



BNY MELLON

BNY Mellon

Third Quarter 2014 □ Financial Highlights □

October 17, 2014 □

Cautionary Statement

A number of statements in our presentations, the accompanying slides and the responses to your questions are “forward-looking statements.” These statements relate to, among other things, The Bank of New York Mellon Corporation’s (the “Corporation”) expectations regarding: our estimated capital ratios and expectations regarding those ratios; preliminary business metrics; our plans relating to the securities portfolio and impact on net interest revenue; and statements regarding the Corporation's aspirations, as well as the Corporation’s overall plans, strategies, goals, objectives, expectations, estimates, intentions, targets, opportunities and initiatives. These forward-looking statements are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation’s control).

Actual results may differ materially from those expressed or implied as a result of the factors described under “Forward Looking Statements” and “Risk Factors” in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2013 (the “2013 Annual Report”), and in other filings of the Corporation with the Securities and Exchange Commission (the “SEC”). Such forward-looking statements speak only as of October 17, 2014, and the Corporation 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.

Non-GAAP Measures: In this presentation we may discuss some non-GAAP adjusted measures in detailing the Corporation’s performance. We believe these measures are useful to the investment community in analyzing the financial results and trends of ongoing operations. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management monitors financial performance. Additional disclosures relating to non-GAAP adjusted measures are contained in the Corporation’s reports filed with the SEC, including the 2013 Annual Report, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and the Corporation's Earnings Release for the quarter ended September 30, 2014, included as an exhibit to our Current Report on Form 8-K filed on October 17, 2014 (the “Earnings Release”), available at www.bnymellon.com/investorrelations.

Third Quarter 2014 Financial Highlights □

- Earnings per share of \$0.93 including:
 - \$0.29 per common share for previously disclosed gains net of litigation and restructuring charges
- Investment management and performance fees +7% year-over-year
 - Assets under management (AUM) +7% year-over-year to a record \$1.65 trillion
 - \$13 billion of net long-term inflows
- Investment services fees +5% year-over-year
 - Assets under custody and/or administration (AUC/A) totaled \$28.3 trillion, +3% year-over year
 - \$529 billion of new AUC/A last twelve months
- Continued progress on expense control
 - Noninterest expense – +7% year-over-year, +1% sequentially
 - Non-GAAP¹ – 0% year-over-year, +1% sequentially
 - Staff expense (3%) year-over-year
- Return on tangible common equity¹ of 26%; 18% on an adjusted basis
- Repurchased 11.0 million common shares for \$431 million in third quarter

¹ Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

Third Quarter 2014 Key Performance Drivers □

- □ EPS (Non-GAAP)¹ of \$0.64, +5% year-over-year and +3% sequentially, driven by growth in Investment Management and Investment Services fees and continued progress on expense control
- □ Investment management and performance fees +7% year-over-year reflecting higher equity markets, currency impact and higher performance fees
- □ Investment services fees +5% year-over-year driven by continued growth in Asset servicing, Clearing services and Treasury services fees
- □ Market-related revenue impacted by seasonality and macro factors
 - □ Foreign Exchange - Higher volumes helping to mitigate lower volatility
 - □ Securities Lending - Seasonal decline sequentially; rate environment continues to compress spreads
 - □ Net interest revenue/margin - Tactical asset/liability actions and higher balance levels offset by continued low short-term interest rates
- □ Provision for credit losses was a credit of \$19 million in 3Q14 versus a provision of \$2 million in 3Q13 and a credit of \$12 million in 2Q14
- □ Noninterest expense (Non-GAAP)¹ flat year-over-year primarily reflecting lower staff expense
- □ Effective tax rate of 33.5% in 3Q14. The previously disclosed gains, litigation and restructuring charges increased the effective tax rate 7.1% in 3Q14

¹ Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

Summary Financial Results for the Third Quarter 2014

<i>\$ in millions, except per share data</i>				Growth vs.	
	3Q14	2Q14	3Q13	3Q13	2Q14
Revenue	\$ 4,611	\$ 3,745	\$ 3,783	22%	23% <input type="checkbox"/>
Provision for credit losses	\$ (19)	\$ (12)	\$ 2	N/M	N/M <input type="checkbox"/>
Expenses	\$ 2,968	\$ 2,946	\$ 2,779	7%	1% <input type="checkbox"/>
Pre-tax operating margin	36%	22%	26% <input type="checkbox"/>		
EPS	\$ <input type="checkbox"/> 0.93	\$ 0.48	\$ 0.82	13%	N/M <input type="checkbox"/>
Return on Tangible Common Equity¹	26.2%	14.5%	28.3% <input type="checkbox"/>		

