



BNY MELLON

BNY Mellon

Fourth Quarter 2014 Financial Highlights

January 23, 2015

On February 17, 2015, The Bank of New York Mellon Corporation (the “Company”) announced an adjustment to its financial results for the fourth quarter ended December 31, 2014, to include an additional after-tax litigation expense of \$598 million in anticipation of the resolution of several previously disclosed matters, including substantially all of the foreign exchange-related actions. The financial impact of the adjustment is not reflected in the attached document. For further information about the impact of the adjustment, please refer to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 17, 2015.

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; 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 January 23, 2015, 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 September 30, 2014 and the Corporation's Earnings Release for the quarter ended December 31, 2014, included as an exhibit to our Current Report on Form 8-K filed on January 23, 2015 (the “Earnings Release”), available at www.bnymellon.com/investorrelations.

Fourth Quarter and Full Year 2014 Financial Highlights

4Q14

- Earnings per common share of \$0.70 including:
 - \$0.12 per common share primarily from the previously disclosed tax benefit, net of litigation and restructuring charges
 - Earnings per common share +7% year-over-year on an adjusted basis¹
- Significant progress on expense control
 - Noninterest expense¹ (5)% year-over-year, (1)% sequentially
 - Staff expense (7%) year-over-year, (4%) sequentially
- Positive operating leverage of 232 bps on an adjusted basis¹
- Strong capital generation and return of value to common shareholders
 - Repurchased 11.0 million common shares for \$432 million; declared common stock dividend of \$0.17 per share
 - Return on tangible common equity¹ of 20%; 16% on an adjusted basis

FY 2014

- Earnings per common share of \$2.67, including:
 - \$0.28 per common share from non-operating items¹
 - Earnings per common share +5% on an adjusted basis¹
- Positive operating leverage of 87 bps on an adjusted basis¹
- \$536 billion of estimated AUC/A new business wins; \$48 billion of net long-term AUM inflows
- \$2.4 billion of value returned to shareholders in the form of common stock dividends and share repurchases
- Return on tangible common equity¹ of 20%; 18% on an adjusted basis

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

Fourth Quarter 2014 Year-over-Year Performance

- Earnings per common share¹ of \$0.58, +7% driven by significant progress on expense control
- Investment management and performance fees (2)% reflecting the unfavorable impact of a stronger U.S. dollar and lower performance fees, partially offset by higher equity market values
- Investment services fees +1% reflecting organic growth, net new business offset by lower Depository Receipts revenue and the unfavorable impact of a stronger U.S. dollar
- Market-sensitive revenue driven by volume, volatility and rates
 - Foreign Exchange +31% driven by higher volumes and volatility, partially offset by lower Depository Receipts-related activity
 - Securities Lending +19% driven by volume
 - Net interest revenue (6%) reflecting lower asset yields, higher premium amortization on agency mortgage-backed securities and the impact of interest rate hedging
- Provision for credit losses was \$1 million in 4Q14 versus a provision of \$6 million in 4Q13
- Noninterest expense¹ (5)% primarily reflecting lower staff expense, the favorable impact of a stronger U.S. dollar, lower asset-based taxes and business development expense, partially offset by higher professional, legal and other purchased services
- Effective tax rate of 9.4% in 4Q14; includes a 16.5% benefit primarily related to the previously disclosed approval of a tax carryback claim and the tax impact of consolidated investment management funds

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

Note: All comparisons are 4Q14 vs. 4Q13 unless otherwise stated.

Summary Financial Results for Fourth Quarter 2014

\$ in millions, except per share data	4Q14	3Q14	4Q13	Growth vs.	
				4Q13	3Q14
Revenue	\$ 3,689	\$ 4,611	\$ 3,611	2%	(20)%
Expenses	\$ 2,745	\$ 2,968	\$ 2,877	(5)%	(8)%
Income before income taxes	\$ 943	\$ 1,662	\$ 728	30%	N/M
<i>Pre-tax operating margin</i>	26%	36%	20%		
EPS	\$ 0.70	\$ 0.93	\$ 0.44	N/M	N/M
Return on Tangible Common Equity¹	19.5%	26.2%	14.3%		

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.

Note: Provision for credit losses was \$1 million in 4Q14 versus a provision of \$6 million in 4Q13 and a credit of \$19 million in 3Q14.

