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

BNY MELLON

News Release

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BNY MELLON REPORTS FOURTH QUARTER EARNINGS OF $807 MILLION OR $0.70 PER COMMON SHARE, INCLUDING:

- **$0.12 per common share primarily from the previously disclosed tax benefit, net of litigation and restructuring charges**
- **Earnings per common share up 7% year-over-year on an adjusted basis** *(a)*

FULL-YEAR 2014 EARNINGS OF $3.1 BILLION OR $2.67 PER COMMON SHARE, INCLUDING $0.28 PER COMMON SHARE FROM NON-OPERATING ITEMS *(a)*

- **Earnings per common share up 5% in 2014 on an adjusted basis** *(a)*

SIGNIFICANT PROGRESS ON EXPENSE CONTROL

- **Staff expense decreased 7% year-over-year**

STRONG CAPITAL GENERATION AND RETURN OF VALUE TO COMMON SHAREHOLDERS

- **Repurchased 11.0 million common shares for $432 million in the fourth quarter and 46.2 million common shares for $1.7 billion in full-year 2014**
- **Declared common stock dividend of $0.17 per share in the fourth quarter**
- **Return on tangible common equity of 20%, or 16% on an adjusted basis, in the fourth quarter and 20%, or 18% on an adjusted basis, in full-year 2014** *(a)*

NEW YORK, January 23, 2015 – The Bank of New York Mellon Corporation ("BNY Mellon") (NYSE: BK) today reported fourth quarter net income applicable to common shareholders of $807 million, or $0.70 per diluted common share, or $667 million, or $0.58 per diluted common share, adjusted for the previously disclosed benefit of a tax carryback claim, net of litigation and restructuring charges. In the fourth quarter of 2013, net income applicable to common shareholders was $513 million, or $0.44 per diluted per common share, or $629 million, or $0.54 per diluted common share, adjusted for a loss on an equity investment. In the third quarter of 2014, net income applicable to common shareholders was $1.07 billion, or $0.93 per diluted common share, or $734 million, or $0.64 per diluted common share, adjusted for the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, net of litigation and restructuring charges. *(a)*

"Our fourth quarter and full-year results cap solid performance for our shareholders. Throughout 2014, we demonstrated our focus on and commitment to controlling expenses to create positive operating leverage, strengthening our capital position, and creating value for our clients and shareholders. We generated positive

(a) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 for the reconciliation of Non-GAAP measures.

operating leverage for the full year - even while absorbing elevated regulatory compliance costs and investing in our business to enhance future growth. Additionally, 79 percent of our earnings were returned to our shareholders in the form of dividends and share repurchases," said Gerald L. Hassell, chairman and chief executive officer of BNY Mellon.

"Our fourth quarter results also reflect our strong expense discipline and continuing efforts to drive efficiency. On the revenue front, we were particularly pleased with the strong fourth-quarter performance in clearing services and global collateral services, where we have been focused on broadening our unique suite of solutions for clients," added Mr. Hassell.

"As we look ahead, we remain confident in our ability to execute our strategic priorities, which include increasing revenue, maintaining a strong capital position and delivering value-added solutions to our clients. We also continue to focus on leveraging technology and operations innovations to drive continuous improvement in productivity and service quality while reducing costs and risk throughout the organization," continued Mr. Hassell.

"I want to thank our employees around the world for their relentless efforts to deliver the solutions, expertise and value that the world's most sophisticated investors rely on to achieve their investment objectives," concluded Mr. Hassell.

In 2014, net income applicable to common shareholders totaled $3.1 billion, or $2.67 per diluted common share, or $2.8 billion, or $2.39 per diluted common share, adjusted for the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, the benefit primarily related to a tax carryback claim, litigation and restructuring charges and the charge related to investment management funds, net of incentives. In 2013, net income applicable to common shareholders totaled $2.0 billion, or $1.73 per diluted common share, or $2.7 billion, or $2.28 per diluted common share, adjusted for litigation and restructuring charges, the charge related to investment management funds, net of incentives, and the U.S. Tax Court's decisions related to the disallowance of certain foreign tax credits. *(a)*

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. EST on Jan. 23, 2015. This conference call and audio webcast will include forward-looking statements and may include other material information.

Investors wishing to access the conference call and audio webcast may do so by dialing (888) 677-5383 (U.S.) and (773) 799-3611 (International), and using the passcode: Earnings, or by logging on to www.bnymellon.com. Earnings materials will be available at www.bnymellon.com beginning at approximately 6:30 a.m. EST on Jan. 23, 2015. Replays of the conference call and audio webcast will be available beginning Jan. 23, 2015 at approximately 2 p.m. EST through Feb. 23, 2015 by dialing (866) 513-9973 (U.S.) or (203) 369-1999 (International). The archived version of the conference call and audio webcast will also be available at www.bnymellon.com for the same time period.

FOURTH QUARTER 2014 FINANCIAL HIGHLIGHTS *(a)*
(comparisons are 4Q14 vs. 4Q13 unless otherwise stated)

- **Earnings**

	Earnings per share			Net income applicable to common shareholders of The Bank of New York Mellon Corporation		
(in millions, except per share amounts)	4Q13	**4Q14**	**Inc(Dec)**	4Q13	**4Q14**	**Inc(Dec)**
GAAP results	$ 0.44	**$ 0.70**		$ 513	**$ 807**	
Add: Litigation and restructuring charges	—	**0.01**		1	**10**	
Loss related to an equity investment	0.10	**—**		115	**—**	
Less: Benefit primarily related to a tax carryback claim	—	**0.13**		—	**150**	
Non-GAAP results	$ 0.54	**$ 0.58**	**7%**	$ 629	**$ 667**	**6%**

- Total revenue was $3.7 billion, an increase of 2%, or a decline of 3% as adjusted (Non-GAAP).
  - Investment services fees increased 1% reflecting organic growth, net new business offset by lower Depositary Receipts revenue and the unfavorable impact of a stronger U.S. dollar.
  - Investment management and performance fees decreased 2% reflecting the unfavorable impact of a stronger U.S. dollar and lower performance fees, partially offset by higher equity market values.
  - Foreign exchange revenue increased 31% driven by higher volumes and volatility, partially offset by lower Depositary Receipts-related activity.
  - Investment and other income increased $121 million driven by a loss related to an equity investment recorded in 4Q13, partially offset by lower seed capital gains.
  - Net interest revenue decreased 6% reflecting lower asset yields, higher premium amortization on agency mortgage backed securities, lower accretion and the impact of interest rate hedging.
- The provision for credit losses was $1 million in 4Q14.
- Noninterest expense decreased 5%. The decrease reflects lower staff expense, the favorable impact of a stronger U.S. dollar, lower asset-based taxes and business development expense, partially offset by higher professional, legal and other purchased services.
- Effective tax rate of 9.4%; includes a 16.5% benefit primarily related to the previously disclosed approval of a tax carryback claim and the tax impact of consolidated investment management funds.

- **Assets under custody and/or administration ("AUC/A") and Assets under management ("AUM")**
  - AUC/A of $28.5 trillion, increased 3% primarily reflecting higher market values and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar.
    - Estimated new AUC/A wins in Asset Servicing of $130 billion in 4Q14.
  - AUM of a record $1.71 trillion, increased 8% driven by higher equity market values and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar.
    - Long-term inflows totaled $27 billion in 4Q14 driven by liability-driven, fixed income and alternative investments.
    - Short-term inflows totaled $5 billion in 4Q14.

- **Capital**
  - Repurchased 11.0 million common shares for $432 million in 4Q14 and 46.2 million common shares for $1.7 billion in full-year 2014.
  - Return on tangible common equity of 20%, or 16% as adjusted (Non-GAAP), in 4Q14 and 20%, or 18% as adjusted (Non-GAAP), in full-year 2014 *(a)*.

(a) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 for the reconciliation of Non-GAAP measures. Non-GAAP excludes the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, a loss related to an equity investment, M&I, litigation and restructuring charges, a charge (recovery) related to investment management funds, net of incentives, and the benefit primarily related to a tax carryback claim, if applicable.
Note: In the table above and throughout this document, sequential growth rates are unannualized.