¹ Represents a Non-GAAP measure. See Appendix for reconciliation. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

NM - Not Meaningful

Summary Financial Results for the Third Quarter 2014 (Non-GAAP) □

<i>\$ in millions, except per share data</i>				Growth vs.	
	3Q14	2Q14	3Q13	3Q13	2Q14
Revenue ¹	\$ 3,752	\$ 3,728	\$ 3,775	(1)%	1%
Expenses ¹	\$ 2,673	\$ 2,640	\$ 2,682	—%	1%
Operating leverage ¹				(27) bps	(61) bps
EPS - Non-GAAP ¹	\$ 0.64	\$ 0.62	\$ 0.61	5%	3%
Pre-tax operating margin ¹	29%	30%	29%		
Return on Tangible Common Equity ¹	18.4%	18.4%	21.3%		

**YoY Operating leverage of 245 bps; 183 bps QoQ
excluding Investment and other income and Net securities gains¹**

¹ Represents a Non-GAAP measure. See Appendix for additional reconciliations. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.
bps - basis points

Investment Management Metrics

Asset Under Management (AUM) ¹	3Q14	LTM 9/30/14
<i>\$ in billions</i>		
Beginning balance of AUM	\$1,636	\$1,532
Net inflows (outflows):		
Long-Term:		
Equity	(2)	(12)
Fixed income	—	4
Index	(3)	1
Liability-driven investments ²	18	25
Alternative investments	—	5
Total long-term inflows	13	23
Short-term: <input type="checkbox"/>		
Cash	19	—
Total net inflows	32	23
Net market/currency impact	(22)	91
Ending balance of AUM ³	\$1,646	\$1,646

Wealth Management	Growth vs.		
<i>\$ in millions</i>	3Q14	3Q13	2Q14
Average loans	\$ <input type="checkbox"/> 10,772 <input type="checkbox"/>	14 % <input type="checkbox"/>	4% <input type="checkbox"/>
Average deposits	\$ <input type="checkbox"/> 13,764 <input type="checkbox"/>	(1)%	2%

¹ Excludes securities lending cash management assets and assets managed in the Investment Services business.

² Includes currency and overlay assets under management.

³ Preliminary.

LTM - Last Twelve Months

Investment Services Metrics

	3Q14	Growth vs.	
		3Q13	2Q14
Asset under custody /administration at period end (<i>trillions</i>) ^{1,2}	\$ 28.3	3 %	(1)%
Market value of securities on loan at period end (<i>billions</i>) ³	\$ 282	11 %	1 %
Average loans (<i>millions</i>) <input type="checkbox"/>	\$ 33,785	21 %	2 %
Average deposits (<i>millions</i>) <input type="checkbox"/>	\$ 221,734	8 %	— %
<u>Broker-Dealer</u> <input type="checkbox"/>			
Average tri-party repo balances (<i>billions</i>) <input type="checkbox"/>	\$ 2,063	6 %	2 %
<u>Clearing Services</u> <input type="checkbox"/>			
Global DARTS volume (<i>thousands</i>) <input type="checkbox"/>	209	(1)%	1 %
Average active clearing accounts (U.S. platform) (<i>thousands</i>)	5,805	3 %	1 %
Average long-term mutual fund assets (U.S. platform) (<i>millions</i>)	\$ 442,827	17 %	2 %
<u>Depository Receipts</u>			
Number of sponsored programs	1,302	(4)%	(1)%

¹ Includes the AUC/A of CIBC Mellon of \$1.2 trillion at Sept. 30, 2013, June 30, 2014 and Sept. 30, 2014.

² Preliminary.

³ 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, \$66 billion at March 31, 2014, \$64 billion at June 30, 2014 and \$65 billion at Sept. 30, 2014.

