	78%	79%
Annualized fee revenue per employee (based on average headcount) <i>(in thousands)</i>	\$ 215	\$ 229	\$ 216	\$ 230
Pre-tax operating margin – GAAP	20%	22%	20%	23%
Book value per common share – GAAP	\$ 31.48	\$ 29.83	\$ 31.46	\$ 29.81
Tangible book value per common share – Non-GAAP	\$ 13.97	\$ 12.47	\$ 13.95	\$ 12.45

Supplemental information – Explanation of GAAP and Non-GAAP financial measures

BNY Mellon has included in this Earnings Release certain Non-GAAP financial measures based upon fully phased-in Basel III CET1, Basel I Tier 1 common equity and tangible common shareholders' equity. BNY Mellon believes that the Basel III CET1 ratio on a fully phased-in basis, the ratio of Basel I Tier 1 common equity to risk-weighted assets and the ratio of tangible common shareholders' equity to tangible assets of operations are measures of capital strength that provide additional useful information to investors, supplementing the capital ratios which are, or were, utilized by regulatory authorities. The tangible common shareholders' equity ratio includes changes in investment securities valuations which are reflected in total shareholders' equity. In addition, this ratio is expressed as a percentage of the actual book value of assets, as opposed to a percentage of a risk-based reduced value established in accordance with regulatory requirements, although BNY Mellon in its calculation has excluded certain assets which are given a zero percent risk-weighting for regulatory purposes. Further, BNY Mellon believes that the return on tangible common equity measure, which excludes goodwill and intangible assets net of deferred tax liabilities, is a useful additional measure for investors because it presents a measure of BNY Mellon's performance in reference to those assets which are productive in generating income. BNY Mellon has provided a measure of tangible book value per share, which it believes provides additional useful information as to the level of such assets in relation to shares of common stock outstanding. BNY Mellon has presented its estimated fully phased-in Basel III CET1 ratios based on its interpretation of the Final Rules released by the Federal Reserve on July 2, 2013, and on the application of such rules to BNY Mellon's businesses as currently conducted. The estimated fully phased-in Basel III CET1 ratio is necessarily subject to, among other things, BNY Mellon's further review of the Final Rules, anticipated compliance with all necessary enhancements to model calibration, and other refinements, further implementation guidance from regulators and any changes BNY Mellon may make to its businesses. Consequently, BNY Mellon's estimated fully phased-in Basel III CET1 ratio may change based on these factors. Management views the estimated fully phased-in Basel III CET1 ratio as a key measure in monitoring BNY Mellon's capital position and progress against future regulatory capital standards. Additionally, the presentation of the estimated fully phased-in Basel III CET1 ratio is intended to allow investors to compare BNY Mellon's estimated fully phased-in Basel III CET1 ratio with estimates presented by other companies.

BNY Mellon has presented revenue measures which exclude the effect of noncontrolling interests related to consolidated investment management funds and a loss related to an equity investment; and expense measures which exclude M&I expenses, litigation charges, restructuring charges and amortization of intangible assets. Earnings per share, return on equity measures and operating margin measures, which exclude some or all of these items, are also presented. Return on equity and earnings per share measures also exclude the charge related to the disallowance of certain foreign tax credits. BNY Mellon believes that these measures are useful to investors because they permit a focus on period-to-period comparisons which relate to the ability of BNY Mellon to enhance revenues and limit expenses in circumstances where such matters are within BNY Mellon's control. The excluded items, in general, relate to certain ongoing charges as a result of prior transactions or where we have incurred charges. M&I expenses primarily relate to the acquisitions of Global Investment Servicing on July 1, 2010 and BHF Asset Servicing GmbH on Aug. 2, 2010. M&I expenses generally continue for approximately three years after the transaction and can vary on a year-to-year basis depending on the stage of the integration. BNY Mellon believes that the exclusion of M&I expenses provides investors with a focus on BNY Mellon's business as it would appear on a consolidated going-forward basis, after such M&I expenses have ceased. Future periods will not reflect such M&I expenses, and thus may be more easily compared with our current results if

M&I expenses are excluded. Litigation charges represent accruals for loss contingencies that are both probable and reasonably estimable, but exclude standard business-related legal fees. Restructuring charges relate to our Operational Excellence Initiatives and migrating positions to Global Delivery Centers. Excluding these charges permits investors to view expenses on a basis consistent with how management views the business.

In this Earnings Release, the net interest margin is presented on an FTE basis. We believe that this presentation provides comparability of amounts arising from both taxable and tax-exempt sources, and is consistent with industry practice. The adjustment to an FTE basis has no impact on net income. Each of these measures as described above is used by management to monitor financial performance, both on a company-wide and business-level basis.

The following tables present the reconciliation of net income and diluted earnings per common share.

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP	4Q13		1Q13	
	Net income	Diluted EPS	Net Income	Diluted EPS
<i>(in millions, except per common share amounts)</i>				
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 513	\$ 0.44	\$ (266)	\$ (0.23)
Loss related to an equity investment (after-tax)	115	0.10	N/A	N/A
Charge related to the U.S. Tax Court’s partial reconsideration of a tax decision disallowing certain foreign tax credits	N/A	N/A	854	0.73
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	\$ 628	\$ 0.54	\$ 588	\$ 0.50

N/A – Not applicable.

The following table presents the reconciliation of the pre-tax operating margin ratio.

Pre-tax operating margin	1Q14	4Q13	1Q13
<i>(dollars in millions)</i>			
Income before income taxes – GAAP	\$ 926	\$ 728	\$ 825
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	20	17	16
Add: Amortization of intangible assets	75	82	86
M&I, litigation and restructuring charges	(12)	2	39
Income before income taxes excluding net income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP	\$ 969	\$ 795	\$ 934
Fee and other revenue – GAAP	\$ 2,883	\$ 2,814	\$ 2,860
Income from consolidated investment management funds – GAAP	36	36	50
Net interest revenue – GAAP	728	761	719
Total revenue – GAAP	3,647	3,611	3,629
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	20	17	16
Total revenue excluding net income attributable to noncontrolling interests of consolidated investment management funds – Non-GAAP	\$ 3,627	\$ 3,594	\$ 3,613
Pre-tax operating margin (a)	25%	20%	23%
Pre-tax operating margin excluding net income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP (a)	27%	22%	26%

(a) Income before taxes divided by total revenue.

The following table presents the reconciliation of the returns on common equity and tangible common equity.

Return on common equity and tangible common equity <i>(dollars in millions)</i>	1Q14	4Q13	1Q13
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 661	\$ 513	\$ (266)
Add: Amortization of intangible assets, net of tax	49	53	56
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	710	566	(210)
Add: M&I, litigation and restructuring charges	(7)	1	24
Charge related to the disallowance of certain foreign tax credits	-	-	854
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to the disallowance of certain foreign tax credits – Non-GAAP	\$ 703	\$ 567	\$ 668
Average common shareholders' equity	\$ 36,289	\$ 35,698	\$ 34,898
Less: Average goodwill	18,072	18,026	17,993
Average intangible assets	4,422	4,491	4,758
Add: Deferred tax liability – tax deductible goodwill (a)	1,306	1,302	1,170
Deferred tax liability – intangible assets (a)	1,259	1,222	1,293
Average tangible common shareholders' equity – Non-GAAP	\$ 16,360	\$ 15,705	\$ 14,610
Return on common equity – GAAP (b)	7.4%	5.7%	N/M
Return on common equity excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to the disallowance of certain foreign tax credits – Non-GAAP (b)	7.9%	6.3%	7.8%
Return on tangible common equity – Non-GAAP (b)	17.6%	14.3%	N/M
Return on tangible common equity excluding M&I, litigation and restructuring charges and the charge related to the disallowance of certain foreign tax credits – Non-GAAP (b)	17.4%	14.3%	18.5%
(a) <i>Deferred tax liabilities are based on fully phased-in Basel III rules. First quarter of 2014 includes deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.</i>			
(b) <i>Annualized.</i>			
<i>N/M – Not meaningful.</i>			

The following table presents the reconciliation of the equity to assets ratio and book value per common share.

Equity to assets and book value per common share <i>(dollars in millions, unless otherwise noted)</i>	March 31, 2014	Dec. 31, 2013	March 31, 2013
BNY Mellon shareholders' equity at period end – GAAP	\$ 37,986	\$ 37,497	\$ 35,672
Less: Preferred stock	1,562	1,562	1,068
BNY Mellon common shareholders' equity at period end – GAAP	36,424	35,935	34,604
Less: Goodwill	18,100	18,073	17,920
Intangible assets	4,380	4,452	4,696
Add: Deferred tax liability – tax deductible goodwill (a)	1,306	1,302	1,170
Deferred tax liability – intangible assets (a)	1,259	1,222	1,293
Tangible BNY Mellon common shareholders' equity at period end – Non-GAAP	\$ 16,509	\$ 15,934	\$ 14,451
Total assets at period end – GAAP	\$368,241	\$374,516	\$356,146
Less: Assets of consolidated investment management funds	11,451	11,272	11,236
Subtotal assets of operations – Non-GAAP	356,790	363,244	344,910
Less: Goodwill	18,100	18,073	17,920
Intangible assets	4,380	4,452	4,696
Cash on deposit with the Federal Reserve and other central banks (b)	83,736	105,384	78,059
Tangible total assets of operations at period end – Non-GAAP	\$250,574	\$235,335	\$244,235
BNY Mellon shareholders' equity to total assets – GAAP	10.3%	10.0%	10.0%
BNY Mellon common shareholders' equity to total assets – GAAP	9.9%	9.6%	9.7%
BNY Mellon tangible common shareholders' equity to tangible assets of operations – Non-GAAP	6.6%	6.8%	5.9%
Period-end common shares outstanding <i>(in thousands)</i>	1,140,373	1,142,250	1,160,647
Book value per common share	\$ 31.94	\$ 31.46	\$ 29.81
Tangible book value per common share – Non-GAAP	\$ 14.48	\$ 13.95	\$ 12.45
(a) <i>Deferred tax liabilities are based on fully phased-in Basel III rules. First quarter of 2014 includes deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.</i>			
(b) <i>Assigned a zero percent risk-weighting by the regulators.</i>			

The following table presents the reconciliation of our estimated fully phased-in Basel III CET1 ratio under the Standardized Approach and Advanced Approach.