FINANCIAL SUMMARY

(dollars in millions, except per share amounts; common shares in thousands)	4Q13	1Q14	2Q14	3Q14	4Q14	4Q14 vs. 4Q13	4Q14 vs. 3Q14
Revenue:							
Fee and other revenue	$ 2,814	$ 2,883	$ 2,980	$ 3,851	**$ 2,935**	**4%**	**(24)%**
Income from consolidated investment management funds	36	36	46	39	**42**		
Net interest revenue	761	728	719	721	**712**		
Total revenue – GAAP	3,611	3,647	3,745	4,611	**3,689**	**2**	**(20)**
Less: Net income attributable to noncontrolling interests related to consolidated investment management funds	17	20	17	23	**24**		
Gain on the sale of our investment in Wing Hang	—	—	—	490	**—**		
Gain on the sale of the One Wall Street building	—	—	—	346	**—**		
Loss related to an equity investment	(175)	—	—	—	**—**		
Total revenue – Non-GAAP	3,769	3,627	3,728	3,752	**3,665**	**(3)**	**(2)**
Provision for credit losses	6	(18)	(12)	(19)	**1**		
Expense:							
Noninterest expense – GAAP	2,877	2,739	2,946	2,968	**2,745**	**(5)**	**(8)**
Less: Amortization of intangible assets	82	75	75	75	**73**		
M&I, litigation and restructuring charges	2	(12)	122	220	**21**		
Charge (recovery) related to investment management funds, net of incentives	—	(5)	109	—	**—**		
Total noninterest expense – Non-GAAP	2,793	2,681	2,640	2,673	**2,651**	**(5)**	**(1)**
Income:							
Income before income taxes	728	926	811	1,662	**943**	**30%**	**N/M**
Provision for income taxes	172	232	217	556	**88**		
Net income	$ 556	$ 694	$ 594	$ 1,106	**$ 855**		
Net (income) attributable to noncontrolling interests *(a)*	(17)	(20)	(17)	(23)	**(24)**		
Net income applicable to shareholders of The Bank of New York Mellon Corporation	539	674	577	1,083	**831**		
Preferred stock dividends	(26)	(13)	(23)	(13)	**(24)**		
Net income applicable to common shareholders of The Bank of New York Mellon Corporation	$ 513	$ 661	$ 554	$ 1,070	**$ 807**		
Key Metrics:							
Pre-tax operating margin *(b)*	20%	25%	22%	36%	**26%**		
Non-GAAP *(b)*	26%	27%	30%	29%	**28%**		
Return on common equity *(annualized) (b)*	5.7%	7.4%	6.1%	11.6%	**8.7%**		
Non-GAAP *(b)*	7.6%	7.8%	8.4%	8.5%	**7.7%**		
Return on tangible common equity *(annualized)* - Non-GAAP *(b)*	14.3%	17.6%	14.5%	26.2%	**19.5%**		
Non-GAAP adjusted *(b)*	17.2%	17.3%	18.4%	18.4%	**16.3%**		
Fee revenue as a percentage of total revenue excluding net securities gains	78%	79%	79%	83%	**79%**		
Percentage of non-U.S. total revenue *(c)*	39%	37%	38%	43%	**35%**		
Average common shares and equivalents outstanding							
Basic	1,142,861	1,138,645	1,133,556	1,126,946	**1,120,672**		
Diluted	1,147,961	1,144,510	1,139,800	1,134,871	**1,129,040**		
Period end:							
Full-time employees	51,100	51,400	51,100	50,900	**50,300**		
Book value per common share - GAAP *(b)*	$ 31.46	$ 31.94	$ 32.49	$ 32.77	**$ 32.62**		
Tangible book value per common share - Non-GAAP *(b)*	$ 13.95	$ 14.48	$ 14.88	$ 15.30	**$ 15.23**		
Cash dividends per common share	$ 0.15	$ 0.15	$ 0.17	$ 0.17	**$ 0.17**		
Common dividend payout ratio	34%	26%	35%	18%	**24%**		
Closing stock price per common share	$ 34.94	$ 35.29	$ 37.48	$ 38.73	**$ 40.57**		
Market capitalization	$ 39,910	$ 40,244	$ 42,412	$ 43,599	**$ 45,366**		
Common shares outstanding	1,142,250	1,140,373	1,131,596	1,125,710	**1,118,228**		

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

(b) Non-GAAP excludes the gains on the sales of our investment in Wing Hang Bank and the One Wall Street building, a loss related to an equity investment, M&I, litigation and restructuring charges, a charge (recovery) related to investment management funds, net of incentives, and the benefit primarily related to a tax carryback claim, if applicable. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 for the reconciliation of Non-GAAP measures.

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

N/M - Not meaningful.

CONSOLIDATED BUSINESS METRICS

Consolidated business metrics	4Q13	1Q14	2Q14	3Q14	4Q14		4Q14 vs. 4Q13	4Q14 vs. 3Q14
Changes in AUM *(in billions)*: *(a)*								
Beginning balance of AUM	$ 1,532	$ 1,583	$ 1,620	$ 1,636	**$ 1,646**			
Net inflows (outflows):								
Long-term:								
Equity	(5)	(1)	(4)	(2)	**(4)**			
Fixed income	5	—	(1)	—	**4**			
Index	(3)	—	7	(3)	**1**			
Liability-driven investments *(b)*	4	20	(17)	18	**24**			
Alternative investments	1	2	2	—	**2**			
Total long-term inflows (outflows)	2	21	(13)	13	**27**			
Short term:								
Cash	6	(7)	(18)	19	**5**			
Total net inflows (outflows)	8	14	(31)	32	**32**			
Net market/currency impact	43	23	47	(22)	**32**			
Ending balance of AUM	$ 1,583	$ 1,620	$ 1,636	$ 1,646	**$ 1,710**	*(c)*	**8 %**	**4 %**
AUM at period end, by product type: *(a)*								
Equity	17%	17%	17%	16%	**16%**			
Fixed income	14	14	14	13	**13**			
Index	20	20	21	21	**21**			
Liability-driven investments *(b)*	26	27	27	28	**29**			
Alternative investments	4	4	4	4	**4**			
Cash	19	18	17	18	**17**			
Total AUM	100%	100%	100%	100%	**100%**	*(c)*		
Wealth management:								
Average loans *(in millions)*	$ 9,755	$ 10,075	$ 10,372	$ 10,772	**$ 11,124**		**14 %**	**3 %**
Average deposits *(in millions)*	$ 14,161	$ 14,805	$ 13,458	$ 13,764	**$ 14,604**		**3 %**	**6 %**
Investment Services:								
Average loans *(in millions)*	$ 31,211	$ 31,468	$ 33,115	$ 33,785	**$ 35,448**		**14 %**	**5 %**
Average deposits *(in millions)*	$ 216,216	$ 214,947	$ 220,701	$ 221,734	**$ 228,282**		**6 %**	**3 %**
AUC/A at period end *(in trillions) (d)*	$ 27.6	$ 27.9	$ 28.5	$ 28.3	**$ 28.5**	*(c)*	**3 %**	**1 %**
Market value of securities on loan at period end *(in billions) (e)*	$ 235	$ 264	$ 280	$ 282	**$ 289**		**23 %**	**2 %**
Asset servicing:								
Estimated new business wins (AUC/A) *(in billions)*	$ 123	$ 161	$ 130	$ 115	**$ 130**	*(c)*		
Depositary Receipts:								
Number of sponsored programs	1,335	1,332	1,316	1,302	**1,279**		**(4)%**	**(2)%**
Clearing services:								
Global DARTS volume *(in thousands)*	213	230	207	209	**242**		**14 %**	**16 %**
Average active clearing accounts (U.S. platform) *(in thousands)*	5,643	5,695	5,752	5,805	**5,900**		**5 %**	**2 %**
Average long-term mutual fund assets (U.S. platform) *(in millions)*	$ 401,434	$ 413,658	$ 433,047	$ 442,827	**$ 450,305**		**12 %**	**2 %**
Average investor margin loans (U.S. platform) *(in millions)*	$ 8,848	$ 8,919	$ 9,236	$ 9,861	**$ 10,711**		**21 %**	**9 %**
Broker-Dealer:								
Average tri-party repo balances *(in billions)*	$ 2,005	$ 1,983	$ 2,022	$ 2,063	**$ 2,101**		**5 %**	**2 %**

(a) Excludes securities lending cash management assets and assets managed in the Investment Services business.
(b) Includes currency and overlay assets under management.
(c) Preliminary.
(d) Includes the AUC/A of CIBC Mellon Global Securities Services Company ("CIBC Mellon"), a joint venture with the Canadian Imperial Bank of Commerce, of $1.2 trillion at Dec. 31, 2013, March 31, 2014, June 30, 2014 and Sept. 30, 2014, and $1.1 trillion at Dec. 31, 2014.
(e) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent, beginning in the fourth quarter of 2013, on behalf of CIBC Mellon clients, which totaled $62 billion at Dec. 31, 2013, $66 billion at March 31, 2014, $64 billion at June 30, 2014, and $65 billion at Sept. 30, 2014 and Dec. 31, 2014.

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

Key market metrics						4Q14 vs.	
	4Q13	1Q14	2Q14	3Q14	**4Q14**	**4Q13**	**3Q14**
S&P 500 Index *(a)*	1848	1872	1960	1972	**2059**	**11 %**	**4 %**
S&P 500 Index – daily average	1769	1835	1900	1976	**2009**	**14**	**2**
FTSE 100 Index *(a)*	6749	6598	6744	6623	**6566**	**(3)**	**(1)**
FTSE 100 Index – daily average	6612	6680	6764	6756	**6526**	**(1)**	**(3)**
MSCI World Index *(a)*	1661	1674	1743	1698	**1710**	**3**	**1**
MSCI World Index – daily average	1602	1647	1698	1733	**1695**	**6**	**(2)**
Barclays Capital Global Aggregate Bond[SM] Index *(a)(b)*	354	365	376	361	**357**	**1**	**(1)**
NYSE and NASDAQ share volume *(in billions)*	179	196	187	173	**198**	**11**	**14**
JPMorgan G7 Volatility Index – daily average *(c)*	8.20	7.80	6.22	6.21	**8.54**	**4**	**38**
Average Fed Funds effective rate	0.09%	0.07%	0.09%	0.09%	**0.10%**	**1 bps**	**1 bps**

(a) Period end.
(b) Unhedged in U.S. dollar terms.
(c) The JPMorgan G7 Volatility Index is based on the implied volatility in 3-month currency options.
bps – basis points.