Fee and Other Revenue

(\$ in millions)	3Q14	Growth vs.		Drivers
		3Q13	2Q14	
Asset servicing ¹	\$ 1,025	6%	—%	<u>Asset Servicing</u> <ul style="list-style-type: none"> • YoY: Organic growth, higher market values, net new business and higher collateral management fees • QoQ: Organic growth and seasonally lower securities lending revenue
Clearing services	337	7	3	<u>Clearing Services</u> <ul style="list-style-type: none"> • YoY: Higher clearing accounts, higher mutual fund positions and higher asset levels • QoQ: Higher clearing accounts, higher mutual fund positions, higher asset levels and higher DARTS volume
Issuer services	315	(2)	36	
Treasury services	142	4	1	<u>Treasury Services</u> <ul style="list-style-type: none"> • Higher payment volumes
Total investment services fees	1,819	5	6	
Investment management and performance fees	881	7	—	<u>Investment Management and Performance Fees</u> <ul style="list-style-type: none"> • YoY: Higher equity markets, currency impact and higher performance fees • QoQ: Higher equity markets, currency impact and seasonally lower performance fees
Foreign exchange and other trading revenue	153	(4)	18	<u>Foreign Exchange & Other Trading Revenue</u> <ul style="list-style-type: none"> • YoY: Higher FX volumes and lower volatility • QoQ: Higher FX volumes
Distribution and servicing	44	2	2	
Financing-related fees	44	—	—	
Investment and other income	890	N/M	N/M	
Total fee revenue	3,831	30	29	
Net securities gains	20	N/M	N/M	
Total fee and other revenue - GAAP	\$ 3,851	29%	29%	

¹ Asset servicing fees include securities lending revenue of \$35 million in 3Q13, \$46 million in 2Q14 and \$37 million in 3Q14.

NM - Not Meaningful

Net Interest Revenue □

(\$ in millions)	3Q14	Growth vs.		Drivers
		3Q13	2Q14	
Net interest revenue (non-FTE)	\$ 721	(7)% □	— %	<u>Net Interest Revenue</u> <ul style="list-style-type: none"> • YoY: Lower asset yields, lower accretion and higher average interest-earning assets driven by higher deposits • QoQ: Higher interest-earnings deposits and lower asset yields • Euro-denominated deposit liabilities comprised 15% of average deposits in 3Q14 and 16% in 2Q14
Net interest revenue (FTE) - Non-GAAP	736	(6)	—	
Net interest margin (FTE)	0.94%	(22) bps	(4) bps	
<u>Selected Average Balances:</u>				
Cash/interbank investments	\$ 139,278	20 %	(1)%	
Trading account securities	5,435	(2)	(2)	
Securities	112,055	11	10	
Loans	54,835	14	3	
Interest-earning assets	311,603	15	4 □	
Interest-bearing deposits	164,233	7	1 □	
Noninterest-bearing deposits	82,334	14	6 □	

bps – basis points
FTE – fully taxable equivalent

Noninterest Expense □

(\$ in millions)	3Q14	Growth vs.		Drivers
		3Q13	2Q14	
Staff	\$ 1,477	(3)%	3%	<ul style="list-style-type: none"> • YoY: Lower pension, benefits of technology insourcing, streamlining actions, lower business development, annual merit increase and higher professional, legal and other purchased services • QoQ: Higher incentives due to 2Q14 adjustment related to previously disclosed charge, annual merit increase, higher professional, legal and other purchased services, lower sub-custody and business development expenses and streamlining actions □
Professional, legal and other purchased services	323	9	3	
Software and equipment	234	4	(1)	
Net occupancy	154	1	1	
Distribution and servicing	107	(1)	(4)	
Sub-custodian	67	(6)	(17)	
Business development	61	(3)	(10) □	
Other	250	—	(28) □	
Amortization of intangible assets	75	(7)	— □	
M&I, litigation and restructuring charges	220	N/M	N/M	
Total noninterest expense – GAAP	\$ 2,968	7 %	1%	
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives – Non-GAAP ¹	\$ 2,673	— %	1%	
Full-time employees	50,900	100	(200)	

¹ Represents a Non-GAAP measure. See Appendix for reconciliation. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

NM - Not Meaningful

Capital Ratios □

	9/30/14	6/30/14	9/30/13	Highlights
Regulatory capital ratios: ^{1,2,3}				<ul style="list-style-type: none"> • Capital ratios remain strong • Sept. YTD '14: Generated \$1.9 billion of net Tier 1 common • In 3Q14, purchased 11 million common shares for \$431 million; 35 million shares for \$1.2 billion YTD • Declared a quarterly dividend of \$0.17 per common share
CET1 ratio	11.4%	11.4%	14.2% ⁴	
Tier 1 capital ratio	12.4	12.4	15.8	
Total (Tier 1 plus Tier 2) capital ratio	12.7	12.8	16.8	
Leverage capital ratio	5.8	5.9	5.6	
Selected regulatory capital ratios - fully phased-in - Non-GAAP: ^{1,2,4}				
Estimated CET1:				
Standardized approach	10.8%	10.3%	10.1%	
Advanced approach	10.0	10.0	11.1	
Estimated Supplementary leverage ratio ("SLR") ⁵	4.6%	4.7%	N/A□	

