

# News Release



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## **BNY MELLON REPORTS FIRST QUARTER EARNINGS OF \$804 MILLION OR \$0.73 PER COMMON SHARE**

- **Earnings per common share up 9% year-over-year**

### **GENERATED APPROXIMATELY 250 BASIS POINTS OF POSITIVE OPERATING LEVERAGE YEAR-OVER-YEAR ON AN ADJUSTED BASIS (a)**

- **Net interest revenue increased 5% and fee and other revenue decreased 1%**
- **Total noninterest expense decreased 3% on a reported and adjusted basis (a)**

### **EXECUTING ON CAPITAL PLAN AND RETURN OF VALUE TO COMMON SHAREHOLDERS**

- **Repurchased 16.2 million common shares for \$577 million**
- **Adjusted return on tangible common equity of 21% (a)**
- **Estimated SLR on a fully phased-in basis exceeded 5% (a)**

**NEW YORK, April 21, 2016** – The Bank of New York Mellon Corporation (“BNY Mellon”) (NYSE: BK) today reported first quarter net income applicable to common shareholders of \$804 million, or \$0.73 per diluted common share, compared with net income applicable to common shareholders of \$766 million, or \$0.67 per diluted common share in the first quarter of 2015. In the fourth quarter of 2015, net income applicable to common shareholders was \$637 million, or \$0.57 per diluted common share, or \$755 million, or \$0.68 per diluted common share, adjusted for the impairment charge related to a prior court decision, litigation and restructuring charges. (a)

“In challenging market conditions, we generated solid earnings growth as we executed on our strategic priorities. First quarter earnings per share grew by 9 percent year over year and we generated approximately 250 basis points of positive operating leverage while improving our operating margin to 31 percent,” Gerald L. Hassell, chairman and chief executive officer, said.

“We are intently focused on enhancing the client experience and driving further efficiencies. Our business improvement process has enabled funding for important strategic investments for regulatory compliance and risk management excellence, technology and servicing platform improvements, and the delivery of new solutions for our clients,” Mr. Hassell added.

“We are confident that we are on the right track to achieve our Investor Day targets, delivering value to our clients and our shareholders,” Mr. Hassell concluded.

(a) See the “Financial Summary” on page 4 for the Non-GAAP adjustments and additional information related to operating leverage. See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 25 for the tangible common equity ratio reconciliation. See “Capital and Liquidity” beginning on page 13 for the reconciliation of the estimated SLR on a fully phased-in basis.

**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 21, 2016. This conference call and audio webcast will include forward-looking statements and may include other material information.

Investors and analysts wishing to access the conference call and audio webcast may do so by dialing (888) 898-7224 (U.S.) or 913-312-9027 (International), and using the passcode: 619690, or by logging on to [www.bnymellon.com](http://www.bnymellon.com). Earnings materials will be available at [www.bnymellon.com](http://www.bnymellon.com) beginning at approximately 6:30 a.m. EDT on April 21, 2016. Replays of the conference call and audio webcast will be available beginning April 21, 2016 at approximately 2 p.m. EDT through May 21, 2016 by dialing (888) 203-1112 (U.S.) or (719) 457-0820 (International), and using the passcode: 2620345. The archived version of the conference call and audio webcast will also be available at [www.bnymellon.com](http://www.bnymellon.com) for the same time period.

**FIRST QUARTER 2016 FINANCIAL HIGHLIGHTS (a)***(comparisons are 1Q16 vs. 1Q15 unless otherwise stated)*• **Earnings**

| <i>(in millions, except per share amounts)</i> | Earnings per share |         |     | Net income applicable to common shareholders of The Bank of New York Mellon Corporation |        |     |
|--|--------------------|---------|-----|---|--------|-----|
|  | 1Q16               | 1Q15    | Inc | 1Q16  | 1Q15   | Inc |
| GAAP results                                   | \$ 0.73            | \$ 0.67 | 9%  | \$ 804  | \$ 766 | 5%  |
| Add: Litigation and restructuring charges      | 0.01               | —       |     | 10  | (2)    |     |
| Non-GAAP results                               | \$ 0.74            | \$ 0.67 | 10% | \$ 814  | \$ 764 | 7%  |

- Total revenue was \$3.7 billion, a decrease of 2%, or 1% (Non-GAAP) (a).
  - Investment services fees increased 1% reflecting higher money market fees and net new business partially offset by lower market values and lost business in clearing services.
  - Investment management and performance fees decreased 6%, or 4% on a constant currency basis (Non-GAAP), driven by lower equity market values and net outflows in 2015 (a).
  - Foreign exchange revenue decreased 21% reflecting lower volumes.
  - Financing-related fees increased \$14 million driven by higher fees related to secured intraday credit.
  - Investment and other income increased \$45 million driven by higher lease-related gains.
  - Net interest revenue increased \$38 million driven by higher yields on interest-earning assets, partially offset by higher rates paid on interest-bearing liabilities and the impact of interest rate hedging activities.
- The provision for credit losses was \$10 million.
- Noninterest expense was \$2.6 billion, a decrease of 3%, on both a reported and adjusted basis (Non-GAAP) (a). The decrease reflects lower expenses in nearly all categories, driven by the favorable impact of a stronger U.S. dollar, lower staff and legal expenses and the benefit of the business improvement process, partially offset by higher distribution and servicing expense.
- Generated approximately 250 basis points of positive operating leverage year-over-year on an adjusted basis (Non-GAAP) (a).
- Effective tax rate of 25.9%.
- **Assets under custody and/or administration (“AUC/A”) and Assets under management (“AUM”)**
  - AUC/A of \$29.1 trillion increased 2% reflecting net new business and the favorable impact of a weaker U.S. dollar (principally versus the Euro), partially offset by lower market values.
    - Estimated new AUC/A wins in Asset Servicing of \$40 billion in 1Q16.
  - AUM of \$1.64 trillion decreased 5% reflecting net outflows primarily in 2015 and the unfavorable impact of a stronger U.S. dollar (principally versus the British pound).
    - Net long-term inflows of \$1 billion in 1Q16 were driven by continued strength in liability-driven investments offset by outflows of index and equity investments.
    - Net short-term outflows totaled \$9 billion in 1Q16.
- **Capital**
  - Repurchased 16.2 million common shares for \$577 million in 1Q16.
  - Adjusted return on tangible common equity of 21% (Non-GAAP) in 1Q16 (a).
  - Estimated supplementary leverage ratio (“SLR”), on a fully phased-in basis (Non-GAAP), exceeded 5.0% (a).

(a) See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 25 for the reconciliation of Non-GAAP measures. Unless otherwise noted, Non-GAAP excludes net (loss) income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets, M&I, litigation and restructuring charges (recoveries) and the impairment charge related to a prior court decision, if applicable.

Note: Throughout this document, sequential growth rates are unannualized.

## FINANCIAL SUMMARY

| <i>(dollars in millions, except per share amounts; common shares in thousands)</i>                                   | 1Q16      | 4Q15      | 3Q15      | 2Q15      | 1Q15      | 1Q16 vs. |         |
|--|-----------|-----------|-----------|-----------|-----------|----------|---------|
|  |           |           |           |           |           | 4Q15     | 1Q15    |
| <b>Revenue:</b>  |           |           |           |           |           |          |         |
| Fee and other revenue  | \$ 2,970  | \$ 2,950  | \$ 3,053  | \$ 3,067  | \$ 3,012  | 1%       | (1)%    |
| (Loss) income from consolidated investment management funds  | (6)       | 16        | (22)      | 40        | 52        |          |         |
| Net interest revenue   | 766       | 760       | 759       | 779       | 728       | 1        | 5       |
| Total revenue – GAAP   | 3,730     | 3,726     | 3,790     | 3,886     | 3,792     | —        | (2)     |
| Less: Net (loss) income attributable to noncontrolling interests related to consolidated investment management funds | (7)       | 5         | (5)       | 37        | 31        |          |         |
| Total revenue – Non-GAAP   | 3,737     | 3,721     | 3,795     | 3,849     | 3,761     | —        | (1)     |
| <b>Provision for credit losses</b>   |           |           |           |           |           |          |         |
|  | 10        | 163       | 1         | (6)       | 2         |          |         |
| <b>Expense:</b>  |           |           |           |           |           |          |         |
| Noninterest expense – GAAP   | 2,629     | 2,692     | 2,680     | 2,727     | 2,700     | (2)      | (3)     |
| Less: Amortization of intangible assets  | 57        | 64        | 66        | 65        | 66        |          |         |
| M&I, litigation and restructuring charges (recoveries)   | 17        | 18        | 11        | 59        | (3)       |          |         |
| Total noninterest expense – Non-GAAP   | 2,555     | 2,610     | 2,603     | 2,603     | 2,637     | (2)      | (3)     |
| <b>Income:</b>   |           |           |           |           |           |          |         |
| Income before income taxes   | 1,091     | 871       | 1,109     | 1,165     | 1,090     | 25%      | —%      |
| Provision for income taxes   | 283       | 175       | 282       | 276       | 280       |          |         |
| Net income   | \$ 808    | \$ 696    | \$ 827    | \$ 889    | \$ 810    |          |         |
| Net loss (income) attributable to noncontrolling interests (a)   | 9         | (3)       | 6         | (36)      | (31)      |          |         |
| Net income applicable to shareholders of The Bank of New York Mellon Corporation                                     | 817       | 693       | 833       | 853       | 779       |          |         |
| Preferred stock dividends  | (13)      | (56)      | (13)      | (23)      | (13)      |          |         |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation                              | \$ 804    | \$ 637    | \$ 820    | \$ 830    | \$ 766    |          |         |
| Operating leverage – Non-GAAP (b)  |           |           |           |           |           | 254 bps  | 247 bps |
| <b>Key Metrics:</b>  |           |           |           |           |           |          |         |
| Pre-tax operating margin (c)   | 29%       | 23%       | 29%       | 30%       | 29%       |          |         |
| Non-GAAP (c)   | 31%       | 30%       | 31%       | 33%       | 30%       |          |         |
| Return on common equity (annualized) (c)   | 9.2%      | 7.1%      | 9.1%      | 9.4%      | 8.8%      |          |         |
| Non-GAAP (c)   | 9.7%      | 8.9%      | 9.7%      | 10.3%     | 9.2%      |          |         |
| Return on tangible common equity (annualized) – Non-GAAP (c)   | 20.6%     | 16.2%     | 20.8%     | 21.5%     | 20.3%     |          |         |
| Non-GAAP adjusted (c)  | 20.8%     | 19.0%     | 21.0%     | 22.5%     | 20.2%     |          |         |
| Fee revenue as a percentage of total revenue excluding net securities gains  | 79%       | 79%       | 80%       | 79%       | 79%       |          |         |
| Percentage of non-U.S. total revenue (d)   | 33%       | 34%       | 37%       | 36%       | 36%       |          |         |
| Average common shares and equivalents outstanding:   |           |           |           |           |           |          |         |
| Basic  | 1,079,641 | 1,088,880 | 1,098,003 | 1,113,790 | 1,118,602 |          |         |
| Diluted  | 1,085,284 | 1,096,385 | 1,105,645 | 1,122,135 | 1,126,306 |          |         |
| <b>Period end:</b>   |           |           |           |           |           |          |         |
| Full-time employees  | 52,100    | 51,200    | 51,300    | 50,700    | 50,500    |          |         |
| Book value per common share – GAAP (c)   | \$ 33.34  | \$ 32.69  | \$ 32.59  | \$ 32.28  | \$ 31.89  |          |         |
| Tangible book value per common share – Non-GAAP (c)  | \$ 15.87  | \$ 15.27  | \$ 15.16  | \$ 14.86  | \$ 14.82  |          |         |
| Cash dividends per common share  | \$ 0.17   | \$ 0.17   | \$ 0.17   | \$ 0.17   | \$ 0.17   |          |         |
| Common dividend payout ratio   | 23%       | 30%       | 23%       | 23%       | 25%       |          |         |
| Closing stock price per common share   | \$ 36.83  | \$ 41.22  | \$ 39.15  | \$ 41.97  | \$ 40.24  |          |         |
| Market capitalization  | \$ 39,669 | \$ 44,738 | \$ 42,789 | \$ 46,441 | \$ 45,130 |          |         |
| Common shares outstanding  | 1,077,083 | 1,085,343 | 1,092,953 | 1,106,518 | 1,121,512 |          |         |

(a) Primarily attributable to noncontrolling interests related to consolidated investment management funds.

(b) Pre-tax operating leverage is the rate of increase (decrease) in total revenue less the rate of increase (decrease) in total noninterest expense. The year-over-year pre-tax operating leverage (Non-GAAP) was based on a decrease in total revenue, as adjusted (Non-GAAP), of 64 basis points, and a decrease in total noninterest expense, as adjusted (Non-GAAP), of 311 basis points. The sequential operating leverage (Non-GAAP) was based on an increase in total revenue, as adjusted (Non-GAAP), of 43 basis points, and a decrease in total noninterest expense, as adjusted (Non-GAAP), of 211 basis points.