Estimated fully phased-in Basel III CET1 ratio – Non-GAAP (a) (dollars in millions)	March 31, 2014	Dec. 31, 2013	March 31, 2013
Total Tier 1 capital	\$ 20,561	\$ 18,335	\$ 16,219
Adjustments to determine estimated fully phased-in Basel III CET1:			
Deferred tax liability – tax deductible intangible assets	-	70	78
Intangible deduction	(2,496)	-	-
Preferred stock	(1,562)	(1,562)	(1,068)
Trust preferred securities	(167)	(330)	(603)
Other comprehensive income (loss) and net pension fund assets:			
Securities available-for-sale	430	387	1,314
Pension liabilities	(705)	(900)	(1,410)
Net pension fund assets	-	(713)	(258)
Total other comprehensive income (loss) and net pension fund assets	(275)	(1,226)	(354)
Equity method investments	(102)	(445)	(488)
Deferred tax assets	-	(49)	(52)
Other	(8)	17	17
Total estimated fully phased-in Basel III CET1	\$ 15,951	\$ 14,810	\$ 13,749
Under the Standardized Approach:			
Total risk-weighted assets – Basel I (b)	\$ 120,728	\$ 113,322	\$ 119,382
Add: Adjustments (c)	24,416	26,543	26,898
Total estimated fully phased-in Basel III risk-weighted assets	\$ 145,144	\$ 139,865	\$ 146,280
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP	11.0%	10.6%	9.4%
Under the Advanced Approach:			
Total risk-weighted assets – Basel I (b)	\$ 120,728	\$ 113,322	\$ 119,382
Add: Adjustments (c)	24,815	17,527	22,798
Total estimated fully phased-in Basel III risk-weighted assets	\$ 145,543	\$ 130,849	\$ 142,180
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP	11.0%	11.3%	9.7%

- (a) March 31, 2014 information is preliminary. At March 31, 2014 and Dec. 31, 2013, the estimated fully phased-in Basel III CET1 ratios are based on our interpretation of the Final Rules. At March 31, 2013, these ratios were estimated using our interpretation of the NPRs dated June 7, 2012.
- (b) Consistent with historic practice, the risk-based capital ratios do not include the impact of certain consolidated investment management funds, and do not include the impact of BNY Mellon's actual contractual exposure to these vehicles. If the Company is required to include the net impact of such total consolidated assets, it would decrease the fully phased-in CET1 ratio under the Standardized Approach by approximately 60 basis points and the fully phased-in CET1 ratio under the Advanced Approach by approximately 100 basis points at March 31, 2014.
- (c) Following are the primary differences between risk-weighted assets determined under Basel I and Basel III. Credit risk is determined under Basel I using predetermined risk-weights and asset classes and relies in part on the use of external credit ratings. Under Basel III both the Standardized and Advanced Approaches use a broader range of predetermined risk-weights and asset classes and certain alternatives to external credit ratings. Securitization exposure receives a higher risk-weighting under Basel III than Basel I, and Basel III includes additional adjustments for market risk, counterparty credit risk and equity exposures. Additionally, the Standardized Approach eliminates the use of the VaR approach for determining risk-weighted assets on certain repo-style transactions. Risk-weighted assets calculated under the Advanced Approach also include the use of internal credit models and parameters as well as an adjustment for operational risk. In 2014, risk-weighted assets include transition adjustments for intangible assets, other than goodwill, and significant investments in unconsolidated financial institutions.

The following table presents the reconciliation of our Basel I CET1 ratio.

Basel I CET1 ratio (dollars in millions)	Dec. 31, 2013	March 31, 2013
Total Tier 1 capital – Basel I	\$ 18,335	\$ 16,219
Less: Trust preferred securities	330	603
Preferred stock	1,562	1,068
Total Tier 1 common equity	\$ 16,443	\$ 14,548
Total risk-weighted assets – Basel I	\$ 113,322	\$ 119,382
Basel I CET1 ratio – Non-GAAP	14.5%	12.2%

Cautionary Statement

The information presented in this Earnings Release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including our estimated capital ratios and expectations relating to those ratios, preliminary business metrics and statements made regarding the growing contribution from our Global Collateral Services and electronic foreign exchange initiatives, capital plan, focus on actively realigning the business model, controlling expenses and generating strong returns on tangible common equity. These statements, which may be expressed in a variety of ways, include the use of future or present tense language. These statements and other forward-looking statements contained in other public disclosures of BNY Mellon which make reference to the cautionary factors described in this Earnings Release, are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond BNY Mellon's control). Factors that could cause BNY Mellon's results to differ materially from those described in the forward-looking statements can be found in the risk factors set forth in BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2013 and its other filings with the Securities and Exchange Commission. All forward-looking statements in this Earnings Release speak only as of April 22, 2014 and BNY Mellon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.



Quarterly Earnings Review

April 22, 2014

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FIRST QUARTER 2014 FINANCIAL HIGHLIGHTS*(comparisons are 1Q14 vs. 1Q13 unless otherwise stated)*

- **Earnings**

<i>(in millions, except per share amounts)</i>	Earnings per share			Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation		
	1Q14	1Q13	Growth	1Q14	1Q13	Growth
GAAP results	\$ 0.57	\$ (0.23)		\$ 661	\$ (266)	
Add: Charge related to the U.S. Tax Court's disallowance of certain foreign tax credits	N/A	0.73		N/A	854	
Non-GAAP results	\$ 0.57	\$ 0.50	14%	\$ 661	\$ 588	12%

N/A – Not applicable.

- **Pre-tax earnings up 12%**

- Total revenue was \$3.6 billion, unchanged.
 - Investment services fees increased 3% reflecting strength in asset servicing and clearing services.
 - Investment management and performance fees increased 3%, or 5% excluding money market fee waivers (Non-GAAP), reflecting higher equity market values, net new business and higher performance fees. (a)
 - Foreign exchange revenue decreased 13% as a result of lower volatility, partially offset by higher volumes driven by enhancements to our electronic foreign exchange platform.
 - Net interest revenue increased 1% primarily driven by a change in the mix of assets and higher average deposits, partially offset by lower yields on investment securities.
- The provision for credit losses was a credit of \$18 million in 1Q14.
- Noninterest expense decreased 3% primarily due to a provision for administrative errors in certain offshore tax-exempt funds and the cost of generating certain tax credits both of which were recorded in the first quarter of 2013.

- **Assets under custody and/or administration (“AUC/A”) and Assets under management (“AUM”)**

- AUC/A of \$27.9 trillion, increased 6% primarily reflecting higher market values.
 - Estimated new AUC/A wins in Asset Servicing of \$161 billion in 1Q14.
- AUM of a record \$1.62 trillion, increased 14% driven by higher market values and net new business.
 - Long-term inflows totaled \$21 billion in 1Q14 driven by the continued strong flows of liability-driven investments.
 - Short-term outflows totaled \$7 billion in 1Q14.

- **Capital**

- Repurchased 11.6 million common shares for \$375 million in 1Q14.
- As previously announced, Board approved a common stock dividend increase of 13% and the repurchase of up to \$1.74 billion of common stock.

(a) See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 20 for the reconciliation of Non-GAAP measures.

Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information. Additionally, certain immaterial reclassifications have been made to prior periods to place them on a basis comparable with the current period presentation. Sequential growth rates are unannualized.

FINANCIAL SUMMARY

<i>(dollars in millions, common shares in thousands)</i>	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Revenue:							
Fee and other revenue <i>(a)</i>	\$ 2,860	\$ 3,203	\$ 2,979	\$ 2,814	\$ 2,883	1%	2%
Income from consolidated investment management funds	50	65	32	36	36		
Net interest revenue	719	757	772	761	728		
Total revenue – GAAP <i>(a)</i>	3,629	4,025	3,783	3,611	3,647	-	1
Less: Net income attributable to noncontrolling interests related to consolidated investment management funds	16	39	8	17	20		
Gain (loss) related to an equity investment (pre-tax)	-	184	-	(175)	-		
Total revenue – Non-GAAP <i>(a)</i>	3,613	3,802	3,775	3,769	3,627	-	(4)
Provision for credit losses	(24)	(19)	2	6	(18)		
Expense:							
Noninterest expense – GAAP	2,828	2,822	2,779	2,877	2,739	(3)	(5)
Less: Amortization of intangible assets	86	93	81	82	75		
M&I, litigation and restructuring charges	39	13	16	2	(12)		
Total noninterest expense – Non-GAAP	2,703	2,716	2,682	2,793	2,676	(1)	(4)
Income:							
Income before income taxes <i>(a)</i>	825	1,222	1,002	728	926	12%	27%
Provision for income taxes <i>(a)</i>	1,062	339	19	172	232		
Net income (loss) <i>(a)</i>	\$ (237)	\$ 883	\$ 983	\$ 556	\$ 694		
Net (income) attributable to noncontrolling interests <i>(b)</i>	(16)	(40)	(8)	(17)	(20)		
Net income (loss) applicable to shareholders of The Bank of New York Mellon Corporation <i>(a)</i>	(253)	843	975	539	674		
Preferred stock dividends	(13)	(12)	(13)	(26)	(13)		
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation <i>(a)</i>	\$ (266)	\$ 831	\$ 962	\$ 513	\$ 661		
Key Metrics: <i>(a)</i>							
Pre-tax operating margin <i>(c)</i>	23%	30%	26%	20%	25%		
Non-GAAP <i>(c)</i>	26%	32%	29%	22%	27%		
Return on common equity <i>(annualized) (c)</i>	N/M	9.7%	11.1%	5.7%	7.4%		
Non-GAAP <i>(c)</i>	7.8%	10.5%	8.9%	6.3%	7.9%		
Return on tangible common equity <i>(annualized)</i>							
Non-GAAP <i>(c)</i>	N/M	25.0%	28.3%	14.3%	17.6%		
Non-GAAP adjusted <i>(c)</i>	18.5%	25.2%	21.3%	14.3%	17.4%		
Fee revenue as a percentage of total revenue excluding net securities gains	79%	79%	79%	78%	79%		
Percentage of non-U.S. total revenue <i>(d)</i>	35%	36%	38%	39%	37%		
Period end:							
Full-time employees	49,700	49,800	50,800	51,100	51,400		
Market capitalization	\$ 32,487	\$ 32,271	\$ 34,674	\$ 39,910	\$ 40,244		
Common shares outstanding	1,160,647	1,150,477	1,148,522	1,142,250	1,140,373		

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information.

(b) Includes net income of \$16 million in 1Q13, \$39 million in 2Q13, \$8 million in 3Q13, \$17 million in 4Q13 and \$20 million in 1Q14 attributable to noncontrolling interests related to consolidated investment management funds.

(c) Non-GAAP excludes M&I, litigation and restructuring charges and the impact of the U.S. Tax Court's disallowance of certain foreign tax credits, if applicable. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 20 for the reconciliation of the Non-GAAP measures.

(d) Includes fee revenue, net interest revenue and income from consolidated investment management funds, net of net income attributable to noncontrolling interests.