* Footnotes 1 through 5 provided in the Appendix.
N/A (Not available)

Investment Management □

(\$ in millions)	3Q14	Growth vs.		Drivers
		3Q13	2Q14	
Investment management and performance fees	\$ 877	8%	— %	<u>Investment management fees</u>
Distribution and servicing	41	—	—	• YoY & QoQ: Higher equity markets and currency impact
Other ¹	16	N/M	N/M	
Net interest revenue	69	3	5	<u>Performance fees</u>
Total Revenue	\$ 1,003	6%	(3)%	• YoY +\$10MM: Strong performance of liability-driven investments • QoQ (\$7MM): Seasonality
Noninterest expense (ex. amortization of intangible assets and the charge related to investment management funds, net of incentives)	\$ 727	6%	— %	<u>Other revenue</u>
Income before taxes (ex. amortization of intangible assets and the charge related to investment management funds, net of incentives)	\$ 276	6%	(11)%	• Declined (\$10MM) YoY; (\$32MM) QoQ primarily reflecting lower seed capital gains
Pre-tax operating margin	24%	76 bps	N/M	<u>Net interest revenue</u>
Adjusted pre-tax operating margin ²	33%	(36) bps	(267) bps	• YoY & QoQ: Higher average loans and impact of changing average deposit levels
Assets Under Management ³ (in billions)	\$ 1,646	7%	1 %	<u>Noninterest expense</u>
Memo:				• YoY: Currency impact and business development expenses related to strategic initiatives
Assets Under Management net inflows	\$ 32			
Net long-term inflows	13			
Net short-term inflows	19			

¹ Total fee and other revenue includes the impact of the consolidated investment management funds. Additionally, other revenue includes asset servicing, treasury services, foreign exchange and other trading revenue and investment and other income

² Excludes the net negative impact of money market fee waivers, amortization of intangible assets and the charge related to investment management funds net of incentives, and is net of distribution and servicing expense. Represents a Non-GAAP measure. See Appendix for reconciliation. Additional disclosures regarding this measure and other Non-GAAP adjusted measures are available in the Corporation's reports filed with the SEC, available at www.bnymellon.com/investorrelations.

³ Preliminary.

NM - Not Meaningful

bps – basis points

Investment Services □

(\$ in millions)	3Q14	Growth vs.		Drivers
		3Q13	2Q14	
Investment services fees:				
Asset servicing	\$ 998	6 %	1 %	<u>Asset Servicing</u> • YoY: Organic growth, higher market values, net new business and higher collateral management fees • QoQ: Organic growth and seasonally lower securities lending revenue □
Clearing services	336	7	4	
Issuer services	314	(2)	36 □	
Treasury services	139	3	(1)	
Total investment services fees	1,787	5	6	<u>Clearing Services</u> • YoY: Higher clearing accounts, higher mutual fund positions and higher asset levels • QoQ: Higher clearing accounts, higher mutual fund positions, higher asset levels and higher DARTS volume
Foreign exchange and other trading revenue	159	(10)	10	
Other ¹	59	(6)	(32)	<u>Issuer Services</u> • YoY: Lower Corporate Trust fees • QoQ: Seasonally higher Depository Receipt fees
Net interest revenue	583	(6)	(2)	
Total revenue	\$ 2,588	1 %	3 %	<u>Treasury Services</u> • Higher payment volumes
Noninterest expense (ex. amortization of intangible assets)	\$ 1,835	4 %	1 %	
Income before taxes (ex. amortization of intangible assets)	\$ 753	(6)%	9 %	<u>Foreign exchange and other trading</u> • YoY: Higher FX volumes and lower volatility • QoQ: Higher FX volumes
Pre-tax operating margin	27%	(208) bps	173 bps	
Pre-tax operating margin (ex. amortization of intangible assets)	29%	(217) bps	168 bps	<u>Net interest revenue</u> • YoY: and QoQ: Higher deposits and loans, lower yield and lower accretion
Investment services fees as a percentage of noninterest expense ²	100%	279 bps	752 bps	
AUC/A at period end ³ (in trillions)	\$ 28.3	3 %	(1)%	<u>Noninterest expense</u> • YoY: Higher litigation, higher professional, legal and other purchased services and lower staff • QoQ: Higher litigation, lower sub-custody and lower staff