(c) Non-GAAP excludes the net income (loss) attributable to noncontrolling interests related to consolidated investment management funds, amortization of intangible assets, M&I, litigation and restructuring charges (recoveries) and the impairment charge related to a prior court decision, if applicable. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 25 for the reconciliation of Non-GAAP measures.

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

bps – basis points.

## CONSOLIDATED BUSINESS METRICS

| Consolidated business metrics                                      | 1Q16         | 4Q15       | 3Q15       | 2Q15       | 1Q15       | 1Q16 vs. |       |
|--|--------------|------------|------------|------------|------------|----------|-------|
|  |              |            |            |            |            | 4Q15     | 1Q15  |
| <b>Changes in AUM (in billions): (a)</b>                           |              |            |            |            |            |          |       |
| Beginning balance of AUM   | \$ 1,625     | \$ 1,625   | \$ 1,700   | \$ 1,717   | \$ 1,686   |          |       |
| Net inflows (outflows):  |              |            |            |            |            |          |       |
| Long-term:   |              |            |            |            |            |          |       |
| Equity   | (3)          | (9)        | (4)        | (13)       | (5)        |          |       |
| Fixed income   | —            | 1          | (3)        | (2)        | 3          |          |       |
| Liability-driven investments (b)                                   | 14           | 11         | 11         | 5          | 8          |          |       |
| Alternative investments  | 1            | 2          | 1          | 3          | 1          |          |       |
| Total long-term active inflows (outflows)                          | 12           | 5          | 5          | (7)        | 7          |          |       |
| Index  | (11)         | (16)       | (10)       | (9)        | 8          |          |       |
| Total long-term inflows (outflows)                                 | 1            | (11)       | (5)        | (16)       | 15         |          |       |
| Short term:  |              |            |            |            |            |          |       |
| Cash   | (9)          | 2          | (10)       | (11)       | 1          |          |       |
| Total net inflows (outflows)                                       | (8)          | (9)        | (15)       | (27)       | 16         |          |       |
| Net market/currency impact/acquisition                             | 22           | 9          | (60)       | 10         | 15         |          |       |
| Ending balance of AUM  | \$ 1,639 (c) | \$ 1,625   | \$ 1,625   | \$ 1,700   | \$ 1,717   | 1 %      | (5)%  |
| <b>AUM at period end, by product type: (a)</b>                     |              |            |            |            |            |          |       |
| Equity   | 14%          | 14%        | 14%        | 15%        | 15%        |          |       |
| Fixed income   | 13           | 13         | 13         | 13         | 12         |          |       |
| Index  | 19           | 20         | 20         | 21         | 22         |          |       |
| Liability-driven investments (b)                                   | 33           | 32         | 32         | 30         | 30         |          |       |
| Alternative investments  | 4            | 4          | 4          | 4          | 4          |          |       |
| Cash   | 17           | 17         | 17         | 17         | 17         |          |       |
| Total AUM  | 100% (c)     | 100%       | 100%       | 100%       | 100%       |          |       |
| <b>Investment Management:</b>                                      |              |            |            |            |            |          |       |
| Average loans (in millions)  | \$ 14,275    | \$ 13,447  | \$ 12,779  | \$ 12,298  | \$ 11,634  | 6 %      | 23 %  |
| Average deposits (in millions)                                     | \$ 15,971    | \$ 15,497  | \$ 15,282  | \$ 14,638  | \$ 15,217  | 3 %      | 5 %   |
| <b>Investment Services:</b>  |              |            |            |            |            |          |       |
| Average loans (in millions)  | \$ 45,004    | \$ 45,844  | \$ 46,222  | \$ 45,822  | \$ 45,071  | (2)%     | — %   |
| Average deposits (in millions)                                     | \$ 215,707   | \$ 229,241 | \$ 232,250 | \$ 238,404 | \$ 235,524 | (6)%     | (8)%  |
| AUC/A at period end (in trillions) (d)                             | \$ 29.1 (c)  | \$ 28.9    | \$ 28.5    | \$ 28.6    | \$ 28.5    | 1 %      | 2 %   |
| Market value of securities on loan at period end (in billions) (e) | \$ 300       | \$ 277     | \$ 288     | \$ 283     | \$ 291     | 8 %      | 3 %   |
| <b>Asset servicing:</b>  |              |            |            |            |            |          |       |
| Estimated new business wins (AUC/A) (in billions)                  | \$ 40 (c)    | \$ 49      | \$ 84      | \$ 933     | \$ 125     |          |       |
| <b>Depository Receipts:</b>  |              |            |            |            |            |          |       |
| Number of sponsored programs                                       | 1,131        | 1,145      | 1,176      | 1,206      | 1,258      | (1)%     | (10)% |
| <b>Clearing services:</b>  |              |            |            |            |            |          |       |
| Average active clearing accounts (U.S. platform) (in thousands)    | 5,947        | 5,959      | 6,107      | 6,046      | 5,979      | — %      | (1)%  |
| Average long-term mutual fund assets (U.S. platform) (in millions) | \$ 415,025   | \$ 437,260 | \$ 447,287 | \$ 466,195 | \$ 456,954 | (5)%     | (9)%  |
| Average investor margin loans (U.S. platform) (in millions)        | \$ 11,063    | \$ 11,575  | \$ 11,806  | \$ 11,890  | \$ 11,232  | (4)%     | (2)%  |
| <b>Broker-Dealer:</b>  |              |            |            |            |            |          |       |
| Average tri-party repo balances (in billions)                      | \$ 2,104     | \$ 2,153   | \$ 2,142   | \$ 2,174   | \$ 2,153   | (2)%     | (2)%  |

(a) Excludes securities lending cash management assets and assets managed in the Investment Services business.

(b) Includes currency 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 \$1.1 trillion at March 31, 2016, \$1.0 trillion at Dec. 31, 2015 and Sept. 30, 2015 and \$1.1 trillion at June 30, 2015 and March 31, 2015.

(e) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent on behalf of CIBC Mellon clients, which totaled \$56 billion at March 31, 2016, \$55 billion at Dec. 31, 2015, \$61 billion at Sept. 30, 2015, \$68 billion at June 30, 2015 and \$69 billion at March 31, 2015.

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

| Key market metrics   | 1Q16           | 4Q15    | 3Q15    | 2Q15    | 1Q15    | 1Q16 vs.      |               |
|--|----------------|---------|---------|---------|---------|---------------|---------------|
|  |                |         |         |         |         | 4Q15          | 1Q15          |
| S&P 500 Index <i>(a)</i>   | <b>2060</b>    | 2044    | 1920    | 2063    | 2068    | <b>1%</b>     | <b>—%</b>     |
| S&P 500 Index – daily average  | <b>1951</b>    | 2052    | 2027    | 2102    | 2064    | <b>(5)</b>    | <b>(5)</b>    |
| FTSE 100 Index <i>(a)</i>  | <b>6175</b>    | 6242    | 6062    | 6521    | 6773    | <b>(1)</b>    | <b>(9)</b>    |
| FTSE 100 Index – daily average   | <b>5988</b>    | 6271    | 6399    | 6920    | 6793    | <b>(5)</b>    | <b>(12)</b>   |
| MSCI World Index <i>(a)</i>  | <b>1648</b>    | 1663    | 1582    | 1736    | 1741    | <b>(1)</b>    | <b>(5)</b>    |
| MSCI World Index – daily average   | <b>1568</b>    | 1677    | 1691    | 1780    | 1726    | <b>(6)</b>    | <b>(9)</b>    |
| Barclays Capital Global Aggregate Bond <sup>SM</sup> Index <i>(a)(b)</i> | <b>368</b>     | 342     | 346     | 342     | 348     | <b>8</b>      | <b>6</b>      |
| NYSE and NASDAQ share volume <i>(in billions)</i>                        | <b>218</b>     | 198     | 206     | 185     | 187     | <b>10</b>     | <b>17</b>     |
| JPMorgan G7 Volatility Index – daily average <i>(c)</i>                  | <b>10.60</b>   | 9.49    | 9.93    | 10.06   | 10.40   | <b>12</b>     | <b>2</b>      |
| Average Fed Funds effective rate   | <b>0.36%</b>   | 0.16%   | 0.13%   | 0.13%   | 0.11%   | <b>20 bps</b> | <b>25 bps</b> |
| Foreign exchange rates vs. U.S. dollar:                                  |                |         |         |         |         |               |               |
| British pound <i>(a)</i>   | <b>\$ 1.44</b> | \$ 1.48 | \$ 1.52 | \$ 1.57 | \$ 1.48 | <b>(3)%</b>   | <b>(3)%</b>   |
| British pound - average rate   | <b>1.43</b>    | 1.52    | 1.55    | 1.53    | 1.51    | <b>(6)</b>    | <b>(5)</b>    |
| Euro <i>(a)</i>  | <b>1.14</b>    | 1.09    | 1.12    | 1.11    | 1.07    | <b>5</b>      | <b>7</b>      |
| Euro - average rate  | <b>1.10</b>    | 1.10    | 1.11    | 1.11    | 1.13    | <b>—</b>      | <b>(3)</b>    |

*(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<br>(dollars in millions)          | 1Q16     | 4Q15     | 3Q15     | 2Q15     | 1Q15     | 1Q16 vs. |      |
|---|----------|----------|----------|----------|----------|----------|------|
|   |          |          |          |          |          | 4Q15     | 1Q15 |
| Investment services fees:                               |          |          |          |          |          |          |      |
| Asset servicing (a)                                     | \$ 1,040 | \$ 1,032 | \$ 1,057 | \$ 1,060 | \$ 1,038 | 1%       | — %  |
| Clearing services                                       | 350      | 339      | 345      | 347      | 344      | 3        | 2    |
| Issuer services   | 244      | 199      | 313      | 234      | 232      | 23       | 5    |
| Treasury services                                       | 131      | 137      | 137      | 144      | 137      | (4)      | (4)  |
| Total investment services fees                          | 1,765    | 1,707    | 1,852    | 1,785    | 1,751    | 3        | 1    |
| Investment management and performance fees              | 812      | 864      | 829      | 878      | 867      | (6)      | (6)  |
| Foreign exchange and other trading revenue              | 175      | 173      | 179      | 187      | 229      | 1        | (24) |
| Financing-related fees                                  | 54       | 51       | 71       | 58       | 40       | 6        | 35   |
| Distribution and servicing                              | 39       | 41       | 41       | 39       | 41       | (5)      | (5)  |
| Total fee revenue excluding investment and other income | 2,845    | 2,836    | 2,972    | 2,947    | 2,928    | —        | (3)  |
| Investment and other income                             | 105      | 93       | 59       | 104      | 60       | 13       | 75   |
| Total fee revenue                                       | 2,950    | 2,929    | 3,031    | 3,051    | 2,988    | 1        | (1)  |
| Net securities gains                                    | 20       | 21       | 22       | 16       | 24       | N/M      | N/M  |
| Total fee and other revenue                             | \$ 2,970 | \$ 2,950 | \$ 3,053 | \$ 3,067 | \$ 3,012 | 1%       | (1)% |

(a) Asset servicing fees include securities lending revenue of \$50 million in 1Q16, \$46 million in 4Q15, \$38 million in 3Q15, \$49 million in 2Q15 and \$43 million in 1Q15.

N/M – Not meaningful.

## KEY POINTS

- Asset servicing fees were \$1.0 billion, flat year-over-year and an increase of 1% sequentially. Both comparisons primarily reflect net new business and higher securities lending revenue, offset by lower market values. The year-over-year comparison also reflects the unfavorable impact of a stronger U.S. dollar.
- Clearing services fees were \$350 million, an increase of 2% year-over-year and 3% sequentially. Both increases primarily reflect higher money market fees, partially offset by the impact of lost business. The sequential increase also reflects higher volumes.
- Issuer services fees were \$244 million, an increase of 5% year-over-year and 23% sequentially. Both the year-over-year and sequential increases primarily reflect higher money market fees in Corporate Trust and higher dividend fees in Depositary Receipts.
- Treasury services fees were \$131 million, a decrease of 4% both year-over-year and sequentially. Both decreases primarily reflect higher compensating balance credits provided to clients, which shifts revenue from fees to net interest revenue.
- Investment management and performance fees were \$812 million, a decrease of 6% year-over-year, or 4% on a constant currency basis (Non-GAAP). Both the year-over-year decrease on a constant currency basis (Non-GAAP) and the sequential decrease of 6% primarily reflect lower equity market values and net outflows in 2015, partially offset by higher money market fees. The sequential decrease also reflects seasonally lower performance fees.