N/M – Not meaningful.

CONSOLIDATED BUSINESS METRICS

Consolidated business metrics	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Changes in AUM (in billions): (a)							
Beginning balance of AUM	\$ 1,380	\$ 1,423	\$ 1,427	\$ 1,532	\$ 1,583		
Net inflows (outflows):							
Long-term:							
Equity	1	1	3	(5)	(1)		
Fixed income	5	2	(1)	5	-		
Index	12	8	2	(3)	-		
Liability-driven investments (b)	22	11	27	4	20		
Alternative investments	-	(1)	1	1	2		
Total long-term inflows	40	21	32	2	21		
Short-term:							
Cash	(13)	(1)	13	6	(7)		
Total net inflows	27	20	45	8	14		
Net market/currency impact	16	(16)	60	43	23		
Ending balance of AUM	\$ 1,423	\$ 1,427	\$ 1,532	\$ 1,583	\$ 1,620 (c)	14%	2%
AUM at period end, by product type: (a)							
Equity	17%	17%	17%	17%	17%		
Fixed income	15	15	14	14	14		
Index	19	20	20	20	20		
Liability-driven investments (b)	25	25	26	26	27		
Alternative investments	4	4	4	4	4		
Cash	20	19	19	19	18		
Total AUM	100 %	100 %	100 %	100 %	100% (c)		
Wealth management:							
Average loans (in millions)	\$ 8,972	\$ 9,253	\$ 9,453	\$ 9,755	\$ 10,075	12%	3%
Average deposits (in millions)	\$ 13,646	\$ 13,306	\$ 13,898	\$ 14,161	\$ 14,805	8%	5%
Investment Services:							
Average loans (in millions)	\$ 26,697	\$ 27,814	\$ 27,865	\$ 31,211	\$ 31,468	18%	1%
Average deposits (in millions)	\$ 200,222	\$ 204,499	\$ 206,068	\$ 216,216	\$ 214,947	7%	(1)%
AUC/A at period end (in trillions) (d)	\$ 26.3	\$ 26.2	\$ 27.4	\$ 27.6	\$ 27.9 (c)	6%	1%
Market value of securities on loan at period end (in billions) (e)	\$ 244	\$ 255	\$ 255	\$ 235	\$ 264	8%	12%
Asset Servicing:							
Estimated new business wins (AUC/A) (in billions)	\$ 205	\$ 201	\$ 110	\$ 123	\$ 161 (c)		
Depository Receipts:							
Number of sponsored programs	1,359	1,349	1,350	1,335	1,332	(2)%	-%
Clearing Services:							
Global DARTS volume (in thousands)	213	217	212	213	230	8%	8%
Average active clearing accounts (U.S. platform) (in thousands)	5,552	5,591	5,622	5,643	5,695	3%	1%
Average long-term mutual fund assets (U.S. platform) (in millions)	\$ 357,647	\$ 371,196	\$ 377,131	\$ 401,434	\$ 413,658	16%	3%
Average investor margin loans (U.S. platform) (in millions)	\$ 8,212	\$ 8,235	\$ 8,845	\$ 8,848	\$ 8,919	9%	1%
Broker-Dealer:							
Average tri-party repo balances (in billions)	\$ 2,070	\$ 2,037	\$ 1,952	\$ 2,005	\$ 1,983	(4)%	(1)%

(a) Excludes securities lending cash management assets and assets managed in the Investment Services business. Also excludes assets under management related to Newton's private client business that was sold in September 2013.

(b) Includes currency and overlay assets under management.

(c) Preliminary.

(d) Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of \$1.2 trillion at March 31, 2013, \$1.1 trillion at June 30, 2013 and \$1.2 trillion at Sept. 30, 2013, Dec. 31, 2013 and March 31, 2014.

(e) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent, beginning in the fourth quarter of 2013, on behalf of CIBC Mellon clients, which totaled \$62 billion at Dec. 31, 2013 and \$66 billion at March 31, 2014.

The following table presents key market metrics at period end and on an average basis.

Key market metrics	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
S&P 500 Index (a)	1569	1606	1682	1848	1872	19%	1%
S&P 500 Index – daily average	1514	1609	1675	1769	1835	21	4
FTSE 100 Index (a)	6412	6215	6462	6749	6598	3	(2)
FTSE 100 Index – daily average	6300	6438	6530	6612	6680	6	1
MSCI World Index (a)	1435	1434	1544	1661	1674	17	1
MSCI World Index – daily average	1405	1463	1511	1602	1647	17	3
Barclays Global Capital Aggregate Bond SM Index (a)(b)	356	343	356	354	365	3	3
NYSE and NASDAQ share volume (in billions)	174	186	166	179	196	13	9
JPMorgan G7 Volatility Index – daily average (c)	9.02	9.84	9.72	8.20	7.80	(14)	(5)
Average Fed Funds effective rate	0.14%	0.12%	0.09%	0.09%	0.07%	(7) bps	(2) bps

(a) Period end.

(b) Unhedged in U.S. dollar terms.

(c) The JPMorgan G7 Volatility Index is based on the implied volatility in 3-month currency options.

bps – basis points.

FEE AND OTHER REVENUE

Fee and other revenue (dollars in millions)	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Investment services fees:							
Asset servicing (a)	\$ 969	\$ 988	\$ 964	\$ 984	\$ 1,009	4%	3%
Clearing services	304	321	315	324	325	7	-
Issuer services	237	294	322	237	229	(3)	(3)
Treasury services	141	139	137	137	136	(4)	(1)
Total investment services fees	1,651	1,742	1,738	1,682	1,699	3	1
Investment management and performance fees	822	848	821	904	843	3	(7)
Foreign exchange and other trading revenue	161	207	160	146	136	(16)	(7)
Distribution and servicing	49	45	43	43	43	(12)	-
Financing-related fees	41	44	44	43	38	(7)	(12)
Investment and other income (b)	88	285	151	(43)	102	N/M	N/M
Total fee revenue (b)	2,812	3,171	2,957	2,775	2,861	2	3
Net securities gains	48	32	22	39	22	N/M	N/M
Total fee and other revenue – GAAP (b)	\$ 2,860	\$ 3,203	\$ 2,979	\$ 2,814	\$ 2,883	1%	2%

(a) Asset servicing fees include securities lending revenue of \$39 million in 1Q13, \$50 million in 2Q13, \$35 million in 3Q13, \$31 million in 4Q13 and \$38 million in 1Q14.

(b) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information.

N/M - Not meaningful.

KEY POINTS

- Asset servicing fees were \$1.0 billion, an increase of 4% year-over-year and 3% sequentially. The year-over-year increase primarily reflects higher market values, net new business and organic growth. The sequential increase primarily reflects organic growth, higher securities lending revenue and net new business.
- Clearing services fees were \$325 million, an increase of 7% year-over-year and unchanged sequentially. The year-over-year increase was driven by higher mutual fund fees, higher asset-based fees and an increase in DARTS, partially offset by higher money market fee waivers. Sequentially, higher clearance revenue was primarily offset by fewer trading days in 1Q14.
- Issuer services fees were \$229 million, a decrease of 3% both year-over-year and sequentially. Both decreases reflect the impact of the continued net run-off of high margin securitizations in Corporate Trust. The year-over-year decrease was partially offset by higher Depository Receipts revenue driven by corporate actions.
- Investment management and performance fees were \$843 million, an increase of 3% year-over-year and a decrease of 7% sequentially. Excluding money market fee waivers, investment management and performance fees increased 5% year-over-year and decreased 6% sequentially (Non-GAAP). The year-over-year increase primarily reflects higher equity market values and net new business. The sequential decrease primarily reflects seasonally lower performance fees and fewer days in 1Q14.

Foreign exchange and other trading revenue <i>(in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Foreign exchange	\$ 149	\$ 179	\$ 154	\$ 126	\$ 130
Other trading revenue:					
Fixed income	8	12	(2)	20	1
Equity/other	4	16	8	-	5
Total other trading revenue	12	28	6	20	6
Total foreign exchange and other trading revenue	\$ 161	\$ 207	\$ 160	\$ 146	\$ 136

Foreign exchange and other trading revenue totaled \$136 million in 1Q14 compared with \$161 million in 1Q13 and \$146 million in 4Q13. In 1Q14, foreign exchange revenue totaled \$130 million, a decrease of 13% year-over-year and an increase of 3% sequentially. Comparisons with both prior periods were impacted by lower volatility, and higher volumes driven by enhancements to our electronic foreign exchange platform. Other trading revenue was \$6 million in 1Q14 compared with \$12 million in 1Q13 and \$20 million in 4Q13. The decrease from both prior periods reflects lower fixed income trading revenue.

Investment and other income <i>(in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Lease residual gains	\$ 1	\$ 10	\$ 7	\$ -	\$ 35
Corporate/bank-owned life insurance	34	32	38	40	30
Expense reimbursements from joint venture	11	8	12	11	12
Seed capital gains	6	1	7	20	6
Private equity gains (losses)	(2)	5	(2)	5	5
Transitional service agreements	5	4	-	2	-
Asset-related gains	7	7	35	22	(1)
Equity investment revenue (loss)	13	200	48	(163)	(2)
Other income (a)	13	18	6	20	17
Total investment and other income (loss) (a)	\$ 88	\$ 285	\$ 151	\$ (43)	\$ 102

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information.

Investment and other income was \$102 million in 1Q14 compared with income of \$88 million in 1Q13 and a loss of \$43 million in 4Q13. The year-over-year increase primarily reflects higher leasing gains, partially offset by lower equity investment revenue. The sequential increase primarily reflects a loss related to an equity investment recorded in 4Q13.

NET INTEREST REVENUE

Net interest revenue (dollars in millions)	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Net interest revenue (non-FTE)	\$ 719	\$ 757	\$ 772	\$ 761	\$ 728	1%	(4)%
Net interest revenue (FTE) – Non-GAAP	733	771	787	781	744	2	(5)
Net interest margin (FTE)	1.11%	1.15%	1.16%	1.09%	1.05%	(6) bps	(4) bps
Selected average balances:							
Cash/interbank investments	\$ 111,685	\$ 106,561	\$ 116,165	\$ 132,198	\$ 127,134	14%	(4)%
Trading account securities	5,878	6,869	5,523	6,173	5,217	(11)	(15)
Securities	101,912	107,138	101,206	96,640	100,534	(1)	4
Loans	46,279	47,913	48,256	50,768	51,647	12	2
Interest-earning assets	265,754	268,481	271,150	285,779	284,532	7	-
Interest-bearing deposits	147,728	151,219	153,547	157,020	152,986	4	(3)
Noninterest-bearing deposits	70,337	70,648	72,075	79,999	81,430	16	2
Selected average yields/rates:							
Cash/interbank investments	0.41%	0.41%	0.41%	0.40%	0.43%		
Trading account securities	2.40	2.33	2.83	2.82	2.60		
Securities	1.88	1.84	1.98	2.02	1.79		
Loans	1.78	1.76	1.73	1.64	1.65		
Interest-earning assets	1.26	1.27	1.28	1.21	1.17		
Interest-bearing deposits	0.08	0.07	0.06	0.06	0.06		
Average cash/interbank investments as a percentage of average interest-earning assets							
	42%	40%	43%	46%	45%		
Average noninterest-bearing deposits as a percentage of average interest-earning assets							
	26%	26%	27%	28%	29%		

bps – basis points.