FEE AND OTHER REVENUE

Fee and other revenue *(dollars in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**	**4Q14 vs. 4Q13**	**4Q14 vs. 3Q14**
Investment services fees:							
Asset servicing *(a)*	$ 984	$ 1,009	$ 1,022	$ 1,025	**$ 1,019**	**4%**	**(1)%**
Clearing services	324	325	326	337	**347**	**7**	**3**
Issuer services	237	229	231	315	**193**	**(19)**	**(39)**
Treasury services	137	136	141	142	**145**	**6**	**2**
Total investment services fees	1,682	1,699	1,720	1,819	**1,704**	**1**	**(6)**
Investment management and performance fees	904	843	883	881	**885**	**(2)**	**—**
Foreign exchange and other trading revenue	146	136	130	153	**151**	**3**	**(1)**
Distribution and servicing	43	43	43	44	**43**	**—**	**(2)**
Financing-related fees	43	38	44	44	**43**	**—**	**(2)**
Investment and other income	(43)	102	142	890	**78**	**N/M**	**N/M**
Total fee revenue	2,775	2,861	2,962	3,831	**2,904**	**5**	**(24)**
Net securities gains	39	22	18	20	**31**	**N/M**	**N/M**
Total fee and other revenue	$ 2,814	$ 2,883	$ 2,980	$ 3,851	**$ 2,935**	**4%**	**(24)%**

(a) Asset servicing fees include securities lending revenue of $31 million in 4Q13, $38 million in 1Q14, $46 million in 2Q14, $37 million in 3Q14 and $37 million in 4Q14.

N/M - Not meaningful.

KEY POINTS

- Asset servicing fees were $1.0 billion, an increase of 4% year-over-year and a decrease of 1% sequentially. The year-over-year increase primarily reflects organic growth and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar. The sequential decrease primarily reflects the unfavorable impact of a stronger U.S. dollar, partially offset by net new business.

- Clearing services fees were $347 million, an increase of 7% year-over-year and 3% sequentially. Both increases were driven by higher clearance revenue reflecting higher DARTS volume. The year-over-year increase also reflects higher mutual fund and asset-based fees.

- Issuer services fees were $193 million, a decrease of 19% year-over-year and 39% sequentially. The year-over-year decrease reflects lower corporate actions and dividend fees in Depositary Receipts. The sequential decrease is primarily due to seasonality in Depositary Receipts, partially offset by higher Corporate Trust fees.

- Treasury services fees were $145 million in 4Q14 compared with $137 million in 4Q13 and $142 million in 3Q14. Both increases primarily reflect higher payment volumes.

- Investment management and performance fees were $885 million, a decrease of 2% year-over-year and up slightly sequentially. Both comparisons reflect the unfavorable impact of a stronger U.S. dollar and higher equity market values. The year-over-year decrease also resulted from lower performance fees. The sequential increase also reflects seasonally higher performance fees and net new business.

- **Foreign exchange and other trading revenue**

(in millions)	4Q13	1Q14	2Q14	3Q14	**4Q14**
Foreign exchange	$ 126	$ 130	$ 129	$ 154	**$ 165**
Other trading revenue (loss):					
Fixed income	20	1	(1)	2	**(18)**
Equity/other	—	5	2	(3)	**4**
Total other trading revenue (loss)	20	6	1	(1)	**(14)**
Total foreign exchange and other trading revenue	$ 146	$ 136	$ 130	$ 153	**$ 151**

Foreign exchange and other trading revenue totaled $151 million in 4Q14 compared with $146 million in 4Q13 and $153 million in 3Q14. In 4Q14, foreign exchange revenue totaled $165 million, an increase of 31% year-over-year and 7% sequentially. Both increases reflect higher volumes and volatility, partially offset by lower Depositary Receipts-related activity.

Other trading loss was $14 million in 4Q14, compared with other trading revenue of $20 million in 4Q13 and other trading loss of $1 million in 3Q14. Both decreases primarily reflect lower fixed income derivatives trading revenue due to exiting the derivatives sales and trading business and losses on hedging activities within one of the Investment Management boutiques, partially offset by the positive impact of interest rate hedging (which is offset in net interest revenue).

- **Investment and other income (loss)**

(in millions)	4Q13	1Q14	2Q14	3Q14	**4Q14**
Corporate/bank-owned life insurance	$ 40	$ 30	$ 30	$ 34	**$ 37**
Asset-related gains (losses)	22	(1)	17	836	**20**
Expense reimbursements from joint venture	11	12	15	13	**15**
Lease residual gains	—	35	4	5	**5**
Private equity gains (losses)	5	5	(2)	2	**1**
Transitional service agreements	2	—	—	—	**—**
Seed capital gains (losses)	20	6	15	(1)	**—**
Equity investment revenue (loss)	(163)	(2)	17	(9)	**(5)**
Other income	20	17	46	10	**5**
Total investment and other income (loss)	$ (43)	$ 102	$ 142	$ 890	**$ 78**

Investment and other income was $78 million in 4Q14 compared with a loss of $43 million in 4Q13 and income of $890 million in 3Q14. The year-over-year increase primarily reflects a loss related to an equity investment recorded in 4Q13 and lower seed capital gains. The sequential decrease primarily reflects the gains on the sales of our equity investment in Wing Hang Bank and our One Wall Street building, both recorded in 3Q14.

NET INTEREST REVENUE

Net interest revenue						**4Q14 vs.**	
(dollars in millions)	4Q13	1Q14	2Q14	3Q14	**4Q14**	**4Q13**	**3Q14**
Net interest revenue (non-FTE)	$ 761	$ 728	$ 719	$ 721	**$ 712**	**(6)%**	**(1)%**
Net interest revenue (FTE) – Non-GAAP	781	744	736	736	**726**	**(7)**	**(1)**
Net interest margin (FTE)	1.09%	1.05%	0.98%	0.94%	**0.91%**	**(18) bps**	**(3) bps**
Selected average balances:							
Cash/interbank investments	$ 132,198	$ 127,134	$ 140,357	$ 139,278	**$ 140,599**	**6%**	**1%**
Trading account securities	6,173	5,217	5,532	5,435	**3,922**	**(36)**	**(28)**
Securities	96,640	100,534	101,420	112,055	**117,243**	**21**	**5**
Loans	50,768	51,647	53,449	54,835	**56,844**	**12**	**4**
Interest-earning assets	285,779	284,532	300,758	311,603	**318,608**	**11**	**2**
Interest-bearing deposits	157,020	152,986	162,674	164,233	**163,149**	**4**	**(1)**
Noninterest-bearing deposits	79,999	81,430	77,820	82,334	**85,330**	**7**	**4**
Selected average yields/rates:							
Cash/interbank investments	0.40%	0.43%	0.43%	0.38%	**0.31%**		
Trading account securities	2.82	2.60	2.19	2.36	**2.64**		
Securities	2.02	1.79	1.68	1.56	**1.54**		
Loans	1.64	1.65	1.66	1.61	**1.58**		
Interest-earning assets	1.21	1.17	1.10	1.05	**1.02**		
Interest-bearing deposits	0.06	0.06	0.06	0.06	**0.03**		
Average cash/interbank investments as a percentage of average interest-earning assets	46%	45%	47%	45%	**44%**		
Average noninterest-bearing deposits as a percentage of average interest-earning assets	28%	29%	26%	26%	**27%**		

bps – basis points.
FTE – fully taxable equivalent.

KEY POINTS

- Net interest revenue totaled $712 million in 4Q14, a decrease of $49 million compared with 4Q13 and $9 million sequentially.

  - The year-over-year decrease primarily resulted from lower asset yields, higher premium amortization on agency mortgage backed securities, lower accretion and the impact of interest rate hedging (which is primarily offset in foreign exchange and other trading revenue). The decrease was partially offset by a change in the mix of assets and higher average interest-earning assets driven by higher deposits.

  - The sequential decrease was primarily driven by the impact of interest rate hedging of approximately $13 million (which is primarily offset in foreign exchange and other trading revenue) and lower accretion.

- In the fourth quarter of 2014, we completed our plan to reduce interbank placement assets and increase our high quality liquid assets in the securities portfolio.