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- **Foreign exchange and other trading revenue**

| <i>(in millions)</i>                             | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
|--|--------|--------|--------|--------|--------|
| Foreign exchange                                 | \$ 171 | \$ 165 | \$ 180 | \$ 181 | \$ 217 |
| Other trading revenue (loss)                     | 4      | 8      | (1)    | 6      | 12     |
| Total foreign exchange and other trading revenue | \$ 175 | \$ 173 | \$ 179 | \$ 187 | \$ 229 |

Foreign exchange and other trading revenue totaled \$175 million in 1Q16 compared with \$229 million in 1Q15 and \$173 million in 4Q15. In 1Q16, foreign exchange revenue totaled \$171 million, a decrease of 21% year-over-year and an increase of 4% sequentially. The year-over-year decrease primarily reflects lower volumes. The sequential increase primarily reflects higher volatility, partially offset by the impact of foreign currency hedging activity. Excluding the impact of hedging activity, foreign exchange revenue increased 12% sequentially.

Other trading revenue was \$4 million in 1Q16, compared with \$12 million in 1Q15 and \$8 million in 4Q15. Both decreases primarily reflect losses on hedging activities in the Investment Management businesses, partially offset by the positive impact of interest rate hedging (which is offset in net interest revenue) and higher fixed income trading revenue.

- Financing-related fees were \$54 million in 1Q16 compared with \$40 million in 1Q15 and \$51 million in 4Q15. The year-over-year increase primarily reflects higher fees related to secured intraday credit. The sequential increase primarily reflects higher underwriting fees.
- Distribution and servicing fees were \$39 million in 1Q16 compared with \$41 million in both 1Q15 and 4Q15. Distribution and servicing fees were favorably impacted by higher money market fees, but were more than offset by certain fees paid to introducing brokers.

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- **Investment and other income**

| <i>(in millions)</i>                      | 1Q16   | 4Q15   | 3Q15  | 2Q15   | 1Q15   |
|---|--------|--------|-------|--------|--------|
| Lease-related gains (losses)              | \$ 44  | \$ (8) | \$ —  | \$ 54  | \$ (1) |
| Corporate/bank-owned life insurance       | 31     | 43     | 32    | 31     | 33     |
| Expense reimbursements from joint venture | 17     | 16     | 16    | 17     | 14     |
| Seed capital gains (a)                    | 11     | 10     | 7     | 2      | 16     |
| Private equity gains (losses)             | 2      | —      | 1     | 3      | (3)    |
| Asset-related gains (losses)              | —      | 5      | (9)   | 1      | 3      |
| Equity investment (losses)                | (3)    | (2)    | (6)   | (7)    | (4)    |
| Other income                              | 3      | 29     | 18    | 3      | 2      |
| Total investment and other income         | \$ 105 | \$ 93  | \$ 59 | \$ 104 | \$ 60  |

(a) Excludes the gain (loss) on seed capital investments in consolidated investment management funds which are reflected in operations of consolidated investment management funds, net of noncontrolling interests. The gain (loss) on seed capital investments in consolidated investment management funds was \$1 million in 1Q16, \$11 million in 4Q15, \$(17) million in 3Q15, \$3 million in 2Q15 and \$21 million in 1Q15.

Investment and other income was \$105 million in 1Q16 compared with \$60 million in 1Q15 and \$93 million in 4Q15. Both increases primarily reflect higher lease-related gains. The sequential increase was partially offset by lower other income reflecting the termination fees in our clearing business recorded in 4Q15 and lower income from corporate/bank-owned life insurance.



**NET INTEREST REVENUE**

| <b>Net interest revenue</b><br><i>(dollars in millions)</i>                             | <b>1Q16</b> | 4Q15      | 3Q15      | 2Q15      | 1Q15      | <b>1Q16 vs.</b> |             |
|---|-------------|-----------|-----------|-----------|-----------|-----------------|-------------|
|   |             |           |           |           |           | <b>4Q15</b>     | <b>1Q15</b> |
| Net interest revenue (non-FTE)  | \$ 766      | \$ 760    | \$ 759    | \$ 779    | \$ 728    | 1%              | 5%          |
| Net interest revenue (FTE) – Non-GAAP   | 780         | 774       | 773       | 794       | 743       | 1               | 5           |
| Net interest margin (FTE)   | 1.01%       | 0.99%     | 0.98%     | 1.00%     | 0.97%     | 2 bps           | 4 bps       |
| <b>Selected average balances:</b>   |             |           |           |           |           |                 |             |
| Cash/interbank investments  | \$127,624   | \$128,328 | \$130,090 | \$125,626 | \$123,647 | (1)%            | 3%          |
| Trading account securities  | 3,320       | 2,786     | 2,737     | 3,253     | 3,046     | 19              | 9           |
| Securities  | 118,538     | 119,532   | 121,188   | 128,641   | 123,476   | (1)             | (4)         |
| Loans   | 61,196      | 61,964    | 61,657    | 61,076    | 57,935    | (1)             | 6           |
| Interest-earning assets   | 310,678     | 312,610   | 315,672   | 318,596   | 308,104   | (1)             | 1           |
| Interest-bearing deposits   | 162,017     | 160,334   | 169,753   | 170,716   | 159,520   | 1               | 2           |
| Noninterest-bearing deposits  | 82,944      | 85,878    | 85,046    | 84,890    | 89,592    | (3)             | (7)         |
| <b>Selected average yields/rates:</b>   |             |           |           |           |           |                 |             |
| Cash/interbank investments  | 0.43%       | 0.32%     | 0.32%     | 0.34%     | 0.35%     |                 |             |
| Trading account securities  | 2.16        | 2.79      | 2.74      | 2.63      | 2.46      |                 |             |
| Securities  | 1.61        | 1.62      | 1.60      | 1.57      | 1.55      |                 |             |
| Loans   | 1.76        | 1.54      | 1.56      | 1.51      | 1.55      |                 |             |
| Interest-earning assets   | 1.16        | 1.08      | 1.08      | 1.08      | 1.07      |                 |             |
| Interest-bearing deposits   | 0.04        | 0.01      | 0.02      | 0.02      | 0.04      |                 |             |
| Average cash/interbank investments as a percentage of average interest-earning assets   | 41%         | 41%       | 41%       | 39%       | 40%       |                 |             |
| Average noninterest-bearing deposits as a percentage of average interest-earning assets | 27%         | 27%       | 27%       | 27%       | 29%       |                 |             |

FTE – fully taxable equivalent.

bps – basis points.

**KEY POINTS**

- Net interest revenue totaled \$766 million in 1Q16, an increase of \$38 million year-over-year and \$6 million sequentially. Both increases primarily reflect higher yields on interest-earning assets, partially offset by higher rates paid on interest-bearing liabilities and the unfavorable impact of interest rate hedging activities (which are primarily offset in foreign exchange and other trading revenue).

**NONINTEREST EXPENSE**

| <b>Noninterest expense</b><br><i>(dollars in millions)</i>  | <b>1Q16</b> | 4Q15     | 3Q15     | 2Q15     | 1Q15     | <b>1Q16 vs.</b> |             |
|---|-------------|----------|----------|----------|----------|-----------------|-------------|
|   |             |          |          |          |          | <b>4Q15</b>     | <b>1Q15</b> |
| Staff   | \$ 1,459    | \$ 1,481 | \$ 1,437 | \$ 1,434 | \$ 1,485 | (1)%            | (2)%        |
| Professional, legal and other purchased services  | 278         | 328      | 301      | 299      | 302      | (15)            | (8)         |
| Software and equipment  | 219         | 225      | 226      | 228      | 228      | (3)             | (4)         |
| Net occupancy   | 142         | 148      | 152      | 149      | 151      | (4)             | (6)         |
| Distribution and servicing  | 100         | 92       | 95       | 96       | 98       | 9               | 2           |
| Sub-custodian   | 59          | 60       | 65       | 75       | 70       | (2)             | (16)        |
| Business development  | 57          | 75       | 59       | 72       | 61       | (24)            | (7)         |
| Other   | 241         | 201      | 268      | 250      | 242      | 20              | —           |
| Amortization of intangible assets   | 57          | 64       | 66       | 65       | 66       | (11)            | (14)        |
| M&I, litigation and restructuring charges (recoveries)  | 17          | 18       | 11       | 59       | (3)      | N/M             | N/M         |
| Total noninterest expense – GAAP  | \$ 2,629    | \$ 2,692 | \$ 2,680 | \$ 2,727 | \$ 2,700 | (2)%            | (3)%        |
| Total staff expense as a percentage of total revenue  | 39%         | 40%      | 38%      | 37%      | 39%      |                 |             |
| <b>Memo:</b>  |             |          |          |          |          |                 |             |
| Total noninterest expense excluding amortization of intangible assets and M&I, litigation and restructuring charges (recoveries) – Non-GAAP | \$ 2,555    | \$ 2,610 | \$ 2,603 | \$ 2,603 | \$ 2,637 | (2)%            | (3)%        |

N/M – Not meaningful.

**KEY POINTS**

- Total noninterest expense excluding amortization of intangible assets and M&I, litigation and restructuring charges (recoveries) (Non-GAAP) decreased 3% year-over-year and 2% sequentially.
- The year-over-year decrease reflects lower expenses in nearly all categories, primarily driven by the favorable impact of a stronger U.S. dollar, lower staff and legal expenses and the benefit of the business improvement process, partially offset by higher distribution and servicing expense. The savings generated by the business improvement process primarily reflects the benefits of our technology insourcing strategy and the implementation of our global real estate strategy.
  - Staff expense decreased year-over-year primarily reflecting lower estimated 2016 incentives and a higher adjustment for the finalization of the annual incentive awards, partially offset by the curtailment gain related to the U.S. pension plan recorded in 1Q15 and higher severance expense in ongoing support of our business improvement process.
- The sequential decrease reflects lower expenses in all categories, except other and distribution and servicing expenses. The decrease in staff expense primarily reflects lower compensation and employee benefits expenses, partially offset by higher incentives, primarily due to the impact of vesting of long-term stock awards for retirement eligible employees. The increase in other expense primarily reflects the adjustments to bank assessment charges recorded in 4Q15. The increase in distribution and servicing expense is due to lower money market fee waivers.

## INVESTMENT SECURITIES PORTFOLIO

At March 31, 2016, the fair value of our investment securities portfolio totaled \$117.8 billion. The net unrealized pre-tax gain on our total securities portfolio was \$1.2 billion at March 31, 2016 compared with \$357 million at Dec. 31, 2015. The increase in the net unrealized pre-tax gain was primarily driven by a decline in market interest rates. At March 31, 2016, the fair value of the held-to-maturity securities totaled \$42.2 billion and represented 36% of the fair value of the total investment securities portfolio.

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

| Investment securities portfolio<br>(dollars in millions) | Dec. 31, 2015<br>Fair value | 1Q16 change in unrealized gain (loss) | March 31, 2016    |                       | Fair value as a % of amortized cost (a) | Unrealized gain (loss) | Ratings    |           |           |               |           |
|--|-----------------------------|---------------------------------------|-------------------|-----------------------|---|------------------------|------------|-----------|-----------|---------------|-----------|
|  |                             |                                       | Amortized cost    | Fair value            |   |                        | AAA/AA-    | A+/A-     | BBB+/BBB- | BB+ and lower | Not rated |
| Agency RMBS  | \$ 49,464                   | \$ 523                                | \$ 49,468         | \$ 49,870             | 101%                                    | \$ 402                 | 100%       | —%        | —%        | —%            | —%        |
| U.S. Treasury  | 23,920                      | 166                                   | 23,803            | 23,870                | 100                                     | 67                     | 100        | —         | —         | —             | —         |
| Sovereign debt/sovereign guaranteed                      | 16,708                      | 106                                   | 15,626            | 15,866                | 102                                     | 240                    | 71         | —         | 28        | 1             | —         |
| Non-agency RMBS (b)                                      | 1,789                       | (43)                                  | 1,374             | 1,685                 | 80                                      | 311                    | —          | 1         | 1         | 90            | 8         |
| Non-agency RMBS  | 914                         | (10)                                  | 858               | 862                   | 93                                      | 4                      | 7          | 4         | 18        | 70            | 1         |
| European floating rate notes                             | 1,345                       | (7)                                   | 1,275             | 1,244                 | 97                                      | (31)                   | 66         | 29        | 5         | —             | —         |
| Commercial MBS   | 5,826                       | 62                                    | 5,983             | 6,003                 | 100                                     | 20                     | 96         | 3         | 1         | —             | —         |
| State and political subdivisions                         | 4,065                       | 12                                    | 3,651             | 3,740                 | 102                                     | 89                     | 80         | 16        | 1         | —             | 3         |
| Foreign covered bonds                                    | 2,242                       | (6)                                   | 2,244             | 2,279                 | 102                                     | 35                     | 100        | —         | —         | —             | —         |
| Corporate bonds  | 1,752                       | 35                                    | 1,690             | 1,737                 | 103                                     | 47                     | 16         | 68        | 16        | —             | —         |
| CLO  | 2,351                       | (5)                                   | 2,441             | 2,424                 | 99                                      | (17)                   | 100        | —         | —         | —             | —         |
| U.S. Government agencies                                 | 1,810                       | (2)                                   | 1,890             | 1,881                 | 100                                     | (9)                    | 100        | —         | —         | —             | —         |
| Consumer ABS   | 2,893                       | 4                                     | 2,420             | 2,408                 | 99                                      | (12)                   | 100        | —         | —         | —             | —         |
| Other (c)  | 3,700                       | 7                                     | 3,840             | 3,893                 | 101                                     | 53                     | 53         | —         | 43        | —             | 4         |
| <b>Total investment securities</b>                       | <b>\$ 118,779 (d)</b>       | <b>\$ 842</b>                         | <b>\$ 116,563</b> | <b>\$ 117,762 (d)</b> | <b>100%</b>                             | <b>\$ 1,199 (d)(e)</b> | <b>90%</b> | <b>2%</b> | <b>6%</b> | <b>2%</b>     | <b>—%</b> |

(a) Amortized cost before impairments.