FTE – fully taxable equivalent.

KEY POINTS

- Net interest revenue totaled \$728 million in 1Q14, an increase of \$9 million compared with 1Q13 and a decrease of \$33 million sequentially. The year-over-year increase in net interest revenue resulted from a change in the mix of assets and higher average deposits, partially offset by lower yields on investment securities. The sequential decrease primarily reflects lower yields on investment securities and fewer days in 1Q14, partially offset by the change in the mix of assets as we reduced cash/interbank investments and increased our securities portfolio.

NONINTEREST EXPENSE

Noninterest expense (dollars in millions)	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Staff:							
Compensation	\$ 885	\$ 891	\$ 915	\$ 929	\$ 925	5%	-%
Incentives	338	364	339	343	359	6	5
Employee benefits	249	254	262	250	227	(9)	(9)
Total staff	1,472	1,509	1,516	1,522	1,511	3	(1)
Professional, legal and other purchased services	295	317	296	344	312	6	(9)
Software and equipment	228	238	226	241	237	4	(2)
Net occupancy	163	159	153	154	154	(6)	-
Distribution and servicing	106	111	108	110	107	1	(3)
Sub-custodian	64	77	71	68	68	6	-
Business development	68	90	63	96	64	(6)	(33)
Other	307	215	249	258	223	(27)	(14)
Amortization of intangible assets	86	93	81	82	75	(13)	(9)
M&I, litigation and restructuring charges	39	13	16	2	(12)	N/M	N/M
Total noninterest expense – GAAP	\$ 2,828	\$ 2,822	\$ 2,779	\$ 2,877	\$ 2,739	(3)%	(5)%
Total staff expense as a percentage of total revenue (a)	41%	37%	40%	42%	41%		

Memo:

Total noninterest expense excluding amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP

\$ 2,703	\$ 2,716	\$ 2,682	\$ 2,793	\$ 2,676	(1)%	(4)%
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(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information.

N/M – Not meaningful.

KEY POINTS

Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges (Non-GAAP) decreased 1% year-over-year and 4% sequentially. Comparisons to both prior periods were impacted by lower pension expense and higher incentive expense due to the acceleration of the vesting of long-term stock awards for retirement-eligible employees.

- The year-over-year decrease also resulted from a provision for administrative errors in certain offshore tax-exempt funds and the cost of generating certain tax credits both of which were recorded in 1Q13, partially offset by increases in compensation and professional, legal and other purchased services expenses.
- The sequential decline also reflects a seasonal decrease in business development expense, as well as lower professional, legal and other purchased services and risk-related expenses.

INVESTMENT SECURITIES PORTFOLIO

At March 31, 2014, the fair value of our investment securities portfolio totaled \$99.7 billion. The net unrealized pre-tax gain on our total securities portfolio was \$676 million at March 31, 2014 compared with \$309 million at Dec. 31, 2013. The increase in the net unrealized pre-tax gain was primarily driven by the reduction in market interest rates. During 1Q14, we received \$122 million of paydowns of sub-investment grade securities and sold \$21 million of sub-investment grade securities.

The following table shows the distribution of our investment securities portfolio.

<i>(dollars in millions)</i>	Dec. 31,	1Q14	March 31, 2014		Fair value as a % of amortized cost (a)	Unrealized gain/ (loss)	Ratings				
	2013 Fair value	change in unrealized gain/(loss)	Amortized cost	Fair value			AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
Agency RMBS	\$ 39,673	\$ 178	\$ 39,424	\$ 39,143	99%	\$ (281)	100%	-%	-%	-%	-%
U.S. Treasury	16,827	20	17,139	17,299	101	160	100	-	-	-	-
Sovereign debt/sovereign guaranteed (b)	12,028	29	12,802	12,856	100	54	92	-	8	-	-
Non-agency RMBS (c)	2,695	8	2,065	2,637	80	572	-	1	2	93	4
Non-agency RMBS European floating rate notes (d)	1,335	11	1,275	1,287	93	12	1	11	22	65	1
Commercial MBS	2,878	25	2,599	2,580	99	(19)	72	22	-	6	-
State and political subdivisions	4,064	17	4,139	4,168	101	29	92	7	1	-	-
Foreign covered bonds (e)	6,718	55	6,670	6,693	100	23	79	19	1	-	1
Corporate bonds	2,872	7	2,635	2,716	103	81	100	-	-	-	-
CLO	1,815	16	1,758	1,781	101	23	21	66	13	-	-
U.S. Government agency debt	1,496	1	1,379	1,391	101	12	100	-	-	-	-
Consumer ABS	1,354	(4)	865	859	99	(6)	100	-	-	-	-
Other (f)	2,891	5	3,362	3,364	100	2	98	2	-	-	-
Other (g)	2,784	(1)	2,908	2,922	100	14	36	57	-	-	7
Total investment securities	\$ 99,430 (g)	\$ 367	\$ 99,020	\$ 99,696 (g)	99%	\$ 676	89%	5%	2%	3%	1%

(a) Amortized cost before impairments.

(b) Primarily comprised of exposure to UK, Germany, France and Netherlands.

(c) These RMBS were included in the former Grantor Trust and were marked-to-market in 2009. We believe these RMBS would receive higher credit ratings if these ratings incorporated, as additional credit enhancements, the difference between the written-down amortized cost and the current face amount of each of these securities.

(d) Includes RMBS, commercial MBS and other securities. Primarily comprised of exposure to UK and Netherlands.

(e) Primarily comprised of exposure to Canada, UK and Netherlands.

(f) Includes commercial paper of \$1.7 billion and \$1.7 billion, fair value, and money market funds of \$938 million and \$849 million, fair value, at Dec. 31, 2013 and March 31, 2014, respectively.

(g) Includes net unrealized gains on derivatives hedging securities available-for-sale of \$678 million at Dec. 31, 2013 and \$388 million at March 31, 2014.

NONPERFORMING ASSETS

Nonperforming assets <i>(dollars in millions)</i>	March 31, 2013	Dec 31, 2013	March 31, 2014
Nonperforming loans:			
Other residential mortgages	\$ 148	\$ 117	\$ 107
Commercial	24	15	13
Wealth management loans and mortgages	30	11	12
Foreign loans	9	6	7
Commercial real estate	17	4	4
Financial institutions	3	-	-
Total nonperforming loans	231	153	143
Other assets owned	3	3	3
Total nonperforming assets (a)	\$ 234	\$ 156	\$ 146
Nonperforming assets ratio	0.48 %	0.30 %	0.27%
Allowance for loan losses/nonperforming loans	102.6	137.3	138.5
Total allowance for credit losses/nonperforming loans	155.0	224.8	228.0

(a) Loans of consolidated investment management funds are not part of BNY Mellon's loan portfolio. Included in the loans of consolidated investment management funds are nonperforming loans of \$161 million at March 31, 2013, \$16 million at Dec. 31, 2013 and \$74 million at March 31, 2014. These loans are recorded at fair value and therefore do not impact the provision for credit losses and allowance for loan losses, and accordingly are excluded from the nonperforming assets table above.

Nonperforming assets were \$146 million at March 31, 2014, a decrease of \$10 million from \$156 million at Dec. 31, 2013. The decrease primarily resulted from the return of loans to accrual status and sales of loans in the other residential mortgage portfolio.

ALLOWANCE FOR CREDIT LOSSES, PROVISION AND NET CHARGE-OFFS

Allowance for credit losses, provision and net charge-offs <i>(in millions)</i>	1Q13	4Q13	1Q14
Allowance for credit losses – beginning of period	\$ 387	\$ 339	\$ 344
Provision for credit losses	(24)	6	(18)
Net (charge-offs) recoveries:			
Foreign	-	(3)	-
Other residential mortgages	(3)	-	-
Financial institutions	-	3	-
Commercial	(2)	(1)	-
Net (charge-offs) recoveries	(5)	(1)	-
Allowance for credit losses – end of period	\$ 358	\$ 344	\$ 326
Allowance for loan losses	\$ 237	\$ 210	\$ 198
Allowance for lending-related commitments	121	134	128

The provision for credit losses was a credit of \$18 million in 1Q14 driven by the continued improvement in the credit quality of the loan portfolio. The provision for credit losses was a credit of \$24 million in 1Q13 and a provision of \$6 million in 4Q13.

CAPITAL

The following table presents our capital ratios.