NONINTEREST EXPENSE

Noninterest expense *(dollars in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**	**4Q14 vs. 4Q13**	**4Q14 vs. 3Q14**
Staff:							
Compensation	$ 929	$ 925	$ 903	$ 909	**$ 893**	**(4)%**	**(2)%**
Incentives	343	359	313	340	**319**	**(7)**	**(6)**
Employee benefits	250	227	223	228	**206**	**(18)**	**(10)**
Total staff	1,522	1,511	1,439	1,477	**1,418**	**(7)**	**(4)**
Professional, legal and other purchased services	344	312	314	323	**390**	**13**	**21**
Software and equipment	241	237	236	234	**235**	**(2)**	**—**
Net occupancy	154	154	152	154	**150**	**(3)**	**(3)**
Distribution and servicing	110	107	112	107	**102**	**(7)**	**(5)**
Business development	96	64	68	61	**75**	**(22)**	**23**
Sub-custodian	68	68	81	67	**70**	**3**	**4**
Other	258	223	347	250	**211**	**(18)**	**(16)**
Amortization of intangible assets	82	75	75	75	**73**	**(11)**	**(3)**
M&I, litigation and restructuring charges	2	(12)	122	220	**21**	**N/M**	**N/M**
Total noninterest expense – GAAP	$ 2,877	$ 2,739	$ 2,946	$ 2,968	**$ 2,745**	**(5)%**	**(8)%**
Total staff expense as a percentage of total revenue	42%	41%	38%	32%	**38%**		
Memo:							
Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges and the charge (recovery) related to investment management funds, net of incentives – Non-GAAP	$ 2,793	$ 2,681	$ 2,640	$ 2,673	**$ 2,651**	**(5)%**	**(1)%**

N/M – Not meaningful.

KEY POINTS

- Total noninterest expense excluding amortization of intangible assets, M&I, litigation and restructuring charges, and the charge (recovery) related to investment management funds, net of incentives (Non-GAAP) decreased 5% year-over-year and 1% sequentially.
  - Both comparisons primarily reflect lower staff expense, the favorable impact of a stronger U.S. dollar and lower asset-based taxes, partially offset by higher professional, legal and other purchased services.
    - The decrease in staff expense primarily reflects lower headcount as a result of streamlining actions, the benefit of replacing technology contractors with permanent staff and lower healthcare costs.
    - The increase in professional, legal and other purchased services was driven by higher expenses related to the implementation of strategic platforms.
  - The year-over-year decrease also reflects lower business development expense as a result of discretionary expense control.
  - The sequential decrease was partially offset by higher business development expense due to seasonality and higher legal fees.

INVESTMENT SECURITIES PORTFOLIO

At Dec. 31, 2014, the fair value of our investment securities portfolio totaled $119.1 billion. The net unrealized pre-tax gain on our total securities portfolio was $1.3 billion at Dec. 31, 2014 compared with $1.1 billion at Sept. 30, 2014. The increase in the net unrealized pre-tax gain was primarily driven by a decline in market interest rates. During 4Q14, we received $115 million of paydowns of sub-investment grade securities and sold $116 million of sub-investment grade available-for-sale securities.

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

Investment securities portfolio	Sept. 30, 2014	4Q14 change in unrealized gain (loss)	**Dec. 31, 2014**		Fair value as a % of amortized cost *(a)*	Unrealized gain (loss)	Ratings				
(dollars in millions)	Fair value		Amortized cost	Fair value			AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
Agency RMBS	$ 44,372	$ 229	**$ 46,574**	**$ 46,762**	100 %	$ 188	100 %	— %	— %	— %	— %
U.S. Treasury	25,449	13	**24,639**	**24,857**	101	218	100	—	—	—	—
Sovereign debt/sovereign guaranteed	16,627	43	**18,093**	**18,253**	101	160	77	—	23	—	—
Non-agency RMBS *(b)*	2,449	(66)	**1,747**	**2,214**	82	467	—	1	1	91	7
Non-agency RMBS	1,170	(5)	**1,095**	**1,113**	94	18	1	8	22	68	1
European floating rate notes	2,296	(7)	**1,967**	**1,959**	99	(8)	70	23	—	7	—
Commercial MBS	4,829	8	**4,958**	**4,997**	101	39	93	6	1	—	—
State and political subdivisions	5,434	(13)	**5,200**	**5,271**	101	71	79	20	—	—	1
Foreign covered bonds	2,949	(8)	**2,788**	**2,866**	103	78	100	—	—	—	—
Corporate bonds	1,670	4	**1,747**	**1,785**	102	38	20	66	14	—	—
CLO	1,971	(10)	**2,109**	**2,111**	100	2	100	—	—	—	—
U.S. Government agencies	699	3	**686**	**684**	100	(2)	100	—	—	—	—
Consumer ABS	3,025	(2)	**3,241**	**3,240**	100	(1)	99	1	—	—	—
Other *(c)*	2,923	2	**3,024**	**3,032**	100	8	42	52	—	—	6
Total investment securities	$ 115,863 *(d)*	**$ 191**	**$ 117,868**	**$ 119,144** *(d)*	**100%**	**$ 1,276** *(e)*	**90%**	**4%**	**4%**	**2%**	**—%**

(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 $1.6 billion and $1.6 billion and money market funds with a fair value of $789 million and $763 million at Sept. 30, 2014 and Dec. 31, 2014, respectively.

(d) Includes net unrealized gains on derivatives hedging securities available-for-sale of $137 million at Sept. 30, 2014 and net unrealized losses on derivatives hedging securities available-for-sale of $313 million at Dec. 31, 2014.

(e) Unrealized gains of $1,082 million at Dec. 31, 2014 related to available-for-sale securities.

NONPERFORMING ASSETS

Nonperforming assets *(dollars in millions)*	Dec. 31, 2013	Sept. 30, 2014	**Dec. 31, 2014**
Loans:			
Other residential mortgages	$ 117	$ 113	**$ 112**
Commercial	15	13	**—**
Wealth management loans and mortgages	11	13	**12**
Foreign	6	—	**—**
Commercial real estate	4	4	**1**
Financial institutions	—	—	**—**
Total nonperforming loans	153	143	**125**
Other assets owned	3	4	**3**
Total nonperforming assets *(a)*	$ 156	$ 147	**$ 128**
Nonperforming assets ratio	0.30%	0.26%	**0.22%**
Allowance for loan losses/nonperforming loans	137.3	133.6	**152.8**
Total allowance for credit losses/nonperforming loans	224.8	201.4	**224.0**

(a) Loans of consolidated investment management funds are not part of BNY Mellon's loan portfolio. Included in the loans of consolidated investment management funds are nonperforming loans of $16 million at Dec. 31, 2013, $79 million at Sept. 30, 2014 and $53 million at Dec. 31, 2014. These loans are recorded at fair value and therefore do not impact the provision for credit losses and allowance for loan losses, and accordingly are excluded from the nonperforming assets table above.

Nonperforming assets were $128 million at Dec. 31, 2014, a decrease of $19 million from $147 million at Sept. 30, 2014. The decrease primarily resulted from repayments in the commercial and other residential mortgage portfolios and charges-offs in the commercial real estate portfolio.

ALLOWANCE FOR CREDIT LOSSES, PROVISION AND NET CHARGE-OFFS

Allowance for credit losses, provision and net charge-offs *(in millions)*	Dec. 31, 2013	Sept. 30, 2014	**Dec. 31, 2014**
Allowance for credit losses - beginning of period	$ 339	$ 311	**$ 288**
Provision for credit losses	6	(19)	**1**
Net (charge-offs) recoveries:			
Commercial	(1)	(4)	**(8)**
Commercial real estate	—	—	**(2)**
Foreign	(3)	(1)	**—**
Wealth management loans and mortgages	—	—	**—**
Other residential mortgages	—	1	**—**
Financial institutions	3	—	**1**
Net (charge-offs)	(1)	(4)	**(9)**
Allowance for credit losses - end of period	$ 344	$ 288	**$ 280**
Allowance for loan losses	$ 210	$ 191	**$ 191**
Allowance for lending-related commitments	134	97	**89**

The allowance for credit losses was $280 million at Dec. 31, 2014, a decrease of $8 million compared with $288 million at Sept. 30, 2014. The decrease primarily reflects charge-offs in the commercial loan portfolio.

CAPITAL

Our consolidated capital ratios are shown in the following table. At Sept. 30, 2014 and Dec. 31, 2014, the common equity Tier 1 ("CET1"), Tier 1 and Total risk-based regulatory capital ratios are based on Basel III components of capital, as phased-in, and credit risk asset risk-weightings using the Advanced Approach framework under the final rules released by the Board of Governors of the Federal Reserve System (the "Federal Reserve") on July 2, 2013 (the "Final Capital Rules"). The leverage capital ratios for Sept. 30, 2014 and Dec. 31, 2014 are based on Basel III components of capital and quarterly average total assets, as phased-in. The risk-based and leverage capital ratios for Dec. 31, 2013 are based on Basel I rules (including Basel I Tier 1 common in the case of the CET1 ratio).