N/M - not meaningful

Summary Financial Results for Fourth Quarter 2014 (Non-GAAP)

\$ in millions, except per share data	4Q14	3Q14	4Q13	Growth vs.	
				4Q13	3Q14
Revenue ¹	\$ 3,665	\$ 3,752	\$ 3,769	(3)%	(2)%
Expenses ¹	\$ 2,651	\$ 2,673	\$ 2,793	(5)%	(1)%
Operating leverage ¹				232 bps	(150) bps
Income before income taxes ¹	\$ 1,013	\$ 1,098	\$ 970	4%	(8)%
<i>Pre-tax operating margin¹</i>	28%	29%	26%		
EPS ¹	\$ 0.58	\$ 0.64	\$ 0.54	7%	(10)%
Return on Tangible Common Equity ¹	16.3%	18.4%	17.2%		

**YoY operating leverage of 392 bps
excluding investment and other income and net securities gains¹**

¹ Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding these measures 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

Full-Year 2014 Performance

- Earnings per common share¹ of \$2.39, +5% driven by significant progress on expense control
- Investment management and performance fees +3% reflecting higher equity market values and net new business, partially offset by higher money market fee waivers and lower performance fees
- Investment services fees +2% reflecting higher asset servicing and clearing services fees, partially offset by lower Depository Receipts and Corporate Trust fees
- Market-sensitive revenue driven by volume, volatility and rates
 - Foreign Exchange (5)% driven by lower volatility, partially offset by higher volumes
 - Securities Lending +2% driven by higher volumes, partially offset by lower spreads
 - Net interest revenue (4)% reflecting lower interest rate environment, partially offset by higher balances
- Provision for credit losses was a credit of \$48 million in 2014 versus a credit of \$35 million in 4Q13
- Noninterest expense¹ (2)% primarily reflecting lower staff and business development expense and decrease in the cost of generating certain tax credits, partially offset by higher professional legal and other purchased services
- Total payout ratio of 79%, or 94% on an adjusted basis¹

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

Note: All comparisons are 2014 vs. 2013 unless otherwise stated.

Summary Financial Results for Full-Year 2014

<i>\$ in millions, except per share data</i>	FY 2014		FY 2013		Growth vs.
					FY 2013
Revenue	\$	15,692	\$	15,048	4%
Expenses	\$	11,398	\$	11,306	1%
Income before income taxes	\$	4,342	\$	3,777	N/M
<i>Pre-tax operating margin</i>		28%		25%	
EPS	\$	2.67	\$	1.73	N/M
Return on Tangible Common Equity¹		19.5%		15.3%	

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

Note: Provision for credit losses was a credit of \$48 million in 2014 versus a credit of \$35 million in 2013.

N/M - not meaningful

Summary Financial Results for Full-Year 2014 (Non-GAAP)

\$ in millions, except per share data	FY 2014		FY 2013		Growth vs.
					FY 2013
Revenue ¹	\$	14,772	\$	14,968	(1)%
Expenses ¹	\$	10,645	\$	10,882	(2)%
Operating leverage ¹					87 bps
Income before income taxes ¹	\$	4,175	\$	4,121	1%
<i>Pre-tax operating margin¹</i>		28%		28%	
EPS ¹	\$	2.39	\$	2.28	5%
Return on Tangible Common Equity ¹		17.6%		19.7%	

**YoY operating leverage of 190 bps
excluding investment and other income and net securities gains¹**

¹ Represents a Non-GAAP measure. See Appendix for reconciliations. Additional disclosures regarding these measures 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

Assets Under Management (AUM) ¹		4Q14	FY 2014
<i>\$ in billions</i>			
Beginning balance of AUM		\$1,646	\$1,583
Net inflows (outflows):			
Long-Term:			
Equity		(4)	(11)
Fixed income		4	3
Index		1	5
Liability-driven investments ²		24	45
Alternative investments		2	6
Total long-term inflows		27	48
Short-term:			
Cash		5	(1)
Total net inflows		32	47
Net market/currency impact		32	80
Ending balance of AUM ³		\$1,710	\$1,710
Wealth Management		Growth vs.	
<i>\$ in millions</i>		4Q14	4Q13
Average loans		\$ 11,124	14%
Average deposits		\$ 14,604	3%
			3Q14
			6%

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.