¹ Total fee and other revenue includes investment management fees and distribution and servicing revenue □

² Noninterest expense excludes amortization of intangible assets and litigation expense. □

³ Preliminary. □

bps – basis points □



APPENDIX

Expense & Pre-Tax Operating Margin - Non-GAAP Reconciliation

(\$ in millions)	3Q14	2Q14	3Q13
Total revenue – GAAP	\$ 4,611	\$ 3,745	\$ 3,783
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	23	17	8
Gain on the sale of investment in Wing Hang	490	—	—
Gain on the sale of One Wall Street building	346	—	—
Total revenue, as adjusted – Non-GAAP	\$ 3,752	\$ 3,728	\$ 3,775
Total noninterest expense – GAAP	\$ 2,968	\$ 2,946	\$ 2,779
Less: Amortization of intangible assets	75	75	81
M&I, litigation and restructuring charges	220	122	16
Charge related to investment management funds, net of incentives	—	109	—
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and <input type="checkbox"/> the charge related to investment management funds, net of incentives – Non-GAAP²	\$ 2,673	\$ 2,640	\$ 2,682
Provision for credit losses	(19)	(12)	2
Income before income taxes, as adjusted – Non-GAAP²	\$ 1,098	\$ 1,100	\$ 1,091
Pre-tax operating margin – Non-GAAP^{1,2}	29%	30%	29%

¹ Income before taxes divided by total revenue.

² Non-GAAP excludes M&I, litigation and restructuring charges, the gain on the sale of our investment in Wing Hang, the gain on the sale of the One Wall Street building, a charge related to investment management funds, net of incentives and net income attributable to noncontrolling interests of consolidated investment management funds, if applicable.

Return on Tangible Common Equity Reconciliation

(\$ in millions)	3Q14	2Q14	3Q13
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 1,070	\$ 554	\$ 962
Add: Amortization of intangible assets, net of tax	49	49	52
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	1,119	603	1,014
Less: Gain on the sale of investment in Wing Hang	315	—	—
Gain on the sale of the One Wall Street building	204	—	—
Add: M&I, litigation and restructuring charges	183	76	12
Benefit related to the disallowance of certain foreign tax credits	—	—	(261)
Charge related to investment management funds, net of incentives	—	85	—
Net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP ²	\$ 783	\$ 764	\$ 765
Average common shareholders' equity	\$ 36,751	\$ 36,565	\$ 34,264
Less: Average goodwill	18,109	18,149	17,975
Average intangible Assets	4,274	4,354	4,569
Add: Deferred tax liability – tax deductible goodwill ¹	1,317	1,338	1,262
Deferred tax liability – intangible assets ¹	1,230	1,247	1,242
Average tangible common shareholders' equity	\$ 16,915	\$ 16,647	\$ 14,224
Return on tangible common equity – Non-GAAP ^{2,3}	26.2%	14.5%	28.3%
Return on tangible common equity – Non-GAAP adjusted ^{2,3}	18.4%	18.4%	21.3%

¹ Deferred tax liabilities are based on fully phased-in Basel III rules. The first and second quarters of 2014 include deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.

² Non-GAAP excludes M&I, litigation and restructuring charges, the gain on the sale of our investment in Wing Hang, the gain on the sale of the One Wall Street building, a charge related to investment management funds, net of incentives and the benefit related to the disallowance of certain foreign tax credits, if applicable.

³ Annualized.

Earnings Per Share Reconciliation □

(\$ in dollars)	3Q14	2Q14	3Q13	Growth vs.	
				3Q13	2Q14
GAAP results	\$ 0.93	\$ 0.48	0.82		
Add: Charge related to investment management funds, net of incentives	—	0.07	—		
Litigation and restructuring charges	0.16	0.06	0.01		
Benefit related to the disallowance of certain foreign tax credits	—	—	(0.22)		
Less: Gain on the sale of investment in Wing Hang Bank Limited	0.27	—	—		
Gain on the sale of One Wall Street building	0.18	—	—		
Non-GAAP results	\$ 0.64	\$ 0.62 ¹	\$ 0.61	5%	3%

¹ Does not foot due to rounding.