Capital ratios	March 31, 2013	Dec. 31, 2013	March 31, 2014
Regulatory capital ratios: (a)			
Estimated common equity Tier 1 ratio ("CET1"), fully phased-in – Non-GAAP: (b)(c)			
Standardized Approach	9.4%	10.6%	11.0%
Advanced Approach	9.7	11.3	11.0
CET1 ratio (d)	12.2 (c)	14.5 (c)	15.7
Tier 1 capital ratio (d)	13.6	16.2	17.0
Total (Tier 1 plus Tier 2) capital ratio (d)	14.7	17.0	17.8
Leverage capital ratio (d)	5.2	5.4	6.1
BNY Mellon shareholders' equity to total assets ratio (c)	10.0	10.0	10.3
BNY Mellon common shareholders' equity to total assets ratio (c)	9.7	9.6	9.9
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP (c)	5.9	6.8	6.6

- (a) *March 31, 2014 regulatory capital ratios are preliminary. At March 31, 2014 and Dec. 31, 2013, the estimated fully phased-in Basel III CET1 ratios are based on our interpretation of the final rules released by the Board of Governors of the Federal Reserve (the "Federal Reserve") on July 2, 2013 (the "Final Rules"), which will be gradually phased-in over a multi-year period. At March 31, 2013, these ratios were estimated using our interpretation of the Federal Reserve's Notices of Proposed Rulemaking ("NPRs") dated June 7, 2012.*
- (b) *Consistent with historic practice, the risk-based capital ratios do not include the impact of BNY Mellon's actual contractual exposure to certain consolidated investment management funds, and do not include the impact of the total consolidated assets of these vehicles. If the Company is required to include the net impact of such total consolidated assets, it would decrease the fully phased-in CET1 ratio under the Standardized Approach by approximately 60 basis points and the Advanced Approach by approximately 100 basis points at March 31, 2014.*
- (c) *See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 20 for a reconciliation of these ratios.*
- (d) *At March 31, 2014, the capital ratios are based on Basel III components of capital, as phased-in, and asset risk-weightings using the general risk-based guidelines included in the Final Rule (which for 2014 look to Basel I-based requirements). March 31, 2014 risk-weightings are not based on the Advanced Approach rules. The leverage capital ratio is based on Basel III components of capital and quarterly average total assets, as phased-in. Periods prior to March 31, 2014 are based on Basel I rules.*

CET1 generation presented on a fully phased-in basis

(in millions)	1Q14
Estimated CET1 - Beginning of period balance	\$ 14,810
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	661
Goodwill and intangible assets, net of related deferred tax liabilities	17
Gross CET1 generated	678
Capital deployed:	
Dividends	(174)
Common stock repurchased	(375)
Total capital deployed	(549)
Other comprehensive income	203
Additional paid-in capital (a)	174
Other (primarily pension fund assets)	635
Total other additions	1,012
Net CET1 generated	1,141
CET1 - End of period balance	\$ 15,951

- (a) *Primarily related to employee stock options and awards and employee benefit plan contributions.*

Basel III capital components and ratios at March 31, 2014

<i>(dollars in millions)</i>	Fully phased-in Basel III	Transition adjustments (a)	Transitional Standardized Approach
CET1:			
Common equity	\$ 36,424	\$ 275 (b)	\$ 36,699
Goodwill and intangible assets	(19,915)	2,496 (c)	(17,419)
Net pension fund assets	(104)	83 (d)	(21)
Equity method investments	(426)	102 (c)	(324)
Deferred tax assets	(18)	15 (d)	(3)
Other	(10)	8 (e)	(2)
Total CET1	15,951	2,979	18,930
Other Tier 1 Capital:			
Preferred stock	1,562	-	1,562
Trust-preferred securities	-	167 (f)	167
Disallowed deferred tax assets	-	(15) (d)	(15)
Net pension fund assets	-	(83) (d)	(83)
Total Tier 1 capital	17,513	3,048	20,561
Tier 2 capital:			
Trust-preferred securities	-	167 (f)	167
Subordinated debt	448	-	448
Excess of expected credit losses	103	(103)	-
Allowance for loan losses	-	326	326
Total Tier 2 capital	551	390	941
Total capital	\$ 18,064	\$ 3,438	\$ 21,502
Risk-weighted assets – Standardized Approach	\$ 145,144	\$ (24,416) (g)	\$ 120,728
Risk-weighted assets – Advanced Approach	145,543	N/A	N/A
Standardized Approach:			
Estimated Basel III CET1 ratio	11.0 %		15.7 %
Tier 1 capital ratio	12.1		17.0
Total (Tier 1 plus Tier 2) capital ratio	12.4		17.8
Advanced Approach:			
Estimated Basel III CET1 ratio	11.0 %		N/A

(a) Transition adjustments required in 2014 under the Final Rules.

(b) Represents the portion of accumulated other comprehensive (income) loss excluded from common equity.

(c) Represents intangible assets, other than goodwill, net of the corresponding deferred tax liabilities.

(d) Represents the deduction for net pension fund assets and disallowed deferred tax assets in CET1 and Tier 1 capital.

(e) Represents the transitional adjustments related to cash flow hedges.

(f) During 2014, 50% of outstanding trust preferred securities are included in Tier 1 capital and 50% in Tier 2 capital.

(g) Following are the primary differences between risk-weighted assets determined under fully phased-in Basel III-Standardized Approach and Basel I. Credit risk is determined under Basel I using predetermined risk-weights and asset classes and relies in part on the use of external credit ratings. Under fully phased-in Basel III, the Standardized Approach uses a broader range of predetermined risk-weights and asset classes and certain alternatives to external credit ratings. Securitization exposure receives a higher risk-weighting under fully phased-in Basel III than Basel I, and fully phased-in Basel III includes additional adjustments for market risk, counterparty credit risk and equity exposures. Additionally, the Standardized Approach eliminates the use of the VaR approach for determining risk-weighted assets on certain repo-style transactions. In 2014, risk-weighted assets include transition adjustments for intangible assets, other than goodwill, and significant investments in unconsolidated financial institutions.

N/A – Not applicable.

REVIEW OF BUSINESSES

Business results are subject to reclassification when organizational changes are made or whenever improvements are made in the measurement principles. On Sept. 27, 2013, Newton Management Limited, together with Newton Investment Management Limited, an investment boutique of BNY Mellon, sold Newton's private client business. In the first quarter of 2014, we reclassified the results of Newton's private client business from the Investment Management business to the Other segment. The reclassifications did not impact the consolidated results. All prior periods have been restated.

In addition, prior period consolidated and Other segment results have been restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01). See page 19 for additional information.

INVESTMENT MANAGEMENT provides investment management services to institutional and retail investors, as well as investment management, wealth and estate planning and private banking solutions to high net worth individuals and families, and foundations and endowments.

<i>(dollars in millions, unless otherwise noted)</i>	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Revenue:							
Investment management fees:							
Mutual funds	\$ 299	\$ 299	\$ 293	\$ 303	\$ 299	-%	(1)%
Institutional clients	360	366	367	385	372	3	(3)
Wealth management	143	146	145	149	153	7	3
Investment management fees	802	811	805	837	824	3	(2)
Performance fees	15	33	10	72	20	33	N/M
Investment management and performance fees	817	844	815	909	844	3	(7)
Distribution and servicing	46	44	41	41	40	(13)	(2)
Other (a)	18	24	26	43	16	N/M	N/M
Total fee and other revenue (a)	881	912	882	993	900	2	(9)
Net interest revenue	62	63	67	68	70	13	3
Total revenue	943	975	949	1,061	970	3	(9)
Noninterest expense (ex. amortization of intangible assets)	698	665	689	760	693	(1)	(9)
Income before taxes (ex. amortization of intangible assets)	245	310	260	301	277	13	(8)
Amortization of intangible assets	39	39	35	35	31	(21)	(11)
Income before taxes	\$ 206	\$ 271	\$ 225	\$ 266	\$ 246	19%	(8)%
Pre-tax operating margin	22%	28%	24%	25%	25%		
Adjusted pre-tax operating margin (b)	31%	37%	33%	34%	35%		
Changes in AUM (in billions): (c)							
Beginning balance of AUM	\$ 1,380	\$ 1,423	\$ 1,427	\$ 1,532	\$ 1,583		
Net inflows (outflows):							
Long-term:							
Equity	1	1	3	(5)	(1)		
Fixed income	5	2	(1)	5	-		
Index	12	8	2	(3)	-		
Liability-driven investments (d)	22	11	27	4	20		
Alternative investments	-	(1)	1	1	2		
Total long-term inflows (outflows)	40	21	32	2	21		
Short-term:							
Cash	(13)	(1)	13	6	(7)		
Total net inflows (outflows)	27	20	45	8	14		
Net market/currency impact	16	(16)	60	43	23		
Ending balance of AUM	\$ 1,423	\$ 1,427	\$ 1,532	\$ 1,583	\$ 1,620 (e)	14%	2%
AUM at period end, by product type: (c)							
Equity	17%	17%	17%	17%	17%		
Fixed income	15	15	14	14	14		
Index	19	20	20	20	20		
Liability-driven investments (d)	25	25	26	26	27		
Alternative investments	4	4	4	4	4		
Cash	20	19	19	19	18		
Total AUM	100%	100%	100%	100%	100% (e)		
Wealth management:							
Average loans	\$ 8,972	\$ 9,253	\$ 9,453	\$ 9,755	\$ 10,075	12%	3%
Average deposits	\$ 13,646	\$ 13,306	\$ 13,898	\$ 14,161	\$ 14,805	8%	5%

(a) Total fee and other revenue includes the impact of the consolidated investment management funds. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 20 for the reconciliation of Non-GAAP measures. Additionally, other revenue includes asset servicing and treasury services revenue.

(b) Includes the pro forma impact of money market fee waivers, is net of distribution and servicing expense and excludes amortization of intangible assets. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 20 for the reconciliation of Non-GAAP measures.

(c) Excludes securities lending cash management assets and assets managed in the Investment Services business. Also excludes assets under management related to Newton's private client business that was sold in September 2013.

(d) Includes currency and overlay assets under management.

(e) Preliminary.

N/M – Not meaningful.

INVESTMENT MANAGEMENT KEY POINTS

- Assets under management were a record \$1.62 trillion at March 31, 2014, an increase of 14% year-over-year and 2% sequentially. Both increases primarily resulted from higher market values and net new business.
 - 18th consecutive quarter of positive long-term inflows.
 - Net long-term inflows were \$21 billion in 1Q14 driven by the continued strong flows of liability-driven investments, growth in alternative investments, with slight outflows in equities. Short-term outflows were \$7 billion in 1Q14.
- Total revenue was \$970 million, an increase of 3% year-over-year and a decrease of 9% sequentially. Excluding money market fee waivers, total revenue increased 4% year-over-year and decreased 8% sequentially. The year-over-year increase primarily reflects higher equity market values and net new business. The sequential decrease primarily reflects seasonally lower performance fees, lower seed capital gains and fewer days in 1Q14. Comparisons with both prior periods also reflect higher net interest revenue.
- Investment management fees were \$824 million, an increase of 3% year-over-year and a decrease of 2% sequentially. The year-over-year increase primarily reflects higher equity market values and net new business, partially offset by higher money market fee waivers. The sequential decrease was primarily driven by fewer days in 1Q14.
- Performance fees were \$20 million in 1Q14 compared with \$15 million in 1Q13 and \$72 million in 4Q13. The sequential decrease was due to seasonality.
- Net interest revenue increased 13% year-over-year and 3% sequentially. Both the year-over-year and sequential increases resulted from higher average loans and deposits.
 - Average loans increased 12% year-over-year and 3% sequentially; average deposits increased 8% year-over-year and 5% sequentially.
- Total noninterest expense (ex. amortization of intangible assets) decreased 1% year-over-year and 9% sequentially. The year-over-year decrease primarily reflects a provision for administrative errors in certain offshore tax-exempt funds recorded in 1Q13, partially offset by higher incentive expense driven by improved performance, and higher expenses resulting from investments in strategic initiatives. The sequential decrease primarily reflects lower incentive expense due to seasonally lower performance fees, seasonally lower business development expense, and lower salaries and professional, legal and other purchased services expenses.
- 45% non-U.S. revenue in 1Q14 vs. 44% in 1Q13.
- The wealth management business was named Top U.S. Private Bank and Top Private Bank Serving Family Offices by *Family Wealth Report* (March 2014).