(b) 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.

(c) Includes commercial paper with a fair value of \$1.9 billion and \$1.7 billion and money market funds with a fair value of \$886 million and \$862 million at Dec. 31, 2015 and March 31, 2016, respectively.

(d) Includes net unrealized losses on derivatives hedging securities available-for-sale of \$292 million at Dec. 31, 2015 and \$763 million at March 31, 2016.

(e) Unrealized gains of \$685 million at March 31, 2016 related to available-for-sale securities.

**NONPERFORMING ASSETS**

| <b>Nonperforming assets</b><br><i>(dollars in millions)</i> | <b>March 31,</b><br><b>2016</b> | Dec. 31,<br>2015 | March 31,<br>2015 |
|---|---------------------------------|------------------|-------------------|
| Loans:  |                                 |                  |                   |
| Financial institutions                                      | \$ 171                          | \$ 171           | \$ —              |
| Other residential mortgages                                 | 99                              | 102              | 111               |
| Wealth management loans and mortgages                       | 11                              | 11               | 12                |
| Commercial  | 5                               | —                | —                 |
| Commercial real estate                                      | 2                               | 2                | 1                 |
| Total nonperforming loans                                   | 288                             | 286              | 124               |
| Other assets owned  | 4                               | 6                | 4                 |
| Total nonperforming assets                                  | \$ 292                          | \$ 292           | \$ 128            |
| Nonperforming assets ratio                                  | 0.48%                           | 0.46%            | 0.21%             |
| Allowance for loan losses/nonperforming loans               | 56.3                            | 54.9             | 153.2             |
| Total allowance for credit losses/nonperforming loans       | 99.7                            | 96.2             | 228.2             |

Nonperforming assets were \$292 million at March 31, 2016, unchanged compared with Dec. 31, 2015.

**ALLOWANCE FOR CREDIT LOSSES, PROVISION AND NET CHARGE-OFFS**

| <b>Allowance for credit losses, provision and net charge-offs</b><br><i>(in millions)</i> | <b>March 31,</b><br><b>2016</b> | Dec. 31,<br>2015 | March 31,<br>2015 |
|---|---------------------------------|------------------|-------------------|
| Allowance for credit losses - beginning of period   | \$ 275                          | \$ 280           | \$ 280            |
| Provision for credit losses   | 10                              | 163              | 2                 |
| Net (charge-offs) recoveries:   |                                 |                  |                   |
| Financial institutions  | —                               | (170)            | —                 |
| Other residential mortgages   | 2                               | 2                | 1                 |
| Net (charge-offs) recoveries  | 2                               | (168)            | 1                 |
| Allowance for credit losses - end of period   | \$ 287                          | \$ 275           | \$ 283            |
| Allowance for loan losses   | \$ 162                          | \$ 157           | \$ 190            |
| Allowance for lending-related commitments   | 125                             | 118              | 93                |

The allowance for credit losses was \$287 million at March 31, 2016, an increase of \$12 million compared with \$275 million at Dec. 31, 2015. Net recoveries were \$2 million in 1Q16 reflected in the other residential mortgage portfolio.

## CAPITAL AND LIQUIDITY

The common equity Tier 1 (“CET1”), Tier 1 and Total risk-based regulatory capital ratios in the first section of the table below are based on Basel III components of capital, as phased-in (referred to as “Transitional ratios”), and credit risk asset risk-weightings using the U.S. capital rules’ advanced approaches framework (the “Advanced Approach”) as the related risk-weighted assets (“RWA”) were higher when calculated under the Advanced Approach at March 31, 2016 and Dec. 31, 2015. Our risk-based capital adequacy is determined using the higher of RWA determined using the Advanced Approach and the U.S. capital rules’ standardized approach (the “Standardized Approach”). The leverage capital ratios are based on Basel III components of capital, as phased-in and quarterly average total assets. The transitional capital ratios for March 31, 2016 were negatively impacted by the additional phase-in requirements for 2016. Our consolidated capital ratios are shown in the following table.

| Capital ratios  | March 31,<br>2016 | Dec. 31,<br>2015 |
|---|-------------------|------------------|
| <b>Consolidated regulatory capital ratios: (a)(b)</b>   |                   |                  |
| CET1 ratio  | 10.6%             | 10.8%            |
| Tier 1 capital ratio  | 12.0              | 12.3             |
| Total (Tier 1 plus Tier 2) capital ratio  | 12.2              | 12.5             |
| Leverage capital ratio  | 5.9               | 6.0              |
| BNY Mellon shareholders’ equity to total assets ratio – GAAP (c)                                      | 10.3              | 9.7              |
| BNY Mellon common shareholders’ equity to total assets ratio – GAAP (c)                               | 9.6               | 9.0              |
| BNY Mellon tangible common shareholders’ equity to tangible assets of operations ratio – Non-GAAP (c) | 6.7               | 6.5              |
| <b>Selected regulatory capital ratios – fully phased-in – Non-GAAP: (a)</b>                           |                   |                  |
| Estimated CET1 ratio:   |                   |                  |
| Standardized Approach   | 11.0              | 10.2             |
| Advanced Approach   | 9.8               | 9.5              |
| Estimated supplementary leverage ratio (“SLR”) (d)  | 5.1               | 4.9              |

(a) Regulatory capital ratios for March 31, 2016 are preliminary.

(b) At March 31, 2016 and Dec. 31, 2015, the CET1, Tier 1 and Total risk-based consolidated regulatory capital ratios determined under the transitional Basel III Standardized Approach were 11.8%, 13.5% and 13.9%, respectively, and 11.5%, 13.1% and 13.5%, respectively.

(c) See “Supplemental information – Explanation of GAAP and Non-GAAP financial measures” beginning on page 25 for a reconciliation of these ratios.

(d) The estimated SLR on a fully phased-in basis (Non-GAAP) for our largest bank subsidiary, The Bank of New York Mellon, was 5.2% at March 31, 2016 and 4.8% at Dec. 31, 2015.

| Estimated Basel III CET1 generation presented on a fully phased-in basis – Non-GAAP – preliminary<br>(in millions) | 1Q16      |
|--|-----------|
| Estimated fully phased-in Basel III CET1 – Non-GAAP – Beginning of period  | \$ 16,082 |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP                     | 804       |
| Goodwill and intangible assets, net of related deferred tax liabilities  | 94        |
| Gross Basel III CET1 generated   | 898       |
| Capital deployed:  |           |
| Dividends  | (185)     |
| Common stock repurchased   | (577)     |
| Total capital deployed   | (762)     |
| Other comprehensive income   | 210       |
| Additional paid-in capital (a)   | 170       |
| Other  | 5         |
| Total other deductions   | 385       |
| Net Basel III CET1 generated   | 521       |
| Estimated fully phased-in Basel III CET1 – Non-GAAP – End of period  | \$ 16,603 |

(a) Primarily related to stock awards, the exercise of stock options and stock issued for employee benefit plans.

The table presented below compares the fully phased-in Basel III capital components and ratios to those capital components and ratios determined on a transitional basis.

| <b>Basel III capital components and ratios at March 31, 2016 – preliminary</b> | Fully phased-<br>in Basel III -<br>Non-GAAP | Transitional<br>basis (a) |
|--|---|---------------------------|
| <i>(dollars in millions)</i>   |   |                           |
| <b>CET1:</b>   |   |                           |
| Common shareholders' equity  | \$ 35,907                                   | \$ 36,229                 |
| Goodwill and intangible assets   | (18,817)                                    | (17,760)                  |
| Net pension fund assets  | (93)  | (56)                      |
| Equity method investments  | (359)                                       | (324)                     |
| Deferred tax assets  | (23)  | (14)                      |
| Other  | (12)  | (9)                       |
| Total CET1   | 16,603                                      | 18,066                    |
| <b>Other Tier 1 capital:</b>   |   |                           |
| Preferred stock  | 2,552                                       | 2,552                     |
| Trust preferred securities   | —   | —                         |
| Disallowed deferred tax assets   | —   | (9)                       |
| Net pension fund assets  | —   | (37)                      |
| Other  | (8)   | (11)                      |
| Total Tier 1 capital   | 19,147                                      | 20,561                    |
| <b>Tier 2 capital:</b>   |   |                           |
| Trust preferred securities   | —   | 173                       |
| Subordinated debt  | 149   | 149                       |
| Allowance for credit losses  | 287   | 287                       |
| Other  | (1)   | (2)                       |
| Total Tier 2 capital - Standardized Approach                                   | 435   | 607                       |
| Excess of expected credit losses   | 39  | 39                        |
| Less: Allowance for credit losses  | 287   | 287                       |
| Total Tier 2 capital - Advanced Approach                                       | \$ 187                                      | \$ 359                    |
| <b>Total capital:</b>  |   |                           |
| Standardized Approach  | \$ 19,582                                   | \$ 21,168                 |
| Advanced Approach  | \$ 19,334                                   | \$ 20,920                 |
| <b>Risk-weighted assets:</b>   |   |                           |
| Standardized Approach  | \$ 151,397                                  | \$ 152,682                |
| Advanced Approach  | \$ 169,752                                  | \$ 171,114                |
| <b>Standardized Approach:</b>  |   |                           |
| Estimated Basel III CET1 ratio   | 11.0%                                       | 11.8%                     |
| Tier 1 capital ratio   | 12.6  | 13.5                      |
| Total (Tier 1 plus Tier 2) capital ratio                                       | 12.9  | 13.9                      |
| <b>Advanced Approach:</b>  |   |                           |
| Estimated Basel III CET1 ratio   | 9.8%  | 10.6%                     |
| Tier 1 capital ratio   | 11.3  | 12.0                      |
| Total (Tier 1 plus Tier 2) capital ratio                                       | 11.4  | 12.2                      |

(a) Reflects transitional adjustments to CET1, Tier 1 capital and Tier 2 capital required in 2016 under the U.S. capital rules.

BNY Mellon has presented its estimated fully phased-in Basel III CET1 and other risk-based capital ratios and SLR based on its interpretation of the U.S. capital rules, which are being gradually phased-in over a multi-year period, and on the application of such rules to BNY Mellon's businesses as currently conducted. Management views the estimated fully phased-in Basel III CET1 and other risk-based capital ratios and SLR as key measures 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 and other risk-based capital ratios and SLR are intended to allow investors to compare these ratios with estimates presented by other companies.

Our capital and liquidity ratios are necessarily subject to, among other things, BNY Mellon's further review of applicable rules, anticipated compliance with all necessary enhancements to model calibration, approval by regulators of certain models used as part of RWA calculations, other refinements, further implementation guidance from regulators, market practices and standards and any changes BNY Mellon may make to its businesses. Consequently, our capital and liquidity ratios remain subject to ongoing review and revision and may change based on these factors.