Capital ratios	Dec. 31, 2013	Sept. 30, 2014	**Dec. 31, 2014**
Consolidated regulatory capital ratios: *(a)(b)(c)*			
CET1 ratio	14.5% *(d)*	11.4%	**11.6%**
Tier 1 capital ratio	16.2	12.3	**12.6**
Total (Tier 1 plus Tier 2) capital ratio	17.0	12.7	**12.8**
Leverage capital ratio	5.4	5.8	**5.7**
BNY Mellon shareholders' equity to total assets ratio *(d)*	10.0	10.0	**9.9**
BNY Mellon common shareholders' equity to total assets ratio *(d)*	9.6	9.5	**9.5**
BNY Mellon tangible common shareholders' equity to tangible assets of operations ratio – Non-GAAP *(d)*	6.8	6.5	**6.7**
Selected regulatory capital ratios – fully phased-in – Non-GAAP: *(a)(b)(d)*			
Estimated CET1 ratio:			
Standardized Approach	10.6	10.8	**10.8**
Advanced Approach	11.3	10.2	**10.2**
Estimated supplementary leverage ratio ("SLR") *(e)*	N/A	4.6	**4.5**

(a) Dec. 31, 2014 consolidated regulatory capital ratios are preliminary. See "Capital Ratios" beginning on page 29 for more detail.
(b) Risk-based capital ratios at Sept. 30, 2014 and Dec. 31, 2014 include the net impact of including the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in the Dec. 31, 2013 risk-based ratios. The leverage capital ratio was not impacted.
(c) The transitional Standardized Approach risk-based capital ratios (which represent the Collins Floor comparison) of the CET1, Tier 1 and Total risk-based consolidated regulatory capital ratios were 15.1%, 16.3% and 17.0%, respectively, at Sept. 30, 2014 and 15.5%, 16.8% and 17.4%, respectively, at Dec. 31, 2014, and are calculated based on Basel III components of capital, as phased-in, and asset risk-weightings using the general risk-based guidelines included in the Final Capital Rules (which for 2014 look to Basel I-based requirements).
(d) See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 for a reconciliation of these ratios.
(e) The estimated fully phased-in SLR as of Sept. 30, 2014 and Dec. 31, 2014 is based on our interpretation of the Final Capital Rules, as supplemented by the Federal Reserve's final rules on the SLR. When fully phased-in, we expect to maintain an SLR of over 5%, 3% attributable to the minimum required SLR, and greater than 2% attributable to a buffer applicable to U.S. G-SIBs.
N/A – Not available.

Estimated Basel III CET1 generation presented on a fully phased-in basis – Non-GAAP – preliminary *(in millions)*	**4Q14**	**YTD14**
Estimated fully phased-in Basel III CET1 – Non-GAAP – Beginning of period	**$ 16,720**	**$ 14,810**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	**807**	**3,092**
Goodwill and intangible assets, net of related deferred tax liabilities	**220**	**491**
Gross Basel III CET1 generated	**1,027**	**3,583**
Capital deployed:		
Dividends	**(195)**	**(762)**
Common stock repurchased	**(432)**	**(1,669)**
Total capital deployed	**(627)**	**(2,431)**
Other comprehensive (loss)	**(718)**	**(742)**
Additional paid-in capital *(a)*	**127**	**624**
Other	**—**	**56**
Total other additions (deductions)	**(591)**	**(62)**
Net Basel III CET1 generated	**(191)**	**1,090**
Other (primarily net pension fund assets)	**—**	**629**
Estimated fully phased-in Basel III CET1 – Non-GAAP – End of period	**$ 16,529**	**$ 16,529**

(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 amounts determined under the currently effective rules using the transitional phase-in requirements.

Basel III capital components and ratios at Dec. 31, 2014 – preliminary *(dollars in millions)*	Fully phased-in Basel III	Adjustments *(a)*		Transitional Approach
CET1:				
Common shareholders' equity	$ 36,477	$ 447	*(b)*	$ 36,924
Goodwill and intangible assets	(19,440)	2,329	*(c)*	(17,111)
Net pension fund assets	(87)	70	*(d)*	(17)
Equity method investments	(401)	87	*(c)*	(314)
Deferred tax assets	(18)	14	*(d)*	(4)
Other	(2)	6	*(e)*	4
Total CET1	16,529	2,953		19,482
Other Tier 1 capital:				
Preferred stock	1,562	—		1,562
Trust preferred securities	—	156	*(f)*	156
Disallowed deferred tax assets	—	(14)	*(d)*	(14)
Net pension fund assets	—	(69)	*(d)*	(69)
Other	(12)	(5)		(17)
Total Tier 1 capital	18,079	3,021		21,100
Tier 2 capital:				
Trust preferred securities	—	156	*(f)*	156
Subordinated debt	298	—		298
Allowance for credit losses	280	—		280
Other	(11)	—		(11)
Total Tier 2 capital - Standardized Approach	567	156		723
Excess of expected credit losses	24	(11)		13
Less: Allowance for credit losses	280	—		280
Total Tier 2 capital - Advanced Approach	$ 311	$ 145		$ 456
Total capital:				
Standardized Approach	$ 18,646	$ 3,177		$ 21,823
Advanced Approach	$ 18,390	$ 3,166		$ 21,556
Risk-weighted assets:				
Standardized Approach	$ 152,512	$ (26,950)		$ 125,562
Advanced Approach	$ 162,030	$ 5,998		$ 168,028
Standardized Approach:				
Estimated Basel III CET1 ratio	10.8%			15.5%
Tier 1 capital ratio	11.9			16.8
Total (Tier 1 plus Tier 2) capital ratio	12.2			17.4
Advanced Approach:				
Estimated Basel III CET1 ratio	10.2%			11.6%
Tier 1 capital ratio	11.2			12.6
Total (Tier 1 plus Tier 2) capital ratio	11.3			12.8

(a) Reflects transitional adjustments to CET1, Tier 1 capital and Tier 2 capital required in 2014 under the Final Capital Rules.
(b) Represents the portion of accumulated other comprehensive (income) loss excluded from common shareholders' equity.
(c) Represents intangible assets, other than goodwill, net of the corresponding deferred tax liabilities.
(d) Represents the deduction for net pension fund assets and disallowed deferred tax assets in CET1 and Tier 1 capital.
(e) Represents the transitional adjustments related to cash flow hedges and debit valuation adjustment.
(f) During 2014, 50% of outstanding trust preferred securities are included in Tier 1 capital and 50% in Tier 2 capital.

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.

(dollars in millions, unless otherwise noted)	4Q13	1Q14	2Q14	3Q14	4Q14	4Q14 vs. 4Q13	4Q14 vs. 3Q14
Revenue:							
Investment management fees:							
Mutual funds	$ 303	$ 299	$ 311	$ 315	**$ 306**	**1 %**	**(3)%**
Institutional clients	385	372	385	382	**375**	**(3)**	**(2)**
Wealth management	149	153	156	158	**157**	**5**	**(1)**
Investment management fees	837	824	852	855	**838**	**—**	**(2)**
Performance fees	72	20	29	22	**44**	**N/M**	**N/M**
Investment management and performance fees	909	844	881	877	**882**	**(3)**	**1**
Distribution and servicing	41	40	41	41	**40**	**(2)**	**(2)**
Other *(a)*	43	16	48	16	**7**	**N/M**	**N/M**
Total fee and other revenue *(a)*	993	900	970	934	**929**	**(6)**	**(1)**
Net interest revenue	68	70	66	69	**69**	**1**	**—**
Total revenue	1,061	970	1,036	1,003	**998**	**(6)**	**—**
Noninterest expense (ex. amortization of intangible assets and the charge (recovery) related to investment management funds, net of incentives)	760	698	725	727	**721**	**(5)**	**(1)**
Income before taxes (ex. amortization of intangible assets and the charge (recovery) related to investment management funds, net of incentives)	301	272	311	276	**277**	**(8)**	**—**
Amortization of intangible assets	35	31	31	31	**30**	**(14)**	**(3)**
Charge (recovery) related to investment management funds, net of incentives	—	(5)	109	—	**—**	**N/M**	**N/M**
Income before taxes	$ 266	$ 246	$ 171	$ 245	**$ 247**	**(7)%**	**1 %**
Pre-tax operating margin	25 %	25%	16%	24%	**25%**		
Adjusted pre-tax operating margin *(b)*	34 %	34%	36%	33%	**33%**		
Changes in AUM *(in billions)*: *(c)*							
Beginning balance of AUM	$ 1,532	$ 1,583	$ 1,620	$ 1,636	**$ 1,646**		
Net inflows (outflows):							
Long-term:							
Equity	(5)	(1)	(4)	(2)	**(4)**		
Fixed income	5	—	(1)	—	**4**		
Index	(3)	—	7	(3)	**1**		
Liability-driven investments *(d)*	4	20	(17)	18	**24**		
Alternative investments	1	2	2	—	**2**		
Total long-term inflows (outflows)	2	21	(13)	13	**27**		
Short term:							
Cash	6	(7)	(18)	19	**5**		
Total net inflows (outflows)	8	14	(31)	32	**32**		
Net market/currency impact	43	23	47	(22)	**32**		
Ending balance of AUM	$ 1,583	$ 1,620	$ 1,636	$ 1,646	**$ 1,710** *(e)*	**8 %**	**4 %**
AUM at period end, by product type: *(c)*							
Equity	17 %	17%	17%	16%	**16%**		
Fixed income	14	14	14	13	**13**		
Index	20	20	21	21	**21**		
Liability-driven investments *(d)*	26	27	27	28	**29**		
Alternative investments	4	4	4	4	**4**		
Cash	19	18	17	18	**17**		
Total AUM	100 %	100%	100%	100%	**100%** *(e)*		
Wealth management:							
Average loans	$ 9,755	$ 10,075	$ 10,372	$ 10,772	**$ 11,124**	**14 %**	**3 %**
Average deposits	$ 14,161	$ 14,805	$ 13,458	$ 13,764	**$ 14,604**	**3 %**	**6 %**

(a) Total fee and other revenue includes the impact of the consolidated investment management funds. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 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 the charge (recovery) related to investment management funds net of incentives, and is net of distribution and servicing expense. See "Supplemental information – Explanation of GAAP and Non-GAAP financial measures" beginning on page 24 for the reconciliation of Non-GAAP measures.