Investment Management

(\$ in millions)	4Q14	Growth vs.		Drivers
		4Q13	3Q14	
Investment management and performance fees	\$ 882	(3)%	1%	<u>Investment management fees</u> <ul style="list-style-type: none"> YoY: Higher equity market values and unfavorable impact of stronger U.S. dollar QoQ: Unfavorable impact of stronger U.S. dollar, partially offset by net new business and higher equity market values
Distribution and servicing	40	(2)	(2)	
Other ¹	7	N/M	N/M	
Net interest revenue	69	1	—	<u>Performance fees</u> <ul style="list-style-type: none"> YoY: (\$28MM): Lower relative to stronger-than-average 4Q13 QoQ: +\$22MM: Seasonality
Total Revenue	\$ 998	(6)%	—%	<u>Other revenue</u> <ul style="list-style-type: none"> YoY: (\$36MM) Lower other trading revenue related to losses on hedging activities within a boutique and lower seed capital gains QoQ: (\$9MM) Lower other trading revenue related to losses on hedging activities within a boutique
Noninterest expense (ex. amortization of intangible assets)	\$ 721	(5)%	(1)%	<u>Net interest revenue</u> <ul style="list-style-type: none"> YoY: Higher loan and deposit levels QoQ: Higher loan and deposit levels, partially offset by lower deposit spreads
Income before taxes (ex. amortization of intangible assets)	\$ 277	(8)%	—%	<u>Noninterest expense</u> <ul style="list-style-type: none"> YoY: Favorable impact of stronger U.S. dollar and lower incentive and distribution and servicing expense QoQ: Favorable impact of stronger U.S. dollar, partially offset by higher incentive expense driven by seasonally higher performance fees
Pre-tax operating margin	25%	(11) bps	57 bps	
Adjusted pre-tax operating margin ²	33%	(43) bps	54 bps	

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 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.

N/M - not meaningful

bps – basis points

Investment Services Metrics

	4Q14	Growth vs.	
		4Q13	3Q14
Assets under custody /administration at period end (<i>trillions</i>) ^{1,2}	\$ 28.5	3%	1%
Market value of securities on loan at period end (<i>billions</i>) ³	\$ 289	23%	2%
Average loans (<i>millions</i>)	\$ 35,448	14%	5%
Average deposits (<i>millions</i>)	\$ 228,282	6%	3%
<u>Broker-Dealer</u>			
Average tri-party repo balances (<i>billions</i>)	\$ 2,101	5%	2%
<u>Clearing Services</u>			
Global DARTS volume (<i>thousands</i>)	242	14%	16%
Average active clearing accounts (U.S. platform) (<i>thousands</i>)	5,900	5%	2%
Average long-term mutual fund assets (U.S. platform) (<i>millions</i>)	\$ 450,305	12%	2%
<u>Depository Receipts</u>			
Number of sponsored programs	1,279	(4)%	(2)%

¹ Includes the AUC/A of CIBC Mellon of \$1.2 trillion at Dec. 31, 2013 and Sept. 30, 2014 and \$1.1 trillion at Dec. 31, 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 and \$65 billion at Sept. 30, 2014 and Dec. 31, 2014.

Investment Services

(\$ in millions)	4Q14	Growth vs.		Drivers
		4Q13	3Q14	
Investment services fees:				
Asset servicing	\$ 992	4%	(1)%	<u>Asset Servicing</u> <ul style="list-style-type: none"> YoY: Organic growth and net new business, partially offset by unfavorable impact of stronger U.S. dollar QoQ: Unfavorable impact of stronger U.S. dollar, partially offset by net new business
Clearing services	346	7	3	
Issuer services	193	(18)	(39)	<u>Clearing Services</u> <ul style="list-style-type: none"> YoY: Higher mutual fund/asset-based fees and higher DARTS volume QoQ: Higher DARTS volume
Treasury services	142	4	2	
Total investment services fees	1,673	1	(6)	
Foreign exchange and other trading revenue	165	10	4	<u>Issuer Services</u> <ul style="list-style-type: none"> YoY: Lower corporate actions and dividend fees in Depositary Receipts QoQ: Seasonality in Depositary Receipts, partially offset by higher Corporate Trust fees
Other ¹	69	19	17	
Net interest revenue	574	(6)	(2)	<u>Treasury Services</u> <ul style="list-style-type: none"> Higher payment volumes
Total revenue	\$ 2,481	—%	(4)%	
Noninterest expense (ex. amortization of intangible assets)	\$ 1,828	—%	—%	<u>Foreign exchange and other trading</u> <ul style="list-style-type: none"> Higher FX volumes/volatility, offset by lower Depositary Receipts-related activity
Income before taxes (ex. amortization of intangible assets)	\$ 653	1%	(13)%	<u>Net interest revenue</u> <ul style="list-style-type: none"> Lower yields, partially offset by higher average loans/deposits
Pre-tax operating margin	25%	25 bps	(281) bps	<u>Noninterest expense</u> <ul style="list-style-type: none"> YoY: Higher professional, legal and other purchased services expense and litigation expense, partially offset by lower staff expense, efficiency initiatives and the favorable impact of a stronger U.S. dollar QoQ: Lower staff expense, favorable impact of a stronger U.S. dollar, lower litigation expense, partially offset by higher professional, legal and other purchased services expense
Pre-tax operating margin (ex. amortization of intangible assets)	26%	9 bps	(278) bps	
Investment services fees as a percentage of noninterest expense ²	92%			