### Supplementary Leverage Ratio ("SLR")

The following table presents the components of our estimated SLR using fully phased-in Basel III components of capital.

| <b>Estimated fully phased-in SLR – Non-GAAP (a)</b><br><i>(dollars in millions)</i> | <b>March 31,<br/>2016 (b)</b> | Dec. 31,<br>2015 |
|---|-------------------------------|------------------|
| Total estimated fully phased-in Basel III CET1 – Non-GAAP                           | \$ 16,603                     | \$ 16,082        |
| Additional Tier 1 capital   | 2,544                         | 2,530            |
| Total Tier 1 capital  | \$ 19,147                     | \$ 18,612        |
| <b>Total leverage exposure:</b>   |                               |                  |
| Quarterly average total assets  | \$ 364,554                    | \$ 368,590       |
| Less: Amounts deducted from Tier 1 capital  | 19,304                        | 19,403           |
| Total on-balance sheet assets, as adjusted  | 345,250                       | 349,187          |
| Off-balance sheet exposures:  |                               |                  |
| Potential future exposure for derivatives contracts (plus certain other items)      | 5,838                         | 7,158            |
| Repo-style transaction exposures included in SLR                                    | 403                           | 440              |
| Credit-equivalent amount of other off-balance sheet exposures (less SLR exclusions) | 24,950                        | 26,025           |
| Total off-balance sheet exposures   | 31,191                        | 33,623           |
| Total leverage exposure   | \$ 376,441                    | \$ 382,810       |
| Estimated fully phased-in SLR – Non-GAAP  | 5.1% (c)                      | 4.9%             |

- (a) The estimated fully phased-in SLR (Non-GAAP) is based on our interpretation of the U.S. capital rules. When the SLR is fully phased-in in 2018, we expect to maintain an SLR of over 5%. The minimum required SLR is 3% and there is a 2% buffer, in addition to the minimum, that is applicable to U.S. G-SIBs.
- (b) March 31, 2016 information is preliminary.
- (c) The estimated SLR on a fully phased-in basis (Non-GAAP) for our largest bank subsidiary, The Bank of New York Mellon, was 5.2% at March 31, 2016 and 4.8% at Dec. 31, 2015. At March 31, 2016 and Dec. 31, 2015, total Tier 1 capital was \$16,167 million and \$15,142 million, respectively, and total leverage exposure was \$312,988 million and \$316,270 million, respectively, for The Bank of New York Mellon.

### Liquidity Coverage Ratio ("LCR")

The U.S. LCR rules became effective Jan. 1, 2015 and currently require BNY Mellon to meet an LCR of 90%, increasing to 100% when fully phased-in on Jan. 1, 2017. Our estimated LCR on a consolidated basis is compliant with the fully phased-in requirements of the U.S. LCR as of March 31, 2016 based on our understanding of the U.S. LCR rules. Our consolidated high-quality liquid assets ("HQLA") before haircuts, totaled \$202 billion at March 31, 2016, compared with \$218 billion at Dec. 31, 2015.

**REVIEW OF BUSINESSES**

Segment results are subject to reclassification whenever improvements are made in the measurement principles or when organizational changes are made. In the first quarter of 2016, we reclassified the results of the credit-related activities to the Investment Services segment from the Other segment. This reclassification reflects our strategy to provide credit services to our Investment Services clients and did not impact the consolidated results. Also, concurrent with this reclassification, the provision for credit losses associated with the respective credit portfolios is now reflected in each business segment. All prior periods have been restated.

Beginning in the first quarter of 2016, we revised the net interest revenue for our business to reflect adjustments to our transfer pricing methodology to better reflect the value of certain deposits. Also beginning in the first quarter of 2016, we refined the expense allocation process for indirect expenses to simplify the expenses recorded in the Other segment to include only expenses not directly attributable to the Investment Management and Investment Services operations. These changes did not impact the consolidated results.



**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>  | 1Q16      | 4Q15         | 3Q15      | 2Q15      | 1Q15      | 1Q16 vs. |       |
|---|-----------|--------------|-----------|-----------|-----------|----------|-------|
|   |           |              |           |           |           | 4Q15     | 1Q15  |
| Revenue:  |           |              |           |           |           |          |       |
| Investment management fees:   |           |              |           |           |           |          |       |
| Mutual funds  | \$ 300    | \$ 294       | \$ 301    | \$ 312    | \$ 301    | 2 %      | — %   |
| Institutional clients   | 334       | 350          | 347       | 363       | 365       | (5)      | (8)   |
| Wealth management   | 152       | 155          | 156       | 160       | 159       | (2)      | (4)   |
| Investment management fees  | 786       | 799          | 804       | 835       | 825       | (2)      | (5)   |
| Performance fees  | 11        | 55           | 7         | 20        | 15        | N/M      | (27)  |
| Investment management and performance fees  | 797       | 854          | 811       | 855       | 840       | (7)      | (5)   |
| Distribution and servicing  | 46        | 39           | 37        | 38        | 38        | 18       | 21    |
| Other (a)   | (31)      | 22           | (5)       | 17        | 41        | N/M      | N/M   |
| Total fee and other revenue (a)   | 812       | 915          | 843       | 910       | 919       | (11)     | (12)  |
| Net interest revenue  | 83        | 84           | 83        | 77        | 75        | (1)      | 11    |
| Total revenue   | 895       | 999          | 926       | 987       | 994       | (10)     | (10)  |
| Noninterest expense (ex. amortization of intangible assets)                                 | 660       | 689          | 665       | 700       | 708       | (4)      | (7)   |
| Income before taxes (ex. provision for credit losses and amortization of intangible assets) | 235       | 310          | 261       | 287       | 286       | (24)     | (18)  |
| Provision for credit losses   | (1)       | (4)          | 1         | 3         | (1)       | N/M      | N/M   |
| Amortization of intangible assets   | 19        | 24           | 24        | 25        | 24        | (21)     | (21)  |
| Income before taxes   | \$ 217    | \$ 290       | \$ 236    | \$ 259    | \$ 263    | (25)%    | (17)% |
| Pre-tax operating margin  | 24%       | 29%          | 25%       | 26%       | 26%       |          |       |
| Adjusted pre-tax operating margin (b)   | 30%       | 36%          | 34%       | 34%       | 34%       |          |       |
| <b>Changes in AUM (in billions): (c)</b>  |           |              |           |           |           |          |       |
| Beginning balance of AUM  | \$ 1,625  | \$ 1,625     | \$ 1,700  | \$ 1,717  | \$ 1,686  |          |       |
| Net inflows (outflows):   |           |              |           |           |           |          |       |
| Long-term:  |           |              |           |           |           |          |       |
| Equity  | (3)       | (9)          | (4)       | (13)      | (5)       |          |       |
| Fixed income  | —         | 1            | (3)       | (2)       | 3         |          |       |
| Liability-driven investments (d)  | 14        | 11           | 11        | 5         | 8         |          |       |
| Alternative investments   | 1         | 2            | 1         | 3         | 1         |          |       |
| Total long-term active inflows (outflows)   | 12        | 5            | 5         | (7)       | 7         |          |       |
| Index   | (11)      | (16)         | (10)      | (9)       | 8         |          |       |
| Total long-term inflows (outflows)  | 1         | (11)         | (5)       | (16)      | 15        |          |       |
| Short term:   |           |              |           |           |           |          |       |
| Cash  | (9)       | 2            | (10)      | (11)      | 1         |          |       |
| Total net (outflows) inflows  | (8)       | (9)          | (15)      | (27)      | 16        |          |       |
| Net market/currency impact/acquisition  | 22        | 9            | (60)      | 10        | 15        |          |       |
| Ending balance of AUM   | \$ 1,639  | (e) \$ 1,625 | \$ 1,625  | \$ 1,700  | \$ 1,717  | 1 %      | (5)%  |
| <b>AUM at period end, by product type: (c)</b>  |           |              |           |           |           |          |       |
| Equity  | 14%       | 14%          | 14%       | 15%       | 15%       |          |       |
| Fixed income  | 13        | 13           | 13        | 13        | 12        |          |       |
| Index   | 19        | 20           | 20        | 21        | 22        |          |       |
| Liability-driven investments (d)  | 33        | 32           | 32        | 30        | 30        |          |       |
| Alternative investments   | 4         | 4            | 4         | 4         | 4         |          |       |
| Cash  | 17        | 17           | 17        | 17        | 17        |          |       |
| Total AUM   | 100% (e)  | 100%         | 100%      | 100%      | 100%      |          |       |
| <b>Average balances:</b>  |           |              |           |           |           |          |       |
| Average loans   | \$ 14,275 | \$ 13,447    | \$ 12,779 | \$ 12,298 | \$ 11,634 | 6 %      | 23 %  |
| Average deposits  | \$ 15,971 | \$ 15,497    | \$ 15,282 | \$ 14,638 | \$ 15,217 | 3 %      | 5 %   |

- (a) Total fee and other revenue includes the impact of the consolidated investment management funds, net of noncontrolling interests. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 25 for the reconciliation of Non-GAAP measures. Additionally, other revenue includes asset servicing, treasury services, foreign exchange and other trading revenue and investment and other income.
- (b) Excludes the net negative impact of money market fee waivers, amortization of intangible assets and provision for credit losses and is net of distribution and servicing expense. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 25 for the reconciliation of this Non-GAAP measure.
- (c) Excludes securities lending cash management assets and assets managed in the Investment Services business.
- (d) Includes currency overlay assets under management.
- (e) Preliminary.
- N/M – Not meaningful.

**INVESTMENT MANAGEMENT KEY POINTS**

- Assets under management were \$1.64 trillion at March 31, 2016, a decrease of 5% year-over-year and an increase of 1% sequentially. The year-over-year decrease primarily reflects net outflows primarily in 2015 and the unfavorable impact of a stronger U.S. dollar (principally versus the British pound).
  - Net long-term inflows of \$1 billion in 1Q16 were driven by continued strength in liability-driven investments offset by outflows of index and equity investments.
  - Net short-term outflows were \$9 billion in 1Q16.
- Income before taxes, excluding provision for credit losses and amortization of intangible assets, totaled \$235 million in 1Q16, a decrease of 18% year-over-year and 24% sequentially.
- Total revenue was \$895 million, a decrease of 10% year-over-year and 10% sequentially.
  - 40% non-U.S. revenue in 1Q16 vs. 41% in 1Q15.
- Investment management fees were \$786 million, a decrease of 5% year-over-year, or 3% on a constant currency basis (Non-GAAP). Both the year-over-year decrease on a constant currency basis (Non-GAAP) and the 2% sequential decrease primarily reflect lower equity market values and net outflows in 2015, partially offset by higher money market fees.
- Performance fees were \$11 million in 1Q16 compared with \$15 million in 1Q15 and \$55 million in 4Q15. The sequential decrease was driven by seasonality.
- Distribution and servicing fees were \$46 million in 1Q16 compared with \$38 million in 1Q15 and \$39 million in 4Q15. Both increases primarily reflect higher money market fees.
- Other losses were \$31 million in 1Q16 compared with other revenue of \$41 million in 1Q15 and other revenue of \$22 million in 4Q15. Both decreases primarily reflect lower seed capital gains, losses on hedging activities and increased payments to Investment Services related to higher money market fees.
- Net interest revenue increased 11% year-over-year and decreased 1% sequentially. Both comparisons primarily reflect record average loans and deposits, partially offset by the impact of changes in the internal crediting rates for deposits beginning in 1Q16.
  - Average loans increased 23% year-over-year and 6% sequentially; average deposits increased 5% year-over-year and 3% sequentially.
- Total noninterest expense (excluding amortization of intangible assets) decreased 7% year-over-year and 4% sequentially. Both decreases primarily reflect lower incentive and business development expenses and a lower indirect expense allocation beginning in 1Q16, partially offset by higher distribution and servicing expense driven by lower money market fee waivers. The year-over-year decrease also reflects the favorable impact of a stronger U.S. dollar.