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

(d) Includes currency and overlay assets under management.

(e) Preliminary.

N/M – Not meaningful.

INVESTMENT MANAGEMENT KEY POINTS

- Assets under management were a record $1.71 trillion at Dec. 31, 2014, an increase of 8% year-over-year and 4% sequentially. Both increases primarily resulted from higher equity market values and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar.
    - Net long-term inflows were $27 billion in 4Q14 driven by liability-driven, fixed income and alternative investments. Short-term inflows were $5 billion in 4Q14.
- Income before taxes excluding amortization of intangible assets and the charge (recovery) related to investment management funds, net of incentives decreased 8% year-over-year and was essentially unchanged sequentially. Both comparisons reflect the unfavorable impact of a stronger U.S. dollar.
- Total revenue was $998 million, a decrease of 6% year-over-year and down slightly sequentially. Both decreases reflect the unfavorable impact of a stronger U.S. dollar and lower other revenue. The year-over-year decrease also reflects lower performance fees, partially offset by higher equity market values. The sequential decrease was partially offset by seasonally higher performance fees.
- Investment management fees were $838 million, essentially unchanged year-over-year and a decrease of 2% sequentially. Both comparisons reflect the unfavorable impact of a stronger U.S. dollar. The year-over-year comparison also reflects higher equity market values. The sequential decrease was partially offset by net new business and higher equity market values.
- Performance fees were $44 million in 4Q14 compared with $72 million in 4Q13 and $22 million in 3Q14. The sequential increase was driven by seasonality.
- Other revenue was $7 million in 4Q14 compared with $43 million in 4Q13 and $16 million in 3Q14. Both decreases primarily reflects lower other trading revenue related to losses on hedging activities within a boutique. The year-over-year decrease also reflects lower seed capital gains.
- Net interest revenue increased 1% year-over-year and was unchanged sequentially. The year-over-year increase primarily reflects higher loan and deposit levels. Sequentially, higher loan and deposit levels were partially offset by lower deposit spreads.
    - Average loans increased 14% year-over-year and 3% sequentially; average deposits increased 3% year-over-year and 6% sequentially.
- Total noninterest expense (excluding amortization of intangible assets and the charge (recovery) related to investment management funds, net of incentives) decreased 5% year-over-year and 1% sequentially. Both decreases reflect the favorable impact of a stronger U.S. dollar. The year-over-year decrease also reflects lower incentive and distribution and servicing expenses. The sequential decrease was partially offset by higher incentive expense driven by seasonally higher performance fees.
- 44% non-U.S. revenue in 4Q14 vs. 47% in 4Q13.
- Insight Investment was named European Fixed Income Manager of the Year at the 2014 Professional Pensions Investment Awards and winner of Strategy & Tactics: Liability-Driven Investing at the 2014 aiCIO Awards. The Boston Company's U.S. Small Cap Opportunistic Equity Strategy was winner of the "Best of the Best" 10 Year Performance Award by *Asia Asset Management*.

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.

(dollar amounts in millions, unless otherwise noted)	4Q13	1Q14	2Q14	3Q14	**4Q14**		**4Q14 vs. 4Q13**	**4Q14 vs. 3Q14**
Revenue:								
Investment services fees:								
Asset servicing	$ 957	$ 985	$ 993	$ 998	**$ 992**		**4 %**	**(1)%**
Clearing services	322	323	324	336	**346**		**7**	**3**
Issuer services	236	228	231	314	**193**		**(18)**	**(39)**
Treasury services	137	134	140	139	**142**		**4**	**2**
Total investment services fees	1,652	1,670	1,688	1,787	**1,673**		**1**	**(6)**
Foreign exchange and other trading revenue	150	158	145	159	**165**		**10**	**4**
Other *(a)*	58	59	87	59	**69**		**19**	**17**
Total fee and other revenue *(a)*	1,860	1,887	1,920	2,005	**1,907**		**3**	**(5)**
Net interest revenue	610	590	593	583	**574**		**(6)**	**(2)**
Total revenue	2,470	2,477	2,513	2,588	**2,481**		**—**	**(4)**
Noninterest expense (ex. amortization of intangible assets)	1,822	1,778	1,824	1,835	**1,828**		**—**	**—**
Income before taxes (ex. amortization of intangible assets)	648	699	689	753	**653**		**1**	**(13)**
Amortization of intangible assets	47	44	44	44	**43**		**(9)**	**(2)**
Income before taxes	$ 601	$ 655	$ 645	$ 709	**$ 610**		**1 %**	**(14)%**
Pre-tax operating margin	24%	26%	26%	27%	**25%**			
Pre-tax operating margin (ex. amortization of intangible assets)	26%	28%	27%	29%	**26%**			
Investment services fees as a percentage of noninterest expense *(b)*	90%	93%	93%	100%	**92%**			
Securities lending revenue	$ 21	$ 30	$ 35	$ 27	**$ 28**		**33 %**	**4 %**
Metrics:								
Average loans	$ 31,211	$ 31,468	$ 33,115	$ 33,785	**$ 35,448**		**14 %**	**5 %**
Average deposits	$ 216,216	$ 214,947	$ 220,701	$ 221,734	**$ 228,282**		**6 %**	**3 %**
AUC/A at period end *(in trillions) (c)*	$ 27.6	$ 27.9	$ 28.5	$ 28.3	**$ 28.5**	*(d)*	**3 %**	**1 %**
Market value of securities on loan at period end *(in billions) (e)*	$ 235	$ 264	$ 280	$ 282	**$ 289**		**23 %**	**2 %**
Asset servicing:								
Estimated new business wins (AUC/A) *(in billions)*	$ 123	$ 161	$ 130	$ 115	**$ 130**	*(d)*		
Depositary Receipts:								
Number of sponsored programs	1,335	1,332	1,316	1,302	**1,279**		**(4)%**	**(2)%**
Clearing services:								
Global DARTS volume *(in thousands)*	213	230	207	209	**242**		**14 %**	**16 %**
Average active clearing accounts (U.S. platform) *(in thousands)*	5,643	5,695	5,752	5,805	**5,900**		**5 %**	**2 %**
Average long-term mutual fund assets (U.S. platform)	$ 401,434	$ 413,658	$ 433,047	$ 442,827	**$ 450,305**		**12 %**	**2 %**
Average investor margin loans (U.S. platform)	$ 8,848	$ 8,919	$ 9,236	$ 9,861	**$ 10,711**		**21 %**	**9 %**
Broker-Dealer:								
Average tri-party repo balances *(in billions)*	$ 2,005	$ 1,983	$ 2,022	$ 2,063	**$ 2,101**		**5 %**	**2 %**

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

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

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

(d) Preliminary.

(e) Represents the total amount of securities on loan managed by the Investment Services business. Excludes securities for which BNY Mellon acts as agent, beginning in the fourth quarter of 2013, on behalf of CIBC Mellon clients, which totaled $62 billion at Dec. 31, 2013, $66 billion at March 31, 2014, $64 billion at June 30, 2014, and $65 billion at Sept. 30, 2014 and Dec. 31, 2014.

INVESTMENT SERVICES KEY POINTS

- Investment services fees totaled $1.7 billion, an increase of 1% year-over-year and a decrease of 6% sequentially.

  - Asset servicing fees (global custody, broker-dealer services and global collateral services) were $992 million in 4Q14 compared with $957 million in 4Q13 and $998 million in 3Q14. The year-over-year increase primarily reflects organic growth and net new business, partially offset by the unfavorable impact of a stronger U.S. dollar. The sequential decrease primarily reflects the unfavorable impact of a stronger U.S. dollar, partially offset by net new business.

    -- Estimated new business wins (AUC/A) in Asset Servicing of $130 billion in 4Q14.

  - Clearing services fees were $346 million in 4Q14 compared with $322 million in 4Q13 and $336 million in 3Q14. Both increases were driven by higher clearance revenue reflecting higher DARTS volume. The year-over-year increase also reflects higher mutual fund and asset-based fees.

  - Issuer services fees (Corporate Trust and Depositary Receipts) were $193 million in 4Q14 compared with $236 million in 4Q13 and $314 million in 3Q14. The year-over-year decrease reflects lower corporate actions and dividend fees in Depositary Receipts. The sequential decrease is primarily due to seasonality in Depositary Receipts, partially offset by higher Corporate Trust fees.