INVESTMENT SERVICES provides global custody and related services, broker-dealer services, global collateral services, corporate trust, depositary receipt and clearing services as well as global payment/working capital solutions to global financial institutions.

<i>(dollars in millions, unless otherwise noted)</i>	1Q13	2Q13	3Q13	4Q13	1Q14	1Q14 vs.	
						1Q13	4Q13
Revenue:							
Investment services fees:							
Asset servicing	\$ 943	\$ 961	\$ 939	\$ 957	\$ 985	4%	3%
Clearing services	302	320	314	322	323	7	-
Issuer services	236	294	321	236	228	(3)	(3)
Treasury services	137	135	135	137	134	(2)	(2)
Total investment services fees	1,618	1,710	1,709	1,652	1,670	3	1
Foreign exchange and other trading revenue	173	193	177	150	158	(9)	5
Other (a)	70	67	63	58	59	(16)	2
Total fee and other revenue (a)	1,861	1,970	1,949	1,860	1,887	1	1
Net interest revenue	653	633	619	610	590	(10)	(3)
Total revenue	2,514	2,603	2,568	2,470	2,477	(1)	-
Provision for credit losses	1	-	-	-	-	N/M	N/M
Noninterest expense (ex. amortization of intangible assets)	1,793	1,825	1,764	1,820	1,777	(1)	(2)
Income before taxes (ex. amortization of intangible assets)	720	778	804	650	700	(3)	8
Amortization of intangible assets	47	54	46	47	44	(6)	(6)
Income before taxes	\$ 673	\$ 724	\$ 758	\$ 603	\$ 656	(3)%	9%
Pre-tax operating margin	27%	28%	30%	24%	26%		
Pre-tax operating margin (ex. amortization of intangible assets)	29%	30%	31%	26%	28%		
Investment services fees as a percentage of noninterest expense (b)	92%	94%	97%	90%	93%		
Securities lending revenue	\$ 31	\$ 39	\$ 26	\$ 21	\$ 30	(3)%	43%
Metrics:							
Average loans	\$ 26,697	\$ 27,814	\$ 27,865	\$ 31,211	\$ 31,468	18%	1%
Average deposits	\$ 200,222	\$ 204,499	\$ 206,068	\$ 216,216	\$ 214,947	7%	(1)%
AUC/A at period end (in trillions) (c)	\$ 26.3	\$ 26.2	\$ 27.4	\$ 27.6	\$ 27.9 (d)	6%	1%
Market value of securities on loan at period end (in billions) (e)	\$ 244	\$ 255	\$ 255	\$ 235	\$ 264	8%	12%
Asset servicing:							
Estimated new business wins (AUC/A) (in billions)	\$ 205	\$ 201	\$ 110	\$ 123	\$ 161 (d)		
Depositary Receipts:							
Number of sponsored programs	1,359	1,349	1,350	1,335	1,332	(2)%	-%
Clearing services:							
Global DARTS volume (in thousands)	213	217	212	213	230	8%	8%
Average active clearing accounts (U.S. platform) (in thousands)	5,552	5,591	5,622	5,643	5,695	3%	1%
Average long-term mutual fund assets (U.S. platform)	\$ 357,647	\$ 371,196	\$ 377,131	\$ 401,434	\$ 413,658	16%	3%
Average investor margin loans (U.S. platform)	\$ 8,212	\$ 8,235	\$ 8,845	\$ 8,848	\$ 8,919	9%	1%
Broker-Dealer:							
Average tri-party repo balances (in billions)	\$ 2,070	\$ 2,037	\$ 1,952	\$ 2,005	\$ 1,983	(4)%	(1)%

(a) Total fee and other revenue includes investment management fees and distribution and servicing revenue.

(b) Noninterest expense excludes amortization of intangible assets and litigation expense.

(c) Includes the AUC/A of CIBC Mellon of \$1.2 trillion at March 31, 2013, \$1.1 trillion at June 30, 2013 and \$1.2 trillion at Sept. 30, 2013, Dec. 31, 2013 and March 31, 2014.

(d) Preliminary.

(e) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent, beginning in the fourth quarter of 2013, on behalf of CIBC Mellon clients, which totaled \$62 billion at Dec. 31, 2013 and \$66 billion at March 31, 2014.

INVESTMENT SERVICES KEY POINTS

- Investment services fees totaled \$1.7 billion, an increase of 3% year-over-year and 1% sequentially.
 - Asset servicing fees (global custody, broker-dealer services and global collateral services) were \$985 million in 1Q14 compared with \$943 million in 1Q13 and \$957 million in 4Q13. The year-over-year increase primarily reflects higher market values, net new business, organic growth and higher collateral management fees in Global Collateral Services. The sequential increase primarily reflects organic growth, higher securities lending revenue and net new business.
 - Estimated new business wins (AUC/A) in Asset Servicing of \$161 billion in 1Q14.
 - Clearing services fees were \$323 million in 1Q14 compared with \$302 million in 1Q13 and \$322 million in 4Q13. The year-over-year increase was driven by higher mutual fund fees, higher asset-based fees and an increase in DARTS, partially offset by higher money market fee waivers. Sequentially, higher clearance revenue was primarily offset by fewer trading days in 1Q14.
 - Issuer services fees (Corporate Trust and Depositary Receipts) were \$228 million in 1Q14 compared with \$236 million in both 1Q13 and 4Q13. Both decreases reflect the impact of the continued net run-off of high margin securitizations in Corporate Trust. The year-over-year decrease was partially offset by higher Depositary Receipts revenue driven by corporate actions.
 - Treasury services fees were \$134 million in 1Q14 compared with \$137 million in both 1Q13 and 4Q13. Both decreases primarily reflect lower cash management fees.
- Foreign exchange and other trading revenue was \$158 million in 1Q14 compared with \$173 million in 1Q13 and \$150 million in 4Q13. Comparisons with both prior periods were impacted by lower volatility, and higher volumes driven by enhancements to our electronic foreign exchange platform.
- Net interest revenue was \$590 million in 1Q14 compared with \$653 million in 1Q13 and \$610 million in 4Q13. The year-over-year decrease primarily reflects lower spreads partially offset by higher average loans and deposits. The sequential decrease primarily reflects lower spreads and fewer days in 1Q14.
- Noninterest expense (excluding amortization of intangible assets) was \$1.777 billion in 1Q14 compared with \$1.793 billion in 1Q13 and \$1.820 billion in 4Q13. The year-over-year decrease primarily reflects lower litigation expense, partially offset by higher professional, legal and other purchased services and software and equipment expenses. The sequential decrease was primarily driven by lower risk-related and professional, legal and other purchased services expenses and a seasonal decrease in business development expense.
 - Investment services fees as a percentage of noninterest expense improved year-over-year reflecting an increase in investment services fees with little additional expenses.
- 35% non-U.S. revenue in 1Q14 vs. 32% in 1Q13.
- Ranked #1 in 10 categories in the 2014 R&M Global Custody survey of clients and fund managers (April 2014).

OTHER SEGMENT primarily includes credit-related activities, leasing operations, corporate treasury activities, global markets and institutional banking services, business exits, M&I expenses and other corporate revenue and expense items.

<i>(in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Revenue:					
Fee and other revenue <i>(a)</i>	\$ 152	\$ 347	\$ 172	\$ (20)	\$ 112
Net interest revenue	4	61	86	83	68
Total revenue <i>(a)</i>	156	408	258	63	180
Provision for credit losses	(25)	(19)	2	6	(18)
Noninterest expense	251	239	245	215	194
Income (loss) before taxes <i>(a)</i>	\$ (70)	\$ 188	\$ 11	\$ (158)	\$ 4
Average loans and leases	\$ 10,610	\$ 10,846	\$ 10,938	\$ 9,802	\$ 10,104

(a) Prior periods were restated to reflect the retrospective application of adopting new accounting guidance related to our investments in qualified affordable housing projects (ASU 2014-01).

KEY POINTS

- Total fee and other revenue decreased \$40 million compared with 1Q13 and increased \$132 million compared with 4Q13. The year-over-year decrease primarily resulted from lower securities gains, fixed income trading revenue and equity investment revenue as well as the sale of Newton's private client business. The sequential increase primarily reflects a loss related to an equity investment recorded in 4Q13. Comparisons with both prior periods were impacted by higher leasing gains recorded in 1Q14.
- Net interest revenue increased \$64 million compared with 1Q13 and decreased \$15 million compared with 4Q13. Comparisons with both prior periods reflect changes in the internal credit rates to the businesses for deposits.
- The provision for credit losses was a credit of \$18 million in 1Q14 driven by the continued improvement in the credit quality of the loan portfolio.
- Noninterest expense decreased \$57 million compared with 1Q13 and \$21 million compared with 4Q13. Comparisons with both prior periods reflect lower pension expense. The year-over-year decrease also reflects the cost of generating certain tax credits recorded in 1Q13, lower net occupancy expense and the sale of Newton's private client business. The sequential decrease also reflects seasonally lower business development expenses, lower professional, legal and other purchased services and lower net occupancy expense, partially offset by higher staff expense resulting from the acceleration of the vesting of long-term stock awards for retirement-eligible employees.

IMPACT OF ADOPTING NEW ACCOUNTING GUIDANCE

In the first quarter of 2014, BNY Mellon elected to early adopt the new accounting guidance included in Accounting Standards Update (“ASU”) 2014-01, “Accounting for Investments in Qualified Affordable Housing Projects - a Consensus of the FASB Emerging Issues Task Force.” This ASU allows companies that invest in qualified affordable housing projects to elect the proportional amortization method of accounting for these investments, if certain conditions are met. In the first quarter of 2014, we restated the prior period financial statements to reflect the impact of the retrospective application of the new accounting guidance.

The table below presents the impact of the new accounting guidance on our previously reported earnings (loss) per share applicable to the common shareholders.

**Earnings (loss) per share applicable to the common shareholders
of The Bank of New York Mellon Corporation**

<i>(in dollars)</i>	As previously reported				As revised			
	1Q13	2Q13	3Q13	4Q13	1Q13	2Q13	3Q13	4Q13
Basic	\$ (0.23)	\$ 0.71	\$ 0.83	\$ 0.44	\$ (0.23)	\$ 0.71	\$ 0.82	\$ 0.44
Diluted	\$ (0.23)	\$ 0.71	\$ 0.82	\$ 0.44	\$ (0.23)	\$ 0.71	\$ 0.82	\$ 0.44

The table below presents the impact of this new accounting guidance on our previously reported income statement amounts.