Revenue (ex. investment and other income & net securities gains) □

(\$ in millions)	3Q14	3Q13	2Q14	(\$ in millions)	3Q14	3Q13	2Q14
Asset servicing ¹	\$ 1,025	\$ 964	\$ 1,022	Total revenue - GAAP	\$ 4,611	\$ 3,783	\$ 3,745
Clearing services	337	315	326	Less:			
Issuer services	315	322	231	Investment and other income	890	151	142
Treasury services	142	137	141	Net securities gains	20	22	18
Total investment services fees	1,819	1,738	1,720	Add:			
Investment management and performance fees	881	821	883	Net income attributable to noncontrolling interests related to consolidated investment management funds			
Foreign exchange and other trading revenue	153	160	130		(23)	(8)	(17)
Distribution and servicing	44	43	43	Revenue (excluding investment and other income and net securities gains)	\$ 3,678	\$ 3,602	\$ 3,568
Financing-related fees	44	44	44				
Investment and other income	890	151	142				
Total fee revenue	3,831	2,957	2,962				
Net securities gains	20	22	18				
Total fee and other revenue - GAAP	\$ 3,851	\$ 2,979	\$ 2,980				
Income from consolidated investment management funds	39	32	46				
Net interest revenue	721	772	719				
Total revenue - GAAP	\$ 4,611	\$ 3,783	\$ 3,745				

¹ Asset servicing fees include securities lending revenue of \$35 million in 3Q13, \$46 million in 2Q14 and \$37 million in 3Q14.

Operating leverage (ex. investment and other income & net securities gains)

(\$ in dollars)	3Q14	2Q14	3Q13	Growth vs.	
				3Q13	2Q14
Revenue (excluding investment and other income and net securities gains)	3,678	3,568	3,602	2 %	3%
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge related to investment management funds, net of incentives – Non-GAAP ¹	2,673	2,640	2,682	— %	1%
Operating leverage (excluding investment and other income and net securities gains)				245 bps	183 bps

¹ Non-GAAP excludes M&I, litigation and restructuring charges, the gain on the sale of our investment in Wing Hang, the gain on the sale of the One Wall Street building, a charge related to investment management funds, net of incentives and net income attributable to noncontrolling interests of consolidated investment management funds, if applicable.
bps – basis points

Capital Ratio Footnotes

- ¹ Sept. 30, 2014 regulatory capital ratios are preliminary. Please reference slides 22 and 23. See the “Capital Ratios” section in the Earnings Release for additional detail.
- ² Beginning with June 30, 2014, risk-based capital ratios include the net impact of including the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods. The leverage ratio was not affected.
- ³ The Collins Floor comparison of the CET1, Tier 1 and Total risk-based regulatory capital ratios which is calculated based on Basel III components of capital, as phased-in, and asset risk-weightings using the general risk-based guidelines included in the final rules released by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) on July 2, 2013 (the “Final Capital Rules”) (which for 2014 look to Basel I-based requirements) were 14.3%, 15.5% and 16.2%, respectively, at June 30, 2014 and 15.1%, 16.3% and 17.0%, respectively, at Sept. 30, 2014.
- ⁴ Please reference slides 22 and 23. See the “Capital Ratios” section in the Earnings Release for additional detail.
- ⁵ The estimated fully phased-in SLR as of June 30, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Notice of Proposed Rulemaking released in April 2014 concerning the SLR, except that off-balance sheet exposures included in total leverage exposure reflect the end of period measures, rather than a daily average. The estimated fully phased-in SLR as of Sept. 30, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Federal Reserve’s final rules on the SLR. On a fully phased-in basis, we expect to satisfy a minimum SLR of over 5%, 3% attributable to a regulatory minimum SLR, and greater than 2% attributable to a buffer applicable to U.S. G-SIBs.