  - Treasury services fees were $142 million in 4Q14 compared with $137 million in 4Q13 and $139 million in 3Q14. Both increases primarily reflect higher payment volumes.

- Foreign exchange and other trading revenue was $165 million in 4Q14 compared with $150 million in 4Q13 and $159 million in 3Q14. Both increases primarily reflect higher volume and volatility, partially offset by lower Depositary Receipts-related activity.

- Net interest revenue was $574 million in 4Q14 compared with $610 million in 4Q13 and $583 million in 3Q14. Both decreases primarily reflects lower yields, partially offset by higher average loans and deposits.

- Noninterest expense (excluding amortization of intangible assets) was $1.828 billion in 4Q14 compared with $1.822 billion in 4Q13 and $1.835 billion in 3Q14. Both comparisons primarily reflect higher professional, legal and other purchased services expense, primarily driven by increased expenses related to the implementation of strategic platforms, partially offset by lower staff expense and the favorable impact of a stronger U.S. dollar. The year-over-year increase also reflects higher litigation expense offset by efficiency initiatives. The sequential decrease also reflects lower litigation expense.

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

(dollars in millions)	4Q13	1Q14	2Q14	3Q14	**4Q14**
Revenue:					
Fee and other revenue	$ (20)	$ 112	$ 119	$ 928	**$ 117**
Net interest revenue	83	68	60	69	**69**
Total revenue	63	180	179	997	**186**
Provision for credit losses	6	(18)	(12)	(19)	**1**
Noninterest expense (ex. M&I and restructuring charges)	200	193	93	274	**123**
Income (loss) before taxes (ex. M&I and restructuring charges)	(143)	5	98	742	**62**
M&I and restructuring charges	13	—	120	57	**—**
Income (loss) before taxes	$ (156)	$ 5	$ (22)	$ 685	**$ 62**
Average loans and leases	$ 9,802	$ 10,104	$ 9,962	$ 10,278	**$ 10,272**

KEY POINTS

- Total fee and other revenue increased $137 million compared with 4Q13 and decreased $811 million compared with 3Q14. The year-over-year increase primarily reflects the loss related to an equity investment recorded in 4Q13. The sequential decrease primarily reflects the gain on the sale of our investment in Wing Hang Bank and the gain on the sale of the One Wall Street building both recorded in 3Q14.

- Noninterest expense (excluding M&I and restructuring charges) decreased $77 million compared with 4Q13 and $151 million compared with 3Q14. Both decreases primarily reflect lower staff expenses. The sequential decrease also reflects lower litigation expense, partially offset by higher professional, legal and other purchased services.

THE BANK OF NEW YORK MELLON CORPORATION
Condensed Consolidated Income Statement

	Quarter ended			Year-to-date	
(in millions)	**Dec. 31, 2014**	Sept. 30, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Fee and other revenue					
Investment services fees:					
Asset servicing	**$ 1,019**	$ 1,025	$ 984	**$ 4,075**	$ 3,905
Clearing services	**347**	337	324	**1,335**	1,264
Issuer services	**193**	315	237	**968**	1,090
Treasury services	**145**	142	137	**564**	554
Total investment services fees	**1,704**	1,819	1,682	**6,942**	6,813
Investment management and performance fees	**885**	881	904	**3,492**	3,395
Foreign exchange and other trading revenue	**151**	153	146	**570**	674
Distribution and servicing	**43**	44	43	**173**	180
Financing-related fees	**43**	44	43	**169**	172
Investment and other income *(a)*	**78**	890	(43)	**1,212**	481
Total fee revenue *(a)*	**2,904**	3,831	2,775	**12,558**	11,715
Net securities gains	**31**	20	39	**91**	141
Total fee and other revenue *(a)*	**2,935**	3,851	2,814	**12,649**	11,856
Operations of consolidated investment management funds					
Investment income	**101**	123	109	**503**	548
Interest of investment management fund note holders	**59**	84	73	**340**	365
Income from consolidated investment management funds	**42**	39	36	**163**	183
Net interest revenue					
Interest revenue	**802**	809	846	**3,234**	3,352
Interest expense	**90**	88	85	**354**	343
Net interest revenue	**712**	721	761	**2,880**	3,009
Provision for credit losses	**1**	(19)	6	**(48)**	(35)
Net interest revenue after provision for credit losses	**711**	740	755	**2,928**	3,044
Noninterest expense					
Staff	**1,418**	1,477	1,522	**5,845**	6,019
Professional, legal and other purchased services	**390**	323	344	**1,339**	1,252
Software and equipment	**235**	234	241	**942**	933
Net occupancy	**150**	154	154	**610**	629
Distribution and servicing	**102**	107	110	**428**	435
Sub-custodian	**70**	67	68	**286**	280
Business development	**75**	61	96	**268**	317
Other	**211**	250	258	**1,031**	1,029
Amortization of intangible assets	**73**	75	82	**298**	342
Merger and integration, litigation and restructuring charges	**21**	220	2	**351**	70
Total noninterest expense	**2,745**	2,968	2,877	**11,398**	11,306
Income					
Income before income taxes *(a)*	**943**	1,662	728	**4,342**	3,777
Provision for income taxes *(a)*	**88**	556	172	**1,093**	1,592
Net income *(a)*	**855**	1,106	556	**3,249**	2,185
Net (income) attributable to noncontrolling interests (includes $(24), $(23), $(17), $(84) and $(80) related to consolidated investment management funds, respectively)	**(24)**	(23)	(17)	**(84)**	(81)
Net income applicable to shareholders of The Bank of New York Mellon Corporation *(a)*	**831**	1,083	539	**3,165**	2,104
Preferred stock dividends	**(24)**	(13)	(26)	**(73)**	(64)
Net income applicable to common shareholders of The Bank of New York Mellon Corporation *(a)*	**$ 807**	$ 1,070	$ 513	**$ 3,092**	$ 2,040

(a) *Results for the full-year 2013 were restated to reflect the retrospective application of adopting new accounting guidance in the first quarter of 2014 related to our investments in qualified affordable housing projects (ASU 2014-01). See page 23 for additional information.*

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

Net income applicable to common shareholders of The Bank of New York Mellon Corporation used for the earnings per share calculation *(in millions)*	Quarter ended			Year-to-date	
	Dec. 31, 2014	Sept. 30, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Net income applicable to common shareholders of The Bank of New York Mellon Corporation *(a)*	**$ 807**	$ 1,070	$ 513	**$ 3,092**	$ 2,040
Less: Earnings allocated to participating securities *(a)*	**14**	20	10	**54**	37
Change in the excess of redeemable value over the fair value of noncontrolling interests	**N/A**	N/A	—	**N/A**	1
Net income applicable to the common shareholders of The Bank of New York Mellon Corporation after required adjustments for the calculation of basic and diluted earnings per common share *(a)*	**$ 793**	$ 1,050	$ 503	**$ 3,038**	$ 2,002

(a) Results for the full-year 2013 were restated to reflect the retrospective application of adopting new accounting guidance in the first quarter of 2014 related to our investments in qualified affordable housing projects (ASU 2014-01). See page 23 for additional information.

N/A – Not applicable.

Average common shares and equivalents outstanding of The Bank of New York Mellon Corporation *(in thousands)*	Quarter ended			Year-to-date	
	Dec. 31, 2014	Sept. 30, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Basic	**1,120,672**	1,126,946	1,142,861	**1,129,897**	1,150,689
Diluted	**1,129,040**	1,134,871	1,147,961	**1,137,480**	1,154,441

Earnings per share applicable to the common shareholders of The Bank of New York Mellon Corporation *(a)* *(in dollars)*	Quarter ended			Year-to-date	
	Dec. 31, 2014	Sept. 30, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Basic	**$ 0.71**	$ 0.93	$ 0.44	**$ 2.69**	$ 1.74
Diluted	**$ 0.70**	$ 0.93	$ 0.44	**$ 2.67**	$ 1.73

(a) Results for the full-year 2013 were restated to reflect the retrospective application of adopting new accounting guidance in the first quarter of 2014 related to our investments in qualified affordable housing projects (ASU 2014-01). See page 23 for additional information.