**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 and credit-related activities. In the first quarter of 2016, we reclassified the results of the credit-related activities to the Investment Services segment from the Other segment. All prior periods have been restated.

| <i>(dollars in millions, unless otherwise noted)</i>   | 1Q16        | 4Q15       | 3Q15       | 2Q15       | 1Q15       | 1Q16 vs. |       |
|--|-------------|------------|------------|------------|------------|----------|-------|
|  |             |            |            |            |            | 4Q15     | 1Q15  |
| <b>Revenue:</b>  |             |            |            |            |            |          |       |
| Investment services fees:  |             |            |            |            |            |          |       |
| Asset servicing  | \$ 1,016    | \$ 1,009   | \$ 1,034   | \$ 1,038   | \$ 1,017   | 1 %      | — %   |
| Clearing services  | 348         | 337        | 345        | 346        | 342        | 3        | 2     |
| Issuer services  | 244         | 199        | 312        | 234        | 231        | 23       | 6     |
| Treasury services  | 129         | 135        | 135        | 141        | 135        | (4)      | (4)   |
| Total investment services fees   | 1,737       | 1,680      | 1,826      | 1,759      | 1,725      | 3        | 1     |
| Foreign exchange and other trading revenue   | 168         | 150        | 179        | 181        | 212        | 12       | (21)  |
| Other (a)  | 125         | 127        | 129        | 117        | 92         | (2)      | 36    |
| Total fee and other revenue  | 2,030       | 1,957      | 2,134      | 2,057      | 2,029      | 4        | —     |
| Net interest revenue   | 679         | 664        | 662        | 667        | 629        | 2        | 8     |
| Total revenue  | 2,709       | 2,621      | 2,796      | 2,724      | 2,658      | 3        | 2     |
| Noninterest expense (ex. amortization of intangible assets)                                      | 1,770       | 1,791      | 1,853      | 1,874      | 1,822      | (1)      | (3)   |
| Income before taxes (ex. provision for credit losses and amortization of intangible assets)      | 939         | 830        | 943        | 850        | 836        | 13       | 12    |
| Provision for credit losses  | 14          | 8          | 7          | 6          | 7          | N/M      | N/M   |
| Amortization of intangible assets  | 38          | 40         | 41         | 40         | 41         | (5)      | (7)   |
| Income before taxes  | \$ 887      | \$ 782     | \$ 895     | \$ 804     | \$ 788     | 13 %     | 13 %  |
| Pre-tax operating margin   | 33%         | 30%        | 32%        | 30%        | 30%        |          |       |
| Pre-tax operating margin (ex. provision for credit losses and amortization of intangible assets) | 35%         | 32%        | 34%        | 31%        | 31%        |          |       |
| Investment services fees as a percentage of noninterest expense (b)                              | 99%         | 95%        | 99%        | 97%        | 95%        |          |       |
| Securities lending revenue   | \$ 42       | \$ 39      | \$ 33      | \$ 43      | \$ 38      | 8 %      | 11 %  |
| <b>Metrics:</b>  |             |            |            |            |            |          |       |
| Average loans  | \$ 45,004   | \$ 45,844  | \$ 46,222  | \$ 45,822  | \$ 45,071  | (2)%     | — %   |
| Average deposits   | \$ 215,707  | \$ 229,241 | \$ 232,250 | \$ 238,404 | \$ 235,524 | (6)%     | (8)%  |
| AUC/A at period end (in trillions) (c)   | \$ 29.1 (d) | \$ 28.9    | \$ 28.5    | \$ 28.6    | \$ 28.5    | 1 %      | 2 %   |
| Market value of securities on loan at period end (in billions) (e)                               | \$ 300      | \$ 277     | \$ 288     | \$ 283     | \$ 291     | 8 %      | 3 %   |
| <b>Asset servicing:</b>  |             |            |            |            |            |          |       |
| Estimated new business wins (AUC/A) (in billions)  | \$ 40 (d)   | \$ 49      | \$ 84      | \$ 933     | \$ 125     |          |       |
| <b>Depositary Receipts:</b>  |             |            |            |            |            |          |       |
| Number of sponsored programs   | 1,131       | 1,145      | 1,176      | 1,206      | 1,258      | (1)%     | (10)% |
| <b>Clearing services:</b>  |             |            |            |            |            |          |       |
| Average active clearing accounts (U.S. platform) (in thousands)                                  | 5,947       | 5,959      | 6,107      | 6,046      | 5,979      | — %      | (1)%  |
| Average long-term mutual fund assets (U.S. platform)   | \$ 415,025  | \$ 437,260 | \$ 447,287 | \$ 466,195 | \$ 456,954 | (5)%     | (9)%  |
| Average investor margin loans (U.S. platform)  | \$ 11,063   | \$ 11,575  | \$ 11,806  | \$ 11,890  | \$ 11,232  | (4)%     | (2)%  |
| <b>Broker-Dealer:</b>  |             |            |            |            |            |          |       |
| Average tri-party repo balances (in billions)  | \$ 2,104    | \$ 2,153   | \$ 2,142   | \$ 2,174   | \$ 2,153   | (2)%     | (2)%  |

(a) Other revenue includes investment management fees, financing-related fees, distribution and servicing revenue and investment and other income.

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

(c) Includes the AUC/A of CIBC Mellon of \$1.1 trillion at March 31, 2016, \$1.0 trillion at Dec. 31, 2015 and Sept. 30, 2015 and \$1.1 trillion at June 30, 2015 and March 31, 2015.

(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 on behalf of CIBC Mellon clients, which totaled \$56 billion at March 31, 2016, \$55 billion at Dec. 31, 2015, \$61 billion at Sept. 30, 2015, \$68 billion at June 30, 2015 and \$69 billion at March 31, 2015.

N/M - Not meaningful.

**INVESTMENT SERVICES KEY POINTS**

- Income before taxes, excluding the provision for credit losses and amortization of intangible assets, totaled \$939 million in 1Q16.
  - The pre-tax operating margin, excluding the provision for credit losses and amortization of intangible assets, was 35% in 1Q16 and the investment services fees as a percentage of noninterest expense was 99% in 1Q16, reflecting the continued focus on the business improvement process to drive operating leverage.
- Investment services fees were \$1.7 billion, an increase of 1% year-over-year and 3% sequentially.
  - Asset servicing fees (global custody, broker-dealer services and global collateral services) were \$1.016 billion in 1Q16 compared with \$1.017 billion in 1Q15 and \$1.009 billion in 4Q15. Both comparisons primarily reflect net new business and higher securities lending revenue, offset by lower market values. The year-over-year comparison also reflects the unfavorable impact of a stronger U.S. dollar.
    - Estimated new business wins (AUC/A) in Asset Servicing of \$40 billion in 1Q16.
  - Clearing services fees were \$348 million in 1Q16 compared with \$342 million in 1Q15 and \$337 million in 4Q15. Both increases primarily reflect higher money market fees, partially offset by the impact of lost business. The sequential increase also reflects higher volumes.
  - Issuer services fees (Corporate Trust and Depository Receipts) were \$244 million in 1Q16 compared with \$231 million in 1Q15 and \$199 million in 4Q15. Both the year-over-year and sequential increases primarily reflect higher money market fees in Corporate Trust and higher dividend fees in Depository Receipts.
  - Treasury services fees were \$129 million in 1Q16 compared with \$135 million in 1Q15 and \$135 million in 4Q15. Both decreases primarily reflect higher compensating balance credits provided to clients, which shifts revenue from fees to net interest revenue.
- Foreign exchange and other trading revenue was \$168 million in 1Q16 compared with \$212 million in 1Q15 and \$150 million in 4Q15. The year-over-year decrease primarily reflects lower volumes. The sequential increase primarily reflects higher volatility.
- Other revenue was \$125 million in 1Q16 compared with \$92 million in 1Q15 and \$127 million in 4Q15. The year-over-year increase primarily reflects higher financing related fees. The sequential decrease primarily reflects termination fees in clearing service recorded in 4Q15. Both comparisons also reflect increased payment from Investment Management related to higher money market fees, partially offset by certain fees paid to introducing brokers.
- Net interest revenue was \$679 million in 1Q16 compared with \$629 million in 1Q15 and \$664 million in 4Q15. Both increases primarily reflect the impact of changes in the internal crediting rates for deposits beginning in 1Q16, partially offset by lower average loans and deposits.
- Noninterest expense (excluding amortization of intangible assets) was \$1.77 billion in 1Q16 compared with \$1.82 billion in 1Q15 and \$1.79 billion in 4Q15. Both decreases primarily reflect lower staff and professional, legal and other purchased services expenses. The year-over-year decrease was partially offset by higher litigation expense. The sequential decrease was partially offset by an adjustment to bank assessment charges recorded in 4Q15.

**OTHER SEGMENT** primarily includes leasing operations, corporate treasury activities, derivatives, global markets and institutional banking services, business exits and other corporate revenue and expense items. In the first quarter of 2016, we reclassified the results of the credit-related activities from the Other segment to the Investment Services segment. All prior periods have been restated.

| <i>(dollars in millions)</i>  | <b>1Q16</b>     | 4Q15     | 3Q15     | 2Q15     | 1Q15     |
|---|-----------------|----------|----------|----------|----------|
| Revenue:  |                 |          |          |          |          |
| Fee and other revenue   | \$ 129          | \$ 89    | \$ 59    | \$ 103   | \$ 85    |
| Net interest revenue  | 4               | 12       | 14       | 35       | 24       |
| Total revenue   | <b>133</b>      | 101      | 73       | 138      | 109      |
| Noninterest expense (ex. amortization of intangible assets and restructuring (recoveries) charges)        | <b>141</b>      | 150      | 97       | 79       | 108      |
| (Loss) income before taxes (ex. amortization of intangible assets and restructuring charges (recoveries)) | <b>(8)</b>      | (49)     | (24)     | 59       | 1        |
| Provision for credit losses   | <b>(3)</b>      | 159      | (7)      | (15)     | (4)      |
| Amortization of intangible assets   | —               | —        | 1        | —        | 1        |
| Restructuring (recoveries) charges  | <b>(1)</b>      | (4)      | (2)      | 8        | (4)      |
| (Loss) income before taxes  | <b>\$ (4)</b>   | \$ (204) | \$ (16)  | \$ 66    | \$ 8     |
| Average loans and leases  | <b>\$ 1,917</b> | \$ 2,673 | \$ 2,656 | \$ 2,956 | \$ 1,230 |

## KEY POINTS

- Total fee and other revenue increased \$44 million compared with 1Q15 and \$40 million compared with 4Q15. Both increases primarily reflect lease-related gains. The sequential increase is partially offset by lower income from corporate/bank-owned life insurance.
- Net interest revenue decreased \$20 million compared with 1Q15 and \$8 million compared with 4Q15. Both decreases primarily reflect the impact of changes in the internal crediting rates to the businesses for deposits beginning in 1Q16.
- The provision for credit losses was a credit of \$3 million in 1Q16. The provision for credit losses of \$159 million in 4Q15 reflects the impairment charge recorded in 4Q15 related to a court decision.
- Noninterest expense, excluding amortization of intangible assets and restructuring (recoveries) charges, increased \$33 million compared with 1Q15 and decreased \$9 million compared with 4Q15. The year-over-year increase primarily reflects the curtailment gain related to the U.S. pension plan recorded in 1Q15. The sequential decrease primarily reflects the adjustment to employee benefits expense recorded in 4Q15 driven by updated information received from an administrator of our health care benefits. Both comparisons also reflect higher severance expense recorded in 1Q16 in ongoing support of our business improvement process.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Condensed Consolidated Income Statement**

| <i>(in millions)</i>  | Quarter ended     |                  |                   |
|---|-------------------|------------------|-------------------|
|   | March 31,<br>2016 | Dec. 31,<br>2015 | March 31,<br>2015 |
| <b>Fee and other revenue</b>  |                   |                  |                   |
| Investment services fees:   |                   |                  |                   |
| Asset servicing   | \$ 1,040          | \$ 1,032         | \$ 1,038          |
| Clearing services   | 350               | 339              | 344               |
| Issuer services   | 244               | 199              | 232               |
| Treasury services   | 131               | 137              | 137               |
| Total investment services fees  | 1,765             | 1,707            | 1,751             |
| Investment management and performance fees  | 812               | 864              | 867               |
| Foreign exchange and other trading revenue  | 175               | 173              | 229               |
| Financing-related fees  | 54                | 51               | 40                |
| Distribution and servicing  | 39                | 41               | 41                |
| Investment and other income   | 105               | 93               | 60                |
| Total fee revenue   | 2,950             | 2,929            | 2,988             |
| Net securities gains  | 20                | 21               | 24                |
| Total fee and other revenue   | 2,970             | 2,950            | 3,012             |
| <b>Operations of consolidated investment management funds</b>   |                   |                  |                   |
| Investment (loss) income  | (3)               | 19               | 56                |
| Interest of investment management fund note holders   | 3                 | 3                | 4                 |
| (Loss) income from consolidated investment management funds   | (6)               | 16               | 52                |
| <b>Net interest revenue</b>   |                   |                  |                   |
| Interest revenue  | 883               | 834              | 807               |
| Interest expense  | 117               | 74               | 79                |
| Net interest revenue  | 766               | 760              | 728               |
| Provision for credit losses   | 10                | 163              | 2                 |
| Net interest revenue after provision for credit losses  | 756               | 597              | 726               |
| <b>Noninterest expense</b>  |                   |                  |                   |
| Staff   | 1,459             | 1,481            | 1,485             |
| Professional, legal and other purchased services  | 278               | 328              | 302               |
| Software and equipment  | 219               | 225              | 228               |
| Net occupancy   | 142               | 148              | 151               |
| Distribution and servicing  | 100               | 92               | 98                |
| Sub-custodian   | 59                | 60               | 70                |
| Business development  | 57                | 75               | 61                |
| Other   | 241               | 201              | 242               |
| Amortization of intangible assets   | 57                | 64               | 66                |
| M&I, litigation and restructuring charges (recoveries)  | 17                | 18               | (3)               |
| Total noninterest expense   | 2,629             | 2,692            | 2,700             |
| <b>Income</b>   |                   |                  |                   |
| Income before income taxes  | 1,091             | 871              | 1,090             |
| Provision for income taxes  | 283               | 175              | 280               |
| Net income  | 808               | 696              | 810               |
| Net loss (income) attributable to noncontrolling interests (includes \$7, \$(5) and \$(31) related to consolidated investment management funds, respectively) | 9                 | (3)              | (31)              |
| Net income applicable to shareholders of The Bank of New York Mellon Corporation  | 817               | 693              | 779               |
| Preferred stock dividends   | (13)              | (56)             | (13)              |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation   | \$ 804            | \$ 637           | \$ 766            |