Income statement <i>(in millions)</i>	As previously reported				Adjustment				As revised			
	1Q13	2Q13	3Q13	4Q13	1Q13	2Q13	3Q13	4Q13	1Q13	2Q13	3Q13	4Q13
Investment and other income	\$ 72	\$ 269	\$ 135	\$ (60)	\$ 16	\$ 16	\$ 16	\$ 17	\$ 88	\$ 285	\$ 151	\$ (43)
Total fee revenue	2,796	3,155	2,941	2,758	16	16	16	17	2,812	3,171	2,957	2,775
Total fee and other revenue	2,844	3,187	2,963	2,797	16	16	16	17	2,860	3,203	2,979	2,814
Income before income taxes	809	1,206	986	711	16	16	16	17	825	1,222	1,002	728
Provision (benefit) for income taxes	1,046	321	(2)	155	16	18	21	17	1,062	339	19	172
Net income (loss)	(237)	885	988	556	-	(2)	(5)	-	(237)	883	983	556
Net income (loss) applicable to shareholders of The Bank of New York Mellon Corporation	(253)	845	980	539	-	(2)	(5)	-	(253)	843	975	539
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	(266)	833	967	513	-	(2)	(5)	-	(266)	831	962	513

The table below presents the impact of this new accounting guidance on our previously reported consolidated ratios and other measures.

Consolidated ratios and other measures <i>(in dollars unless otherwise noted)</i>	As previously reported				As revised			
	1Q13	2Q13	3Q13	4Q13	1Q13	2Q13	3Q13	4Q13
Return on common equity	N/M	9.7%	11.2%	5.7%	N/M	9.7%	11.1%	5.7%
Return on tangible common equity – Non-GAAP	N/M	25.0%	28.4%	14.3%	N/M	25.0%	28.3%	14.3%
Non-GAAP adjusted	18.5%	25.2%	21.5%	14.3%	18.5%	25.2%	21.3%	14.3%
Fee revenue as a percentage of total revenue excluding net securities gains	78%	79%	79%	78%	79%	79%	79%	78%
Annualized fee revenue per employee (based on average headcount) <i>(in thousands)</i>	\$ 229	\$ 254	\$ 232	\$ 215	\$ 230	\$ 256	\$ 233	\$ 216
Pre-tax operating margin	22%	30%	26%	20%	23%	30%	26%	20%
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP	5.9%	5.8%	6.4%	6.8%	5.9%	5.8%	6.3%	6.8%
Book value per common share - GAAP	\$ 29.83	\$ 29.83	\$ 30.82	\$ 31.48	\$ 29.81	\$ 29.81	\$ 30.80	\$ 31.46
Tangible book value per common share – Non-GAAP	\$ 12.47	\$ 12.41	\$ 13.36	\$ 13.97	\$ 12.45	\$ 12.40	\$ 13.34	\$ 13.95
Percentage of non-U.S. total revenue	35%	36%	39%	39%	35%	36%	38%	39%
Total staff expense as a percentage of total revenue	41%	38%	40%	42%	41%	37%	40%	42%

SUPPLEMENTAL INFORMATION – EXPLANATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

BNY Mellon has included in this Earnings Review certain Non-GAAP financial measures based upon fully phased-in Basel III CET1, Basel I Tier 1 common equity and tangible common shareholders' equity. BNY Mellon believes that the Basel III CET1 ratio on a fully phased-in basis, the ratio of Basel I Tier 1 common equity to risk-weighted assets and the ratio of tangible common shareholders' equity to tangible assets of operations are measures of capital strength that provide additional useful information to investors, supplementing the capital ratios which are, or were, utilized by regulatory authorities. The tangible common shareholders' equity ratio includes changes in investment securities valuations which are reflected in total shareholders' equity. In addition, this ratio is expressed as a percentage of the actual book value of assets, as opposed to a percentage of a risk-based reduced value established in accordance with regulatory requirements, although BNY Mellon in its calculation has excluded certain assets which are given a zero percent risk-weighting for regulatory purposes. Further, BNY Mellon believes that the return on tangible common equity measure, which excludes goodwill and intangible assets net of deferred tax liabilities, is a useful additional measure for investors because it presents a measure of BNY Mellon's performance in reference to those assets which are productive in generating income. BNY Mellon has presented its estimated fully phased-in Basel III CET1 ratio based on its interpretation of the Final Rules released by the Federal Reserve on July 2, 2013, and on the application of such rules to BNY Mellon's businesses as currently conducted. The estimated fully phased-in Basel III CET1 ratio is necessarily subject to, among other things, BNY Mellon's further review of the Final Rules, anticipated compliance with all necessary enhancements to model calibration, and other refinements, further implementation guidance from regulators and any changes BNY Mellon may make to its businesses. Consequently, BNY Mellon's estimated fully phased-in Basel III CET1 ratio may change based on these factors. Management views the estimated fully phased-in Basel III CET1 ratio as a key measure in monitoring BNY Mellon's capital position and progress against future regulatory capital standards. Additionally, the presentation of the estimated fully phased-in Basel III CET1 ratio is intended to allow investors to compare BNY Mellon's estimated fully phased-in Basel III CET1 ratio with estimates presented by other companies.

BNY Mellon has presented revenue measures which exclude the effect of noncontrolling interests related to consolidated investment management funds, certain money market fee waivers and a gain or loss related to an equity investment; and expense measures which exclude M&I expenses, litigation charges, restructuring charges, certain money market fee waivers and amortization of intangible assets. Return on equity measures and operating margin measures, which exclude some or all of these items, are also presented. Return on equity and earnings per share measures also exclude the net charge (benefit) related to the disallowance of certain foreign tax credits. Operating margin measures may also include the pro forma impact of money market fee waivers, net of distribution and servicing expense, and exclude amortization of intangible assets. BNY Mellon believes that these measures are useful to investors because they permit a focus on period-to-period comparisons which relate to the ability of BNY Mellon to enhance revenues and limit expenses in circumstances where such matters are within BNY Mellon's control. The excluded items, in general, relate to certain ongoing charges as a result of prior transactions or where we have incurred charges. M&I expenses primarily relate to the acquisitions of Global Investment Servicing on July 1, 2010 and BHF Asset Servicing GmbH on Aug. 2, 2010. M&I expenses generally continue for approximately three years after the transaction and can vary on a year-to-year basis depending on the stage of the integration. BNY Mellon believes that the exclusion of M&I expenses provides investors with a focus on BNY Mellon's business as it would appear on a consolidated going-forward basis, after such M&I expenses have ceased. Future periods will not reflect such M&I expenses, and thus may be more easily compared to our current results if M&I expenses are excluded. Litigation charges represent accruals for loss contingencies that are both probable and reasonably estimable, but exclude standard business-related legal fees. Restructuring charges relate to our Operational Excellence Initiatives and migrating positions to Global Delivery Centers. Excluding these charges permits investors to view expenses on a basis consistent with how management views the business.

The presentation of income from consolidated investment management funds, net of net income attributable to noncontrolling interests related to the consolidation of certain investment management funds permits investors to view revenue on a basis consistent with prior periods. BNY Mellon believes that these presentations, as a supplement to GAAP information, give investors a clearer picture of the results of its primary businesses.

In this Earnings Review, the net interest margin is presented on an FTE basis. We believe that this presentation provides comparability of amounts arising from both taxable and tax-exempt sources, and is consistent with industry practice. The adjustment to an FTE basis has no impact on net income. Each of these measures as described above is used by management to monitor financial performance, both on a company-wide and on a business-level basis.

The following table presents the reconciliation of net income and diluted earnings per common share.

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP	1Q13	
	Net income	Diluted EPS
<i>(in millions, except per common share amounts)</i>		
Net (loss) applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ (266)	\$ (0.23)
Charge related to the U.S. Tax Court’s disallowance of certain foreign tax credits	854	0.73
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	\$ 588	\$ 0.50

The following table presents the reconciliation of the pre-tax operating margin ratio.

Pre-tax operating margin <i>(dollars in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Income before income taxes – GAAP	\$ 825	\$ 1,222	\$ 1,002	\$ 728	\$ 926
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	16	39	8	17	20
Add: Amortization of intangible assets	86	93	81	82	75
M&I, litigation and restructuring charges	39	13	16	2	(12)
Income before income taxes excluding net income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP	\$ 934	\$ 1,289	\$ 1,091	\$ 795	\$ 969
Fee and other revenue – GAAP	\$ 2,860	\$ 3,203	\$ 2,979	\$ 2,814	\$ 2,883
Income from consolidated investment management funds – GAAP	50	65	32	36	36
Net interest revenue – GAAP	719	757	772	761	728
Total revenue – GAAP	3,629	4,025	3,783	3,611	3,647
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	16	39	8	17	20
Total revenue excluding net income attributable to noncontrolling interests of consolidated investment management funds – Non-GAAP	\$ 3,613	\$ 3,986	\$ 3,775	\$ 3,594	\$ 3,627
Pre-tax operating margin <i>(a)</i>	23%	30%	26%	20%	25%
Pre-tax operating margin excluding net income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets and M&I, litigation and restructuring charges – Non-GAAP <i>(a)</i>	26%	32%	29%	22%	27%

(a) Income before taxes divided by total revenue.

The following table presents the reconciliation of the returns on common equity and tangible common equity.

Return on common equity and tangible common equity <i>(dollars in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ (266)	\$ 831	\$ 962	\$ 513	\$ 661
Add: Amortization of intangible assets, net of tax	56	59	52	53	49
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	(210)	890	1,014	566	710
Add: M&I, litigation and restructuring charges	24	8	12	1	(7)
Net charge (benefit) related to the disallowance of certain foreign tax credits	854	-	(261)	-	-
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets, M&I, litigation and restructuring charges and the net charge (benefit) related to the disallowance of certain foreign tax credits – Non-GAAP	\$ 668	\$ 898	\$ 765	\$ 567	\$ 703
Average common shareholders' equity	\$ 34,898	\$ 34,467	\$ 34,264	\$ 35,698	\$ 36,289
Less: Average goodwill	17,993	17,957	17,975	18,026	18,072
Average intangible assets	4,758	4,661	4,569	4,491	4,422
Add: Deferred tax liability – tax deductible goodwill (a)	1,170	1,200	1,262	1,302	1,306
Deferred tax liability – intangible assets (a)	1,293	1,269	1,242	1,222	1,259
Average tangible common shareholders' equity – Non-GAAP	\$ 14,610	\$ 14,318	\$ 14,224	\$ 15,705	\$ 16,360
Return on common equity– GAAP (b)	N/M	9.7%	11.1%	5.7%	7.4%
Return on common equity excluding amortization of intangible assets, M&I, litigation and restructuring charges and the net charge (benefit) related to the disallowance of certain foreign tax credits – Non-GAAP (b)	7.8%	10.5%	8.9%	6.3%	7.9%
Return on tangible common equity – Non-GAAP (b)	N/M	25.0%	28.3%	14.3%	17.6%
Return on tangible common equity excluding M&I, litigation and restructuring charges and the net charge (benefit) related to the disallowance of certain foreign tax credits – Non-GAAP (b)	18.5%	25.2%	21.3%	14.3%	17.4%

(a) *Deferred tax liabilities are based on fully phased-in Basel III rules. First quarter of 2014 includes deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.*

(b) *Annualized.*

N/M – *Not meaningful.*

The following table presents the reconciliation of the equity to assets ratio.