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

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

bps – basis points

Fee and Other Revenue

(\$ in millions)	4Q14	Growth vs.		Drivers
		4Q13	3Q14	
Asset servicing ¹	\$ 1,019	4%	(1)%	<u>Asset Servicing</u> <ul style="list-style-type: none"> YoY: Organic growth and net new business, partially offset by unfavorable impact of stronger U.S. dollar QoQ: Unfavorable impact of stronger U.S. dollar, partially offset by net new business
Clearing services	347	7%	3	<u>Clearing Services</u> <ul style="list-style-type: none"> YoY: Higher mutual fund/asset-based fees and higher DARTS volume QoQ: Higher DARTS volume
Issuer services	193	(19)	(39)	<u>Issuer Services</u> <ul style="list-style-type: none"> YoY: Lower corporate actions and dividend fees in Depository Receipts QoQ: Seasonality in Depository Receipts, partially offset by higher Corporate Trust fees
Treasury services	145	6	2	<u>Treasury Services</u> <ul style="list-style-type: none"> Higher payment volumes
Total investment services fees	1,704	1	(6)	<u>Investment Management and Performance Fees</u> <ul style="list-style-type: none"> YoY: Lower performance fees, unfavorable impact of stronger U.S. dollar and higher equity market values QoQ: Seasonally higher performance fees, net new business, unfavorable impact of stronger U.S. dollar and higher equity market values
Investment management and performance fees	885	(2)	—	
Foreign exchange and other trading revenue	151	3	(1)	<u>Foreign Exchange & Other Trading Revenue</u> <ul style="list-style-type: none"> Higher FX volumes/volatility, partially offset by lower Depository Receipts-related activity
Distribution and servicing	43	—	(2)	
Financing-related fees	43	—	(2)	
Investment and other income	78	N/M	N/M	
Total fee revenue	2,904	5	(24)	
Net securities gains	31	N/M	N/M	
Total fee and other revenue - GAAP	\$ 2,935	4%	(24)%	

¹ Asset servicing fees include securities lending revenue of \$31 million in 4Q13, \$37 million in 3Q14 and \$37 million in 4Q14.
N/M - not meaningful

Net Interest Revenue

(\$ in millions)	4Q14	Growth vs.		Drivers
		4Q13	3Q14	
Net interest revenue (non-FTE)	\$ 712	(6)%	(1)%	<u>Net Interest Revenue</u> <ul style="list-style-type: none"> YoY: Lower asset yields, higher premium amortization on agency MBS, lower accretion, impact of interest rate hedging (primarily offset in foreign exchange and other trading revenue), partially offset by change in asset mix and higher average interest-earning assets driven by higher deposits QoQ: Impact of interest rate hedging (primarily offset in foreign exchange and other trading revenue) and lower accretion
Net interest revenue (FTE) - Non-GAAP	726	(7)	(1)	
Net interest margin (FTE)	0.91%	(18) bps	(3) bps	
<u>Selected Average Balances:</u>				
Cash/interbank investments	\$ 140,599	6%	1%	
Trading account securities	3,922	(36)	(28)	
Securities	117,243	21	5	
Loans	56,844	12	4	
Interest-earning assets	318,608	11	2	
Interest-bearing deposits	163,149	4	(1)	
Noninterest-bearing deposits	85,330	7	4	