THE BANK OF NEW YORK MELLON CORPORATION
Consolidated Balance Sheet

(dollars in millions, except per share amounts)	**Dec. 31, 2014**	Sept. 30, 2014	Dec. 31, 2013
Assets			
Cash and due from:			
Banks	**$ 6,970**	$ 6,410	$ 6,460
Interest-bearing deposits with the Federal Reserve and other central banks	**96,682**	92,317	104,359
Interest-bearing deposits with banks	**19,495**	30,341	35,300
Federal funds sold and securities purchased under resale agreements	**20,302**	17,375	9,161
Securities:			
Held-to-maturity (fair value of $21,127, $20,167 and $19,443)	**20,933**	20,137	19,743
Available-for-sale	**98,330**	95,559	79,309
Total securities	**119,263**	115,696	99,052
Trading assets	**9,881**	11,613	12,098
Loans	**59,132**	57,527	51,657
Allowance for loan losses	**(191)**	(191)	(210)
Net loans	**58,941**	57,336	51,447
Premises and equipment	**1,394**	1,351	1,655
Accrued interest receivable	**607**	565	621
Goodwill	**17,869**	17,992	18,073
Intangible assets	**4,127**	4,215	4,452
Other assets	**20,490**	21,523	20,566
Subtotal assets of operations	**376,021**	376,734	363,244
Assets of consolidated investment management funds, at fair value:			
Trading assets	**8,678**	8,823	10,397
Other assets	**604**	739	875
Subtotal assets of consolidated investment management funds, at fair value	**9,282**	9,562	11,272
Total assets	**$ 385,303**	$ 386,296	$ 374,516
Liabilities			
Deposits:			
Noninterest-bearing (principally U.S. offices)	**$ 104,240**	$ 101,105	$ 95,475
Interest-bearing deposits in U.S. offices	**53,236**	56,740	56,640
Interest-bearing deposits in Non-U.S. offices	**108,393**	107,051	109,014
Total deposits	**265,869**	264,896	261,129
Federal funds purchased and securities sold under repurchase agreements	**11,469**	9,687	9,648
Trading liabilities	**7,434**	7,734	6,945
Payables to customers and broker-dealers	**21,181**	20,155	15,707
Commercial paper	**—**	—	96
Other borrowed funds	**786**	852	663
Accrued taxes and other expenses	**6,305**	6,482	6,996
Other liabilities (includes allowance for lending-related commitments of $89, $97 and $134)	**5,025**	7,169	4,827
Long-term debt	**20,264**	21,583	19,864
Subtotal liabilities of operations	**338,333**	338,558	325,875
Liabilities of consolidated investment management funds, at fair value:			
Trading liabilities	**7,660**	8,130	10,085
Other liabilities	**9**	10	46
Subtotal liabilities of consolidated investment management funds, at fair value	**7,669**	8,140	10,131
Total liabilities	**346,002**	346,698	336,006
Temporary equity			
Redeemable noncontrolling interests	**229**	246	230
Permanent equity			
Preferred stock – par value $0.01 per share; authorized 100,000,000 shares; issued 15,826, 15,826 and 15,826 shares	**1,562**	1,562	1,562
Common stock – par value $0.01 per share; authorized 3,500,000,000 shares; issued 1,290,222,821, 1,286,670,537 and 1,268,036,220 shares	**13**	13	13
Additional paid-in capital	**24,626**	24,499	24,002
Retained earnings	**18,281**	17,670	15,952
Accumulated other comprehensive loss, net of tax	**(1,634)**	(916)	(892)
Less: Treasury stock of 171,995,262, 160,960,855 and 125,786,430 common shares, at cost	**(4,809)**	(4,377)	(3,140)
Total The Bank of New York Mellon Corporation shareholders' equity	**38,039**	38,451	37,497
Nonredeemable noncontrolling interests of consolidated investment management funds	**1,033**	901	783
Total permanent equity	**39,072**	39,352	38,280
Total liabilities, temporary equity and permanent equity	**$ 385,303**	$ 386,296	$ 374,516

Impact of Adopting New Accounting Guidance

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

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

Earnings per share applicable to the common shareholders of The Bank of New York Mellon Corporation	As previously reported		As revised	
(in dollars)	4Q13	YTD13	4Q13	YTD13
Basic	$ 0.44	$ 1.75	$ 0.44	$ 1.74
Diluted	$ 0.44	$ 1.74	$ 0.44	$ 1.73

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

Income statement	As previously reported		Adjustments		As revised	
(in millions)	4Q13	YTD13	4Q13	YTD13	4Q13	YTD13
Investment and other income (loss)	$ (60)	$ 416	$ 17	$ 65	$ (43)	$ 481
Total fee revenue	2,758	11,650	17	65	2,775	11,715
Total fee and other revenue	2,797	11,791	17	65	2,814	11,856
Income before income taxes	711	3,712	17	65	728	3,777
Provision for income taxes	155	1,520	17	72	172	1,592
Net income (loss)	556	2,192	—	(7)	556	2,185
Net income (loss) applicable to shareholders of The Bank of New York Mellon Corporation	539	2,111	—	(7)	539	2,104
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	513	2,047	—	(7)	513	2,040

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, Basel I CET1 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, the ratio of Basel I CET1 to risk-weighted assets and the ratio of tangible common shareholders' equity to tangible assets of operations are measures of capital strength that provide additional useful information to investors, supplementing the capital ratios which are, or were, utilized by regulatory authorities. The tangible common shareholders' equity ratio includes changes in investment securities valuations which are reflected in total shareholders' equity. In addition, this ratio is expressed as a percentage of the actual book value of assets, as opposed to a percentage of a risk-based reduced value established in accordance with regulatory requirements, although BNY Mellon in its 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 share, which it believes provides additional useful information as to the level of such assets in relation to shares of common stock outstanding.

BNY Mellon has presented revenue measures which exclude the effect of noncontrolling interests related to consolidated investment management funds, a gain on the sale of our investment in Wing Hang Bank, a gain on the sale of the One Wall Street building, and a loss related to an equity investment; and expense measures which exclude M&I expenses, litigation charges, restructuring charges, amortization of intangible assets and the charge (recovery) related to investment management funds, net of incentives. Earnings per share, return on equity measures and operating margin measures, which exclude some or all of these items, are also presented. Earnings per share and return on equity measures also exclude the tax benefit primarily related to a tax carryback claim and the net charge related to the disallowance of certain foreign tax credits. 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 ongoing charges as a result of prior transactions or where we have incurred charges. M&I expenses primarily relate to acquisitions and generally continue for approximately three years after the transaction. M&I expenses can vary on a year-to-year basis depending on the stage of the integration. BNY Mellon believes that the exclusion of M&I expenses provides investors with a focus on BNY Mellon's business as it would appear on a consolidated going-forward basis, after such M&I expenses have ceased. Future periods will not reflect such M&I expenses, and thus may be more easily compared to our current results if M&I expenses are excluded. Litigation charges represent accruals for loss contingencies that are both probable and reasonably estimable, but exclude standard business-related legal fees. Restructuring charges relate to our streamlining actions, Operational Excellence Initiatives and migrating positions to Global Delivery Centers. Excluding these charges permits investors to view expenses on a basis consistent with how management views the business.

The presentation of income from consolidated investment management funds, net of net income attributable to noncontrolling interests related to the consolidation of certain investment management funds permits investors to view revenue on a basis consistent with 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 tables present the reconciliation of net income and diluted earnings per common share.

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP	4Q13		3Q14		**4Q14**	
(in millions, except per common share amounts)	Net income	Diluted EPS	Net income	Diluted EPS	**Net income**	**Diluted EPS**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	$ 513	$ 0.44	$ 1,070	$ 0.93	**$ 807**	**$ 0.70**
Less: Gain on the sale of our investment in Wing Hang Bank	—	—	315	0.27	**—**	**—**
Gain on the sale of the One Wall Street building	—	—	204	0.18	**—**	**—**
Benefit primarily related to a tax carryback claim	—	—	—	—	**150**	**0.13**
Add: Litigation and restructuring charges	1	—	183	0.16	**10**	**0.01**
Loss related to an equity investment	115	0.10	—	—	**—**	**—**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	$ 629	$ 0.54	$ 734	$ 0.64	**$ 667**	**$ 0.58**

Reconciliation of net income and diluted EPS – GAAP to Non-GAAP	YTD13		**YTD14**	
(in millions, except per common share amounts)	Net income	Diluted EPS	**Net income**	**Diluted EPS**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	$ 2,040	$ 1.73	**$ 3,092**	**$ 2.67**
Less: Gain on the sale of our investment in Wing Hang Bank	—	—	**315**	**0.27**
Gain on the sale of the One Wall Street building	—	—	**204**	**0.18**
Benefit primarily related to a tax carryback claim	—	—	**150**	**0.13**
Add: Litigation and restructuring charges	45	0.04	**262**	**0.23**
Charge related to investment management funds, net of incentives	9	0.01	**81**	**0.07**
Net charge related to the disallowance of certain foreign tax credits	593	0.50	**—**	**—**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – Non-GAAP	$ 2,687	$ 2.28	**$ 2,766**	**$ 2.39**

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

Reconciliation of income before income taxes – pre-tax operating margin *(dollars in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**
Income before income taxes – GAAP	$ 728	$ 926	$ 811	$ 1,662	**$ 943**
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	17	20	17	23	**24**
Gain on the sale of our investment in Wing Hang Bank	—	—	—	490	**—**
Gain on the sale of the One Wall Street building	—	—	—	346	**—**
Add: Amortization of intangible assets	82	75	75	75	**73**
M&I, litigation and restructuring charges	2	(12)	122	220	**21**
Charge (recovery) related to investment management funds, net of incentives	—	(5)	109	—	**—**
Loss related to an equity investment	175	—	—	—	**—**
Income before income taxes, as adjusted – Non