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

| <b>Net income applicable to common shareholders of The Bank of New York Mellon Corporation<br/> used for the earnings per share calculation</b><br><i>(in millions)</i>                      | Quarter ended     |                  |                   |
|--|-------------------|------------------|-------------------|
|  | March 31,<br>2016 | Dec. 31,<br>2015 | March 31,<br>2015 |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation  | \$ 804            | \$ 637           | \$ 766            |
| Less: Earnings allocated to participating securities   | 11                | 9                | 12                |
| Net income applicable to the common shareholders of The Bank of New York Mellon Corporation<br>after required adjustments for the calculation of basic and diluted earnings per common share | \$ 793            | \$ 628           | \$ 754            |

| <b>Average common shares and equivalents outstanding of The Bank of New York Mellon<br/> Corporation</b><br><i>(in thousands)</i> | Quarter ended     |                  |                   |
|---|-------------------|------------------|-------------------|
|   | March 31,<br>2016 | Dec. 31,<br>2015 | March 31,<br>2015 |
| Basic   | 1,079,641         | 1,088,880        | 1,118,602         |
| Diluted   | 1,085,284         | 1,096,385        | 1,126,306         |

| <b>Earnings per share applicable to the common shareholders of The Bank of New York Mellon<br/> Corporation</b><br><i>(in dollars)</i> | Quarter ended     |                  |                   |
|--|-------------------|------------------|-------------------|
|  | March 31,<br>2016 | Dec. 31,<br>2015 | March 31,<br>2015 |
| Basic  | \$ 0.73           | \$ 0.58          | \$ 0.67           |
| Diluted  | \$ 0.73           | \$ 0.57          | \$ 0.67           |

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Consolidated Balance Sheet**

| <i>(dollars in millions, except per share amounts)</i>  | March 31,<br>2016 | Dec. 31,<br>2015 |
|---|-------------------|------------------|
| <b>Assets</b>   |                   |                  |
| Cash and due from:  |                   |                  |
| Banks   | \$ 3,928          | \$ 6,537         |
| Interest-bearing deposits with the Federal Reserve and other central banks  | 96,426            | 113,203          |
| Interest-bearing deposits with banks  | 14,662            | 15,146           |
| Federal funds sold and securities purchased under resale agreements   | 26,904            | 24,373           |
| Securities:   |                   |                  |
| Held-to-maturity (fair value of \$42,231 and \$43,204)  | 41,717            | 43,312           |
| Available-for-sale  | 76,294            | 75,867           |
| Total securities  | 118,011           | 119,179          |
| Trading assets  | 6,526             | 7,368            |
| Loans   | 61,661            | 63,703           |
| Allowance for loan losses   | (162)             | (157)            |
| Net loans   | 61,499            | 63,546           |
| Premises and equipment  | 1,377             | 1,379            |
| Accrued interest receivable   | 545               | 562              |
| Goodwill  | 17,604            | 17,618           |
| Intangible assets   | 3,781             | 3,842            |
| Other assets  | 20,307            | 19,626           |
| Subtotal assets of operations   | 371,570           | 392,379          |
| Assets of consolidated investment management funds, at fair value:  |                   |                  |
| Trading assets  | 1,186             | 1,228            |
| Other assets  | 114               | 173              |
| Subtotal assets of consolidated investment management funds, at fair value  | 1,300             | 1,401            |
| Total assets  | \$ 372,870        | \$ 393,780       |
| <b>Liabilities</b>  |                   |                  |
| Deposits:   |                   |                  |
| Noninterest-bearing (principally U.S. offices)  | \$ 93,005         | \$ 96,277        |
| Interest-bearing deposits in U.S. offices   | 52,124            | 51,704           |
| Interest-bearing deposits in Non-U.S. offices   | 112,213           | 131,629          |
| Total deposits  | 257,342           | 279,610          |
| Federal funds purchased and securities sold under repurchase agreements   | 14,803            | 15,002           |
| Trading liabilities   | 5,283             | 4,501            |
| Payables to customers and broker-dealers  | 22,008            | 21,900           |
| Other borrowed funds  | 828               | 523              |
| Accrued taxes and other expenses  | 5,288             | 5,986            |
| Other liabilities (includes allowance for lending-related commitments of \$125 and \$118)                                 | 6,093             | 5,490            |
| Long-term debt  | 21,686            | 21,547           |
| Subtotal liabilities of operations  | 333,331           | 354,559          |
| Liabilities of consolidated investment management funds, at fair value:   |                   |                  |
| Trading liabilities   | 245               | 229              |
| Other liabilities   | 9                 | 17               |
| Subtotal liabilities of consolidated investment management funds, at fair value   | 254               | 246              |
| Total liabilities   | 333,585           | 354,805          |
| <b>Temporary equity</b>   |                   |                  |
| Redeemable noncontrolling interests   | 169               | 200              |
| <b>Permanent equity</b>   |                   |                  |
| Preferred stock – par value \$0.01 per share; authorized 100,000,000 shares; issued 25,826 and 25,826 shares              | 2,552             | 2,552            |
| Common stock – par value \$0.01 per share; authorized 3,500,000,000 shares; issued 1,320,883,792 and 1,312,941,113 shares | 13                | 13               |
| Additional paid-in capital  | 25,432            | 25,262           |
| Retained earnings   | 20,593            | 19,974           |
| Accumulated other comprehensive loss, net of tax  | (2,390)           | (2,600)          |
| Less: Treasury stock of 243,801,160 and 227,598,128 common shares, at cost  | (7,741)           | (7,164)          |
| Total The Bank of New York Mellon Corporation shareholders' equity  | 38,459            | 38,037           |
| Nonredeemable noncontrolling interests of consolidated investment management funds  | 657               | 738              |
| Total permanent equity  | 39,116            | 38,775           |
| Total liabilities, temporary equity and permanent equity  | \$ 372,870        | \$ 393,780       |



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

BNY Mellon has included in this Earnings Release certain Non-GAAP financial measures based on fully phased-in Basel III CET1 and other risk-based capital ratios, SLR and tangible common shareholders' equity. BNY Mellon believes that the Basel III CET1 and other risk-based capital ratios on a fully phased-in basis, the SLR on a fully phased-in basis 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, required 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 reconciliation has excluded certain assets which are given a zero percent risk-weighting for regulatory purposes and the assets of consolidated investment management funds to which BNY Mellon has limited economic exposure. 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 those assets that can generate income. BNY Mellon has provided a measure of tangible book value per common share, which it believes provides additional useful information as to the level of tangible assets in relation to shares of common stock outstanding.

BNY Mellon has presented revenue measures which exclude the effect of noncontrolling interests related to consolidated investment management funds, and expense measures which exclude M&I, litigation and restructuring charges (recoveries) and amortization of intangible assets. Earnings per share, return on equity, operating leverage and operating margin measures, which exclude some or all of these items, as well as the impairment charge related to a prior court decision, are also presented. Operating margin measures may also exclude amortization of intangible assets and the net negative impact of money market fee waivers, net of distribution and servicing expense. 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 charges as a result of prior transactions. M&I expenses primarily relate to acquisitions and generally continue for approximately three years after the transaction. 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 streamlining actions, Operational Excellence Initiatives and migrating positions to Global Delivery Centers. Excluding these charges mentioned above permits investors to view expenses on a basis consistent with how management views the business.

The presentation of revenue growth on a constant currency basis permits investors to assess the significance of changes in foreign currency exchange rates. Growth rates on a constant currency basis were determined by applying the current period foreign currency exchange rates to the prior period revenue. BNY Mellon believes that this presentation, as a supplement to GAAP information, gives investors a clearer picture of the related revenue results without the variability caused by fluctuations in foreign currency exchange rates.

The presentation of income (loss) from consolidated investment management funds, net of net income (loss) attributable to noncontrolling interests related to the consolidation of certain investment management funds permits investors to view revenue on a basis consistent with how management views the business. 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 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 on a business-level basis.

The following table presents the reconciliation of diluted earnings per share and the net income applicable to common shareholders of The Bank of New York Mellon Corporation.

| Reconciliation of net income and diluted EPS – GAAP to Non-GAAP<br>(in millions, except per share amounts) | 4Q15        |            |
|--|-------------|------------|
|  | Diluted EPS | Net income |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation - GAAP             | \$ 0.57     | \$ 637     |
| Add: Litigation and restructuring charges  | 0.01        | 12         |
| Impairment charge related to a prior court decision  | 0.10        | 106        |
| Non-GAAP results   | \$ 0.68     | \$ 755     |

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

| Reconciliation of income before income taxes – pre-tax operating margin<br>(dollars in millions)             | 1Q16     | 4Q15     | 3Q15     | 2Q15     | 1Q15     |
|--|----------|----------|----------|----------|----------|
| Income before income taxes – GAAP  | \$ 1,091 | \$ 871   | \$ 1,109 | \$ 1,165 | \$ 1,090 |
| Less: Net (loss) income attributable to noncontrolling interests of consolidated investment management funds | (7)      | 5        | (5)      | 37       | 31       |
| Add: Amortization of intangible assets   | 57       | 64       | 66       | 65       | 66       |
| M&I, litigation and restructuring charges (recoveries)   | 17       | 18       | 11       | 59       | (3)      |
| Impairment charge related to a prior court decision  | —        | 170      | —        | —        | —        |
| Income before income taxes, as adjusted – Non-GAAP (a)   | \$ 1,172 | \$ 1,118 | \$ 1,191 | \$ 1,252 | \$ 1,122 |
| Fee and other revenue – GAAP   | \$ 2,970 | \$ 2,950 | \$ 3,053 | \$ 3,067 | \$ 3,012 |
| (Loss) income from consolidated investment management funds – GAAP   | (6)      | 16       | (22)     | 40       | 52       |
| Net interest revenue – GAAP  | 766      | 760      | 759      | 779      | 728      |
| Total revenue – GAAP   | 3,730    | 3,726    | 3,790    | 3,886    | 3,792    |
| Less: Net (loss) income attributable to noncontrolling interests of consolidated investment management funds | (7)      | 5        | (5)      | 37       | 31       |
| Total revenue, as adjusted – Non-GAAP (a)  | \$ 3,737 | \$ 3,721 | \$ 3,795 | \$ 3,849 | \$ 3,761 |
| Pre-tax operating margin (b)(c)  | 29%      | 23%      | 29%      | 30%      | 29%      |
| Pre-tax operating margin – Non-GAAP (a)(b)(c)  | 31%      | 30%      | 31%      | 33%      | 30%      |

- (a) Non-GAAP excludes net (loss) income attributable to noncontrolling interests of consolidated investment management funds, amortization of intangible assets, M&I, litigation and restructuring charges (recoveries) and the impairment charge related to a prior court decision, if applicable.
- (b) Income before taxes divided by total revenue.
- (c) Our GAAP earnings include tax-advantaged investments such as low income housing, renewable energy, bank-owned life insurance and tax-exempt securities. The benefits of these investments are primarily reflected in tax expense. If reported on a tax-equivalent basis these investments would increase revenue and income before taxes by \$77 million for 1Q16, \$73 million for 4Q15, \$53 million for 3Q15, \$52 million for 2Q15 and \$64 million for 1Q15 and would increase our pre-tax operating margin by approximately 1.4% for 1Q16, 1.5% for 4Q15, 1.0% for 3Q15, 0.9% for 2Q15 and 1.2% for 1Q15.

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

| <b>Pre-tax operating leverage</b><br><i>(dollars in millions)</i>  | <b>1Q16</b> | <b>1Q15</b> | <b>1Q16 vs.<br/>1Q15</b> |
|--|-------------|-------------|--------------------------|
| Total revenue - GAAP   | \$ 3,730    | \$ 3,792    |                          |
| Less: Net (loss) income attributable to noncontrolling interests of consolidated investment management funds | (7)         | 31          |                          |
| Total revenue, as adjusted - Non-GAAP  | \$ 3,737    | \$ 3,761    | <b>(0.64)%</b>           |
| Total noninterest expense - GAAP   | \$ 2,629    | \$ 2,700    |                          |
| Less: Amortization of intangible assets  | 57          | 66          |                          |
| M&I, litigation and restructuring charges (recoveries)   | 17          | (3)         |                          |
| Total noninterest expense, as adjusted - Non-GAAP  | \$ 2,555    | \$ 2,637    | <b>(3.11)%</b>           |
| Pre-tax operating leverage, as adjusted - Non-GAAP <i>(a)(b)</i>   |             |             | <b>247 bps</b>           |

(a) Pre-tax operating leverage is the rate of increase (decrease) in total revenue less the rate of increase (decrease) in total noninterest expense.