bps – basis points
FTE – fully taxable equivalent

Noninterest Expense

(\$ in millions)	4Q14	Growth vs.		Drivers
		4Q13	3Q14	
Staff	\$ 1,418	(7)%	(4)%	<ul style="list-style-type: none"> • YoY: Lower staff expense primarily reflecting lower headcount as a result of streamlining actions, the benefit of replacing technology contractors with permanent staff and lower healthcare costs, favorable impact of stronger U.S. dollar, lower asset-based taxes, lower business development expense as a result of discretionary expense control, partially offset by higher professional, legal and other purchased services driven by higher expenses related to the implementation of strategic platforms • QoQ: Lower staff expense primarily reflecting lower headcount as a result of streamlining actions, the benefit of replacing technology contractors with permanent staff and lower healthcare costs, favorable impact of stronger U.S. dollar, lower asset-based taxes, partially offset by higher professional, legal and other purchased services driven by higher expenses related to the implementation of strategic platforms and higher business development expense due to seasonality
Professional, legal and other purchased services	390	13	21	
Software and equipment	235	(2)	—	
Net occupancy	150	(3)	(3)	
Distribution and servicing	102	(7)	(5)	
Sub-custodian	70	3	4	
Business development	75	(22)	23	
Other	211	(18)	(16)	
Amortization of intangible assets	73	(11)	(3)	
M&I, litigation and restructuring charges	21	N/M	N/M	
Total noninterest expense – GAAP	\$ 2,745	(5)%	(8)%	
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	\$ 2,651	(5)%	(1)%	
Full-time employees	50,300	(800)	(600)	

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.

N/M - not meaningful

Capital Ratios

	12/31/14	9/30/14	12/31/13	Highlights
Regulatory capital ratios: ^{1,2,3}				<ul style="list-style-type: none"> Capital ratios remain strong
CET1 ratio	11.6%	11.4%	14.5% ⁴	<ul style="list-style-type: none"> FY14: Net CET1 increased \$1.1 billion
Tier 1 capital ratio	12.6	12.3	16.2	<ul style="list-style-type: none"> In 4Q14, repurchased 11 million common shares for \$432 million and a total of 46.2 million common shares for \$1.7 billion in FY14
Total (Tier 1 plus Tier 2) capital ratio	12.8	12.7	17.0	
Leverage capital ratio	5.7	5.8	5.4	<ul style="list-style-type: none"> In 4Q14, declared a quarterly dividend of \$0.17 per common share; \$0.66 per common share in FY14
Selected regulatory capital ratios - fully phased-in - Non-GAAP: ^{1,2,4}				
Estimated CET1:				
Standardized approach	10.8%	10.8%	10.6%	
Advanced approach	10.2	10.2	11.3	
Estimated Supplementary leverage ratio ("SLR") ^{4,5}	4.5%	4.6%	N/A	

Note: See corresponding footnotes on Page 25 of the Appendix.
N/A - not available



APPENDIX

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

(\$ in millions)	4Q14	3Q14	4Q13	FY 2014	FY 2013
Total revenue – GAAP	\$ 3,689	\$ 4,611	\$ 3,611	\$ 15,692	\$ 15,048
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	24	23	17	84	80
Gain on the sale of our investment in Wing Hang Bank	—	490	—	490	—
Gain on the sale of the One Wall Street building	—	346	—	346	—
Add: Loss related to an equity investment	—	—	175	—	—
Total revenue, as adjusted – Non-GAAP	\$ 3,665	\$ 3,752	\$ 3,769	\$ 14,772	\$ 14,968
Total noninterest expense – GAAP	\$ 2,745	\$ 2,968	\$ 2,877	\$ 11,398	\$ 11,306
Less: Amortization of intangible assets	73	75	82	298	342
M&I, litigation and restructuring charges	21	220	2	351	70
Charge (recovery) related to investment management funds, net of incentives	—	—	—	104	12
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives – Non-GAAP²	\$ 2,651	\$ 2,673	\$ 2,793	\$ 10,645	\$ 10,882
Provision for credit losses	1	(19)	6	(48)	(35)
Income before income taxes, as adjusted – Non-GAAP²	\$ 1,013	\$ 1,098	\$ 970	\$ 4,175	\$ 4,121
Pre-tax operating margin – Non-GAAP^{1,2}	28%	29%	26%	28%	28%

¹ Income before taxes divided by total revenue.