Estimated Fully Phased-In Basel III CET1 Ratio - Non-GAAP¹

(\$ in millions)	9/30/14	6/30/14	9/30/13
Total Tier 1 capital	\$ 21,019	\$ 20,669	\$ 18,074
Adjustments to determine estimated fully phased-in Basel III CET1:			
Deferred tax liability – tax deductible intangible assets	—	—	82
Intangible deduction	(2,388)	(2,453)	—
Preferred stock	(1,562)	(1,562)	(1,562)
Trust preferred securities	(162)	(171)	(324)
Other comprehensive income (loss) and net pension fund assets:			
Securities available-for-sale	578	586	487
Pension liabilities	(675)	(691)	(1,348)
Net pension fund assets	—	—	(279)
Total other comprehensive income (loss) and net pension fund assets	(97)	(105)	(1,140)
Equity method investments	(92)	(99)	(479)
Deferred tax assets	—	—	(26)
Other	2	(2)	18
Total estimated fully phased-in Basel III CET1	\$ 16,720	\$ 16,277	\$ 14,643
<u>Under the Standardized Approach:</u>			
Estimated fully phased-in Basel III risk-weighted assets	\$ 154,298	\$ 158,168	\$ 145,589
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP ²	10.8%	10.3%	10.1%
<u>Under the Advanced Approach:</u>			
Estimated fully phased-in Basel III risk-weighted assets	\$ 167,933	\$ 162,072	\$ 131,583
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP ²	10.0%	10.0%	11.1%

¹ Sept. 30, 2014 information is preliminary.

² Beginning with June 30, 2014, risk-based capital ratios include the net impact of including the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in prior periods.

Basel I CET1 Ratio & Estimated SLR - Non-GAAP Reconciliation □

Basel I CET1 ratio (\$ in millions)	9/30/13
Total Tier 1 capital – Basel I	\$ 18,074
Less:	
Trust preferred securities	324
Preferred stock	1,562
Total CET1 – Basel I	\$ 16,188
Total risk-weighted assets – Basel I	\$ 114,404
Basel I CET1 ratio – Non-GAAP	14.2%

Estimated SLR - Non-GAAP ¹ (\$ in millions)	6/30/14	9/30/14
Total CET1 - fully phased-in	\$ 16,277	\$ 16,720
Additional Tier 1 capital	1,562	1,560
Total Tier 1 capital	\$ 17,839	\$ 18,280
Total leverage exposure:		
Quarterly average total assets	369,212	380,409
Less: Amounts deducted from Tier 1 capital	20,480	20,166
Total on-balance sheet assets, as adjusted	348,732	360,243
Off-balance sheet exposures:		
Potential future exposure for derivatives contracts (plus certain other items)	11,115	11,694
Repo-style transaction exposures included in SLR	—	—
Credit-equivalent amount other off-balance sheet exposures (less SLR exclusions)	22,658	21,924
Total off-balance sheet exposures	33,773	33,618
Total leverage exposure	\$ 382,505	\$ 393,861
Estimated SLR	4.7%	4.6%

¹ The estimated fully phased-in SLR as of June 30, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Notice of Proposed Rulemaking released in April 2014 concerning the SLR, except that off-balance sheet exposures included in total leverage exposure reflect the end of period measures, rather than a daily average. The estimated fully phased-in SLR as of Sept. 30, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Federal Reserve's final rules on the SLR. On a fully phased-in basis, we expect to satisfy a minimum SLR of over 5%, 3% attributable to a regulatory minimum SLR, and greater than 2% attributable to a buffer applicable to U.S. G-SIBs.

Pre-Tax Operating Margin – Investment Management Reconciliation

(\$ in millions)	3Q14	2Q14	3Q13
Income before income taxes – GAAP	\$ 245	\$ 171	\$ 225
Add: Amortization of intangible assets	31	31	35
Money market fee waivers	29	28	30
Charge related to investment management funds, net of incentives	—	109	—
<hr/>			
Income before income taxes excluding amortization of intangible assets, money market fee waivers and the charge related to investment management funds, net of incentives – Non-GAAP	\$ 305	\$ 339	\$ 290
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Total revenue – GAAP	\$ 1,003	\$ 1,036	\$ 949
Less: Distribution and servicing expense	105	111	107
Money market fee waivers benefiting distribution and servicing expense	38	37	38
Add: Money market fee waivers impacting total revenue	67	65	68
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Total revenue net of distribution and servicing expense and excluding money market fee waivers - Non-GAAP	\$ 927	\$ 953	\$ 872
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Pre-tax operating margin ¹	24%	16%	24%
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Pre-tax operating margin excluding amortization of intangible assets, money market fee waivers, the charge related to investment management funds, net of incentives and net of distribution and servicing expense – Non-GAAP ¹	33%	36%	33%

¹ Income before taxes divided by total revenue.