Equity to assets ratio <i>(dollars in millions)</i>	March 31, 2013	Dec. 31, 2013	March 31, 2014
BNY Mellon shareholders' equity at period end – GAAP	\$ 35,672	\$ 37,497	\$ 37,986
Less: Preferred stock	1,068	1,562	1,562
BNY Mellon common shareholders' equity at period end – GAAP	34,604	35,935	36,424
Less: Goodwill	17,920	18,073	18,100
Intangible assets	4,696	4,452	4,380
Add: Deferred tax liability – tax deductible goodwill (a)	1,170	1,302	1,306
Deferred tax liability – intangible assets (a)	1,293	1,222	1,259
Tangible BNY Mellon common shareholders' equity at period end – Non-GAAP	\$ 14,451	\$ 15,934	\$ 16,509
Total assets at period end – GAAP	\$ 356,146	\$ 374,516	\$ 368,241
Less: Assets of consolidated investment management funds	11,236	11,272	11,451
Subtotal assets of operations – Non-GAAP	344,910	363,244	356,790
Less: Goodwill	17,920	18,073	18,100
Intangible assets	4,696	4,452	4,380
Cash on deposit with the Federal Reserve and other central banks (b)	78,059	105,384	83,736
Tangible total assets of operations at period end – Non-GAAP	\$ 244,235	\$ 235,335	\$ 250,574
BNY Mellon shareholders' equity to total assets – GAAP	10.0%	10.0%	10.3%
BNY Mellon common shareholders' equity to total assets – GAAP	9.7%	9.6%	9.9%
BNY Mellon tangible common shareholders' equity to tangible assets of operations – Non-GAAP	5.9%	6.8%	6.6%

(a) *Deferred tax liabilities are based on fully phased-in Basel III rules. First quarter of 2014 includes deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.*

(b) *Assigned a zero percent risk-weighting by the regulators.*

The following table presents the reconciliation of our estimated fully phased-in Basel III CET1 ratio under the Standardized Approach and Advanced Approach.

Estimated fully phased-in Basel III CET1 ratio – Non-GAAP (a) <i>(dollars in millions)</i>	March 31, 2013	Dec. 31, 2013	March 31, 2014
Total Tier 1 capital	\$ 16,219	\$ 18,335	\$ 20,561
Adjustments to determine estimated fully-phased in Basel III CET1:			
Deferred tax liability – tax deductible intangible assets	78	70	-
Intangible deduction	-	-	(2,496)
Preferred stock	(1,068)	(1,562)	(1,562)
Trust preferred securities	(603)	(330)	(167)
Other comprehensive income (loss) and net pension fund assets:			
Securities available-for-sale	1,314	387	430
Pension liabilities	(1,410)	(900)	(705)
Net pension fund assets	(258)	(713)	-
Total other comprehensive income (loss) and net pension fund assets	(354)	(1,226)	(275)
Equity method investments	(488)	(445)	(102)
Deferred tax assets	(52)	(49)	-
Other	17	17	(8)
Total estimated fully phased-in Basel III CET1	\$ 13,749	\$ 14,810	\$ 15,951
<u>Under the Standardized Approach:</u>			
Total risk-weighted assets – Basel I (b)	\$ 119,382	\$ 113,322	\$ 120,728
Add: Adjustments (c)	26,898	26,543	24,416
Total estimated fully phased-in Basel III risk-weighted assets	\$ 146,280	\$ 139,865	\$ 145,144
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP	9.4%	10.6%	11.0%
<u>Under the Advanced Approach:</u>			
Total risk-weighted assets – Basel I (b)	\$ 119,382	\$ 113,322	\$ 120,728
Add: Adjustments (c)	22,798	17,527	24,815
Total estimated fully phased-in Basel III risk-weighted assets	\$ 142,180	\$ 130,849	\$ 145,543
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP	9.7%	11.3%	11.0%

(a) March 31, 2014 information is preliminary. At March 31, 2014 and Dec. 31, 2013, the estimated fully phased-in Basel III CET1 ratios are based on our interpretation of the Final Rules. At March 31, 2013, these ratios were estimated using our interpretation of the NPRs dated June 7, 2012.

(b) Consistent with historic practice, the risk-based capital ratios do not include the impact of certain consolidated investment management funds, and do not include the impact of BNY Mellon's actual contractual exposure to these vehicles. If the Company is required to include the net impact of such total consolidated assets, it would decrease the fully phased-in CET1 ratio under the Standardized Approach by approximately 60 basis points and the fully phased-in CET1 ratio under the Advanced Approach by approximately 100 basis points at March 31, 2014.

(c) Following are the primary differences between risk-weighted assets determined under Basel I and Basel III. Credit risk is determined under Basel I using predetermined risk-weights and asset classes and relies in part on the use of external credit ratings. Under Basel III both the Standardized and Advanced Approaches use a broader range of predetermined risk-weights and asset classes and certain alternatives to external credit ratings. Securitization exposure receives a higher risk-weighting under Basel III than Basel I, and Basel III includes additional adjustments for market risk, counterparty credit risk and equity exposures. Additionally, the Standardized Approach eliminates the use of the VaR approach for determining risk-weighted assets on certain repo-style transactions. Risk-weighted assets calculated under the Advanced Approach also include the use of internal credit models and parameters as well as an adjustment for operational risk. In 2014, risk-weighted assets include transition adjustments for intangible assets, other than goodwill, and significant investments in unconsolidated financial institutions.

The following table presents the reconciliation of our Basel I CET1 ratio.

Basel I CET1 ratio	March 31, 2013	Dec. 31, 2013
<i>(dollars in millions)</i>		
Total Tier 1 capital – Basel I	\$ 16,219	\$ 18,335
Less: Trust preferred securities	603	330
Preferred stock	1,068	1,562
Total Tier 1 common equity	\$ 14,548	\$ 16,443
Total risk-weighted assets – Basel I	\$ 119,382	\$ 113,322
Basel I CET1 ratio – Non-GAAP	12.2%	14.5%

The following table presents the reconciliation of consolidated investment management and performance fee revenue excluding money market fee waivers.

Investment management and performance fees	1Q13	4Q13	1Q14	1Q14 vs.	
<i>(dollars in millions)</i>					
	1Q13	4Q13	1Q14	1Q13	4Q13
Investment management and performance fees – GAAP	\$ 822	\$ 904	\$ 843	3%	(7)%
Add: Money market fee waivers	56	78	81		
Investment management and performance fees excluding money market fee waivers – Non-GAAP	\$ 878	\$ 982	\$ 924	5%	(6)%

The following table presents income from consolidated investment management funds, net of noncontrolling interests.

Income from consolidated investment management funds, net of noncontrolling interests	1Q13	2Q13	3Q13	4Q13	1Q14
<i>(in millions)</i>					
Income from consolidated investment management funds	\$ 50	\$ 65	\$ 32	\$ 36	\$ 36
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	16	39	8	17	20
Income from consolidated investment management funds, net of noncontrolling interests	\$ 34	\$ 26	\$ 24	\$ 19	\$ 16

The following table presents the line items in the Investment Management business impacted by the consolidated investment management funds.

Income from consolidated investment management funds, net of noncontrolling interests	1Q13	2Q13	3Q13	4Q13	1Q14
<i>(in millions)</i>					
Investment management fees	\$ 20	\$ 20	\$ 20	\$ 20	\$ 18
Other (Investment income)	14	6	4	(1)	(2)
Income from consolidated investment management funds, net of noncontrolling interests	\$ 34	\$ 26	\$ 24	\$ 19	\$ 16

The following table presents the reconciliation of the pre-tax operating margin for the Investment Management business.

Pre-tax operating margin - Investment Management business <i>(dollars in millions)</i>	1Q13	2Q13	3Q13	4Q13	1Q14
Income before income taxes – GAAP	\$ 206	\$ 271	\$ 225	\$ 266	\$ 246
Add: Amortization of intangible assets	39	39	35	35	31
Add: Money market fee waivers	21	24	30	33	35
Income before income taxes excluding amortization of intangible assets and money market fee waivers – Non-GAAP	\$ 266	\$ 334	\$ 290	\$ 334	\$ 312
Total revenue – GAAP	\$ 943	\$ 975	\$ 949	\$ 1,061	\$ 970
Less: Distribution and servicing expense	104	110	107	108	106
Less: Money market fee waivers benefitting distribution and servicing expense	36	35	38	38	38
Add: Money market fee waivers impacting total revenue	57	59	68	71	73
Total revenue net of distribution and servicing expense and excluding money market fee waivers – Non-GAAP	\$ 860	\$ 889	\$ 872	\$ 986	\$ 899
Pre-tax operating margin <i>(a)</i>	22%	28%	24%	25%	25%
Pre-tax operating margin excluding amortization of intangible assets and money market fee waivers and net of distribution and servicing expense – Non-GAAP <i>(a)</i>	31%	37%	33%	34%	35%

(a) Income before taxes divided by total revenue.

CAUTIONARY STATEMENT

A number of statements (i) in this Quarterly Earnings Review, (ii) in our presentations and (iii) in the responses to questions on our conference call discussing our quarterly results and other public events may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 including our estimated capital ratios and expectations relating to those ratios and preliminary business metrics. These statements may be expressed in a variety of ways, including the use of future or present tense language. These statements and other forward-looking statements contained in other public disclosures of The Bank of New York Mellon Corporation which make reference to the cautionary factors described in this Quarterly Earnings Review, are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond BNY Mellon’s control). Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties, including, but not limited to, the risk factors and other uncertainties set forth in BNY Mellon’s Annual Report on Form 10-K for the year ended Dec. 31, 2013 and BNY Mellon’s other filings with the Securities and Exchange Commission. All forward-looking statements in this Quarterly Earnings Review speak only as of April 22, 2014, and BNY Mellon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.