² Non-GAAP excludes net income attributable to noncontrolling interests of consolidated investment management funds, the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, M&I, litigation, restructuring charges, a charge (recovery) related to investment management funds, net of incentives, and a loss on an equity investment, if applicable.

Return on Tangible Common Equity Reconciliation

(\$ in millions)	4Q14	3Q14	4Q13	FY 2014	FY 2013
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	\$ 807	\$ 1,070	\$ 513	\$ 3,092	\$ 2,040
Add: Amortization of intangible assets, net of tax	47	49	53	194	220
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	854	1,119	566	3,286	2,260
Less: Gain on the sale of our investment in Wing Hang Bank	—	315	—	315	—
Gain on the sale of the One Wall Street building	—	204	—	204	—
Benefit primarily related to a tax carryback claim	150	—	—	150	—
Add: M&I, litigation and restructuring charges	10	183	1	262	45
Charge (benefit) related to the disallowance of certain foreign tax credits	—	—	—	—	593
Charge (recovery) related to investment management funds, net of incentives	—	—	—	81	9
Loss related to an equity investment	—	—	115	—	—
Net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP ²	\$ 714	\$ 783	\$ 682	\$ 2,960	\$ 2,907
Average common shareholders' equity	\$ 36,872	\$ 36,751	\$ 35,698	\$ 36,621	\$ 34,832
Less: Average goodwill	17,924	18,109	18,026	18,063	17,988
Average intangible Assets	4,174	4,274	4,491	4,305	4,619
Add: Deferred tax liability – tax deductible goodwill ¹	1,340	1,317	1,302	1,340	1,302
Deferred tax liability – intangible assets ¹	1,216	1,230	1,222	1,216	1,222
Average tangible common shareholders' equity - Non-GAAP	\$ 17,330	\$ 16,915	\$ 15,705	\$ 16,809	\$ 14,749
Return on tangible common equity – Non-GAAP ^{2,3}	19.5%	26.2%	14.3%	19.5%	15.3%
Return on tangible common equity – Non-GAAP adjusted ^{2,3}	16.3%	18.4%	17.2%	17.6%	19.7%

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

² Non-GAAP excludes the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, the benefit primarily related to a tax carryback claim, M&I, litigation and restructuring charges, the charge (benefit) related to the disallowance of certain foreign tax credits, a charge (recovery) related to investment management funds, net of incentives, and a loss on an equity investment, if applicable.

³ Annualized.

Earnings Per Share Reconciliation

(\$ in dollars)	4Q14	3Q14	4Q13	Growth vs.	
				4Q13	3Q14
GAAP results	\$ 0.70	\$ 0.93	\$ 0.44		
Add: Litigation and restructuring charges	0.01	0.16	—		
Loss related to an equity investment	—	—	0.10		
Less: Gain on the sale of our investment in Wing Hang Bank	—	0.27	—		
Gain on the sale of the One Wall Street building	—	0.18	—		
Benefit primarily related to a tax carryback claim	0.13	—	—		
Non-GAAP results	\$ 0.58	\$ 0.64	\$ 0.54	7%	(10)%

(\$ in dollars)	FY 2014	FY 2013	Growth
GAAP results	\$ 2.67	\$ 1.73	
Add: Litigation and restructuring charges	0.23	0.04	
Charge (recovery) related to investment management funds, net of incentives	0.07	0.01	
Net charge related to the disallowance of certain foreign tax credits	—	0.50	
Less: Gain on the sale of our investment in Wing Hang Bank	0.27	—	
Gain on the sale of the One Wall Street building	0.18	—	
Benefit primarily related to a tax carryback claim	0.13	—	
Non-GAAP results	\$ 2.39	\$ 2.28	5%

Total Payout Ratio

<i>(\$ in millions)</i>	FY 2014	Total Payout Ratio
Dividends	\$ 762	
Common stock repurchased	1,669	
Total Capital Deployed	2,431	
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	3,092	79%
Less: Gain on the sale of our investment in Wing Hang Bank	315	
Gain on the sale of the One Wall Street building	204	
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – excluding gain on sale of our investment in Wing Hang Bank and on the sale of the One Wall Street building	\$ 2,573	94%