(b) Non-GAAP adjustments include amortization of intangible assets and M&I, litigation and restructuring charges (recoveries), if applicable.

bps - basis points.

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

| <b>Return on common equity and tangible common equity</b><br><i>(dollars in millions)</i>  | <b>1Q16</b> | <b>4Q15</b> | <b>3Q15</b> | <b>2Q15</b> | <b>1Q15</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP   | \$ 804      | \$ 637      | \$ 820      | \$ 830      | \$ 766      |
| Add: Amortization of intangible assets, net of tax   | 37          | 42          | 43          | 44          | 43          |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP | 841         | 679         | 863         | 874         | 809         |
| Add: M&I, litigation and restructuring charges (recoveries)  | 11          | 12          | 8           | 38          | (2)         |
| Impairment charge related to a prior court decision  | —           | 106         | —           | —           | —           |
| Net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP <i>(a)</i>                     | \$ 852      | \$ 797      | \$ 871      | \$ 912      | \$ 807      |
| Average common shareholders' equity  | \$ 35,252   | \$ 35,664   | \$ 35,588   | \$ 35,516   | \$ 35,486   |
| Less: Average goodwill   | 17,562      | 17,673      | 17,742      | 17,752      | 17,756      |
| Average intangible assets  | 3,812       | 3,887       | 3,962       | 4,031       | 4,088       |
| Add: Deferred tax liability – tax deductible goodwill <i>(b)</i>   | 1,428       | 1,401       | 1,379       | 1,351       | 1,362       |
| Deferred tax liability – intangible assets <i>(b)</i>  | 1,140       | 1,148       | 1,164       | 1,179       | 1,200       |
| Average tangible common shareholders' equity – Non-GAAP  | \$ 16,446   | \$ 16,653   | \$ 16,427   | \$ 16,263   | \$ 16,204   |
| Return on common equity – GAAP <i>(c)</i>  | 9.2%        | 7.1%        | 9.1%        | 9.4%        | 8.8%        |
| Return on common equity – Non-GAAP <i>(a)(c)</i>   | 9.7%        | 8.9%        | 9.7%        | 10.3%       | 9.2%        |
| Return on tangible common equity – Non-GAAP <i>(c)</i>   | 20.6%       | 16.2%       | 20.8%       | 21.5%       | 20.3%       |
| Return on tangible common equity – Non-GAAP adjusted <i>(a)(c)</i>   | 20.8%       | 19.0%       | 21.0%       | 22.5%       | 20.2%       |

(a) Non-GAAP excludes amortization of intangible assets, net of tax, M&I, litigation and restructuring charges (recoveries) and the impairment charge related to a prior court decision, if applicable.

(b) Deferred tax liabilities are based on fully phased-in Basel III rules.

(c) Annualized.

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

| <b>Equity to assets and book value per common share</b><br><i>(dollars in millions, unless otherwise noted)</i> | <b>March 31,<br/>2016</b> | <b>Dec. 31,<br/>2015</b> | <b>Sept. 30,<br/>2015</b> | <b>June 30,<br/>2015</b> | <b>March 31,<br/>2015</b> |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| BNY Mellon shareholders' equity at period end – GAAP  | \$ 38,459                 | \$ 38,037                | \$ 38,170                 | \$ 38,270                | \$ 37,328                 |
| Less: Preferred stock   | 2,552                     | 2,552                    | 2,552                     | 2,552                    | 1,562                     |
| BNY Mellon common shareholders' equity at period end – GAAP   | 35,907                    | 35,485                   | 35,618                    | 35,718                   | 35,766                    |
| Less: Goodwill  | 17,604                    | 17,618                   | 17,679                    | 17,807                   | 17,663                    |
| Intangible assets   | 3,781                     | 3,842                    | 3,914                     | 4,000                    | 4,047                     |
| Add: Deferred tax liability – tax deductible goodwill (a)   | 1,428                     | 1,401                    | 1,379                     | 1,351                    | 1,362                     |
| Deferred tax liability – intangible assets (a)  | 1,140                     | 1,148                    | 1,164                     | 1,179                    | 1,200                     |
| BNY Mellon tangible common shareholders' equity at period end – Non-GAAP  | \$ 17,090                 | \$ 16,574                | \$ 16,568                 | \$ 16,441                | \$ 16,618                 |
| Total assets at period end – GAAP   | \$ 372,870                | \$ 393,780               | \$ 377,371                | \$ 395,254               | \$ 392,337                |
| Less: Assets of consolidated investment management funds  | 1,300                     | 1,401                    | 2,297                     | 2,231                    | 1,681                     |
| Subtotal assets of operations – Non-GAAP  | 371,570                   | 392,379                  | 375,074                   | 393,023                  | 390,656                   |
| Less: Goodwill  | 17,604                    | 17,618                   | 17,679                    | 17,807                   | 17,663                    |
| Intangible assets   | 3,781                     | 3,842                    | 3,914                     | 4,000                    | 4,047                     |
| Cash on deposit with the Federal Reserve and other central banks (b)  | 96,421                    | 116,211                  | 86,426                    | 106,628                  | 93,044                    |
| Tangible total assets of operations at period end – Non-GAAP  | \$ 253,764                | \$ 254,708               | \$ 267,055                | \$ 264,588               | \$ 275,902                |
| BNY Mellon shareholders' equity to total assets ratio – GAAP  | 10.3%                     | 9.7%                     | 10.1%                     | 9.7%                     | 9.5%                      |
| BNY Mellon common shareholders' equity to total assets ratio – GAAP   | 9.6%                      | 9.0%                     | 9.4%                      | 9.0%                     | 9.1%                      |
| BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP               | 6.7%                      | 6.5%                     | 6.2%                      | 6.2%                     | 6.0%                      |
| Period-end common shares outstanding (in thousands)   | 1,077,083                 | 1,085,343                | 1,092,953                 | 1,106,518                | 1,121,512                 |
| Book value per common share – GAAP  | \$ 33.34                  | \$ 32.69                 | \$ 32.59                  | \$ 32.28                 | \$ 31.89                  |
| Tangible book value per common share – Non-GAAP   | \$ 15.87                  | \$ 15.27                 | \$ 15.16                  | \$ 14.86                 | \$ 14.82                  |

(a) Deferred tax liabilities are based on fully phased-in Basel III rules.

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

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

| <b>Income (loss) from consolidated investment management funds, net of noncontrolling interests</b><br><i>(in millions)</i> | <b>1Q16</b> | <b>4Q15</b> | <b>3Q15</b> | <b>2Q15</b> | <b>1Q15</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| (Loss) income from consolidated investment management funds   | \$ (6)      | \$ 16       | \$ (22)     | \$ 40       | \$ 52       |
| Less: Net (loss) income attributable to noncontrolling interests of consolidated investment management funds                | (7)         | 5           | (5)         | 37          | 31          |
| Income (loss) from consolidated investment management funds, net of noncontrolling interests                                | \$ 1        | \$ 11       | \$ (17)     | \$ 3        | \$ 21       |

The following table presents the impact of changes in foreign currency exchange rates on our consolidated investment management and performance fees.

| <b>Investment management and performance fees – Consolidated</b><br><i>(dollars in millions)</i> | <b>1Q16</b> | <b>1Q15</b> | <b>1Q16 vs.<br/>1Q15</b> |
|--|-------------|-------------|--------------------------|
| Investment management and performance fees – GAAP  | \$ 812      | \$ 867      | (6)%                     |
| Impact of changes in foreign currency exchange rates   | —           | (18)        |                          |
| Investment management and performance fees, as adjusted – Non-GAAP                               | \$ 812      | \$ 849      | (4)%                     |

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

| <b>Income (loss) from consolidated investment management funds, net of noncontrolling interests - Investment Management business</b> |      |       |         |      |       |
|--|------|-------|---------|------|-------|
| <i>(in millions)</i>   | 1Q16 | 4Q15  | 3Q15    | 2Q15 | 1Q15  |
| Investment management fees   | \$ 2 | \$ 7  | \$ 3    | \$ 4 | \$ 1  |
| Other (Investment income (loss))   | (1)  | 4     | (20)    | (1)  | 20    |
| Income (loss) from consolidated investment management funds, net of noncontrolling interests   | \$ 1 | \$ 11 | \$ (17) | \$ 3 | \$ 21 |

The following table presents the impact of changes in foreign currency exchange rates on investment management fees reported in the Investment Management segment.

| <b>Investment management fees - Investment Management business</b> |        |        |      | 1Q16 vs. |
|--|--------|--------|------|----------|
| <i>(dollars in millions)</i>                                       | 1Q16   | 1Q15   | 1Q15 | 1Q15     |
| Investment management fees – GAAP                                  | \$ 786 | \$ 825 |      | (5)%     |
| Impact of changes in foreign currency exchange rates               | —      | (18)   |      |          |
| Investment management fees, as adjusted – Non-GAAP                 | \$ 786 | \$ 807 |      | (3)%     |

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

| <b>Pre-tax operating margin - Investment Management business</b>   |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| <i>(dollars in millions)</i>   | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
| Income before income taxes – GAAP  | \$ 217 | \$ 290 | \$ 236 | \$ 259 | \$ 263 |
| Add: Amortization of intangible assets   | 19     | 24     | 24     | 25     | 24     |
| Provision for credit losses  | (1)    | (4)    | 1      | 3      | (1)    |
| Money market fee waivers   | 9      | 23     | 28     | 29     | 33     |
| Income before income taxes excluding amortization of intangible assets, provision for credit losses and money market fee waivers – Non-GAAP  | \$ 244 | \$ 333 | \$ 289 | \$ 316 | \$ 319 |
| Total revenue – GAAP   | \$ 895 | \$ 999 | \$ 926 | \$ 987 | \$ 994 |
| Less: Distribution and servicing expense   | 100    | 92     | 94     | 95     | 97     |
| Money market fee waivers benefiting distribution and servicing expense   | 23     | 27     | 35     | 37     | 38     |
| Add: Money market fee waivers impacting total revenue  | 32     | 50     | 63     | 66     | 71     |
| Total revenue net of distribution and servicing expense and excluding money market fee waivers – Non-GAAP  | \$ 804 | \$ 930 | \$ 860 | \$ 921 | \$ 930 |
| Pre-tax operating margin (a)   | 24%    | 29%    | 25%    | 26%    | 26%    |
| Pre-tax operating margin excluding amortization of intangible assets, provision for credit losses, money market fee waivers and net of distribution and servicing expense – Non-GAAP (a) | 30%    | 36%    | 34%    | 34%    | 34%    |

(a) *Income before taxes divided by total revenue.*

## DIVIDENDS

**Common** – On April 21, 2016, The Bank of New York Mellon Corporation declared a quarterly common stock dividend of \$0.17 per common share. This cash dividend is payable on May 13, 2016 to shareholders of record as of the close of business on May 3, 2016.

**Preferred** – On April 21, 2016, 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 2016, in each case payable on June 20, 2016 to holders of record as of the close of business on June 5, 2016:

- \$1,011.11 per share on the Series A Preferred Stock (equivalent to \$10.1111 per Normal Preferred Capital Security of Mellon Capital IV, each representing a 1/100th interest in a share of the 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);
- \$2,250.00 per share on the Series D Preferred Stock (equivalent to \$22.50 per depositary share, each representing a 1/100th interest in a share of the Series D Preferred Stock); and
- \$2,475.00 per share on the Series E Preferred Stock (equivalent to \$24.75 per depositary share, each representing a 1/100th interest in a share of the Series E 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, 2016, BNY Mellon had \$29.1 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](http://www.bnymellon.com). Follow us on Twitter @BNYMellon or visit our newsroom at [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.

## CAUTIONARY STATEMENT

A number of statements (i) in this Earnings Release, (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, preliminary business metrics and statements regarding enhancing the client experience, driving efficiencies, strategic priorities, capital plans, investor day goals and our business improvement process. These statements may be expressed in a variety of ways, including the use of future or present tense language. Words such as “estimate”, “forecast”, “project”, “anticipate”, “target”, “expect”, “intend”, “continue”, “seek”, “believe”, “plan”, “goal”, “could”, “should”, “may”, “will”, “strategy”, “opportunities”, “trends” and words of similar meaning signify forward-looking statements. 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 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). 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, 2015 and BNY Mellon’s other filings with the Securities and Exchange Commission. All forward-looking statements in this Earnings Release speak only as of April 21, 2016, 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.