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

(\$ in millions)	4Q14	4Q13	3Q14	FY 2014	FY 2013	(\$ in millions)	4Q14	4Q13	3Q14	FY 2014	FY 2013
Asset servicing ¹	\$ 1,019	\$ 984	\$ 1,025	\$ 4,075	\$ 3,905	Total revenue - GAAP	\$ 3,689	\$ 3,611	\$ 4,611	\$ 15,692	\$ 15,048
Clearing services	347	324	337	1,335	1,264	Less:					
Issuer services	193	237	315	968	1,090	Investment and other income	78	(43)	890	1,212	481
Treasury services	145	137	142	564	554	Net securities gains	31	39	20	91	141
Total investment services fees	1,704	1,682	1,819	6,942	6,813	Add:					
Investment management and performance fees	885	904	881	3,492	3,395	Net income attributable to noncontrolling interests related to consolidated investment management funds	(24)	(17)	(23)	(84)	(81)
Foreign exchange and other trading revenue	151	146	153	570	674	Revenue (excluding investment and other income and net securities gains)	\$ 3,556	\$ 3,598	\$ 3,678	\$ 14,305	\$ 14,345
Distribution and servicing	43	43	44	173	180						
Financing-related fees	43	43	44	169	172						
Investment and other income	78	(43)	890	1,212	481						
Total fee revenue	2,904	2,775	3,831	12,558	11,715						
Net securities gains	31	39	20	91	141						
Total fee and other revenue - GAAP	\$ 2,935	\$ 2,814	\$ 3,851	\$ 12,649	\$ 11,856						
Income from consolidated investment management funds	42	36	39	163	183						
Net interest revenue	712	761	721	2,880	3,009						
Total revenue - GAAP	\$ 3,689	\$ 3,611	\$ 4,611	\$ 15,692	\$ 15,048						

¹ Asset servicing fees include securities lending revenue of \$31 million in 4Q13, \$37 million in 3Q14 and \$37 million in 4Q14; \$155 million for 2013 and \$158 million for 2014.

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

(\$ in dollars)	4Q14	4Q13	Growth vs. 4Q13
Revenue (excluding investment and other income and net securities gains)	\$ 3,556	\$ 3,598	(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	2,651	2,793	(5)%
Operating leverage (excluding investment and other income and net securities gains)			392 bps

(\$ in dollars)	FY 2014	FY 2013	Growth vs. FY 2013
Revenue (excluding investment and other income and net securities gains)	\$ 14,305	\$ 14,345	—%
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives – Non-GAAP ¹	10,645	10,882	(2)%
Operating leverage (excluding investment and other income and net securities gains)			190 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 (recovery) 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 Dec. 31, 2014 consolidated regulatory capital ratios are preliminary. Please reference slides 26 and 27. See the “Capital Ratios” section in the Earnings Release for additional detail.

² Risk-based capital ratios at Sept. 30, 2014 and Dec. 31, 2014 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 the Dec. 31, 2013 risk-based ratios. The leverage capital ratio was not impacted.

³ The transitional Standardized Approach risk-based capital ratios (which represent the Collins Floor comparison) of the CET1, Tier 1 and Total risk-based consolidated regulatory capital ratios were 15.1%, 16.3% and 17.0%, respectively, at Sept. 30, 2014 and 15.5%, 16.8% and 17.4%, respectively, at Dec. 31, 2014, and are 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 Capital Rules (which for 2014 look to Basel I-based requirements).

⁴ Please reference slides 26 and 27. See the “Capital Ratios” section in the Earnings Release for additional detail.

⁵ The estimated fully phased-in SLR as of Sept. 30, 2014 and Dec. 31, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Federal Reserve’s final rules on the SLR. When fully phased-in, we expect to maintain an SLR of over 5%, 3% attributable to the minimum required 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)	12/31/14	9/30/14	12/31/13
Total Tier 1 capital ²	\$ 21,100	\$ 21,015	\$ 18,335
Adjustments to determine estimated fully phased-in Basel III CET1:			
Deferred tax liability – tax deductible intangible assets	—	—	70
Intangible deduction	(2,329)	(2,388)	—
Preferred stock	(1,562)	(1,562)	(1,562)
Trust preferred securities	(156)	(162)	(330)
Other comprehensive income (loss) and net pension fund assets:			
Securities available-for-sale	594	578	387
Pension liabilities	(1,041)	(675)	(900)
Net pension fund assets	—	—	(713)
Total other comprehensive income (loss) and net pension fund assets	(447)	(97)	(1,226)
Equity method investments	(87)	(92)	(445)
Deferred tax assets	—	—	(49)
Other	10	6	17
Total estimated fully phased-in Basel III CET1 - Non-GAAP	\$ 16,529	\$ 16,720	\$ 14,810
<u>Under the Standardized Approach:</u>			
Estimated fully phased-in Basel III risk-weighted assets - Non-GAAP	\$ 152,512	\$ 154,272	\$ 139,865
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP ³	10.8%	10.8%	10.6%
<u>Under the Advanced Approach:</u>			
Estimated fully phased-in Basel III risk-weighted assets - Non-GAAP	\$ 162,030	\$ 164,088	\$ 130,849
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP ³	10.2%	10.2%	11.3%

¹ Dec. 31, 2014 information is preliminary.

² Tier 1 capital at Dec. 31, 2013 is based on Basel I rules. Tier 1 capital at Sept. 30, 2014 and Dec. 31, 2014 are based on Basel III rules, as phased-in.

³ Risk-based capital ratios at Sept. 30, 2014 and Dec. 31, 2014 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 the Dec. 31, 2013 risk-based ratios.

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

Basel I CET1 ratio (\$ in millions)	12/31/13	
Total Tier 1 capital – Basel I	\$ 18,335	
Less:		
Trust preferred securities	330	
Preferred stock	1,562	
Total CET1 – Basel I	\$ 16,443	
Total risk-weighted assets – Basel I	\$ 113,322	
Basel I CET1 ratio – Non-GAAP	14.5%	
Estimated SLR - Non-GAAP ¹ (\$ in millions)	9/30/14	12/31/14
Total estimated fully phased-in Basel III CET1 - Non-GAAP	\$ 16,720	\$ 16,529
Additional Tier 1 capital	1,556	1,550
Total Tier 1 capital	\$ 18,276	\$ 18,079
Total leverage exposure:		
Quarterly average total assets	\$ 380,409	\$ 385,232
Less: Amounts deducted from Tier 1 capital	20,166	19,947
Total on-balance sheet assets, as adjusted	360,243	365,285
Off-balance sheet exposures:		
Potential future exposure for derivatives contracts (plus certain other items)	11,694	11,021
Repo-style transaction exposures included in SLR	—	—
Credit-equivalent amount other off-balance sheet exposures (less SLR exclusions)	21,924	21,913
Total off-balance sheet exposures	33,618	32,934
Total leverage exposure	\$ 393,861	\$ 398,219
Estimated fully phased-in SLR - Non-GAAP	4.6%	4.5%

¹ The estimated fully phased-in SLR is based on our interpretation of the Final Capital Rules, as supplemented by the Federal Reserve's final rules on the SLR. When fully phased-in, we expect to maintain an SLR of over 5%, 3% attributable to the minimum required SLR, and greater than 2% attributable to a buffer applicable to U.S. G-SIBs.

Pre-Tax Operating Margin – Investment Management Reconciliation

(\$ in millions)	4Q14	3Q14	4Q13
Income before income taxes – GAAP	\$ 247	\$ 245	\$ 266
Add: Amortization of intangible assets	30	31	35
Money market fee waivers	34	29	33
<hr/>			
Income before income taxes excluding amortization of intangible assets and money market fee waivers – Non-GAAP	\$ 311	\$ 305	\$ 334
Total revenue – GAAP	\$ 998	\$ 1,003	\$ 1,061
Less: Distribution and servicing expense	102	105	108
Money market fee waivers benefiting distribution and servicing expense	36	38	38
Add: Money market fee waivers impacting total revenue	70	67	71
<hr/>			
Total revenue net of distribution and servicing expense and excluding money market fee waivers - Non-GAAP	\$ 930	\$ 927	\$ 986
Pre-tax operating margin ¹	25%	24%	25%
Pre-tax operating margin excluding amortization of intangible assets, money market fee waivers and net of distribution and servicing expense – Non-GAAP ¹	33%	33%	34%

¹ Income before taxes divided by total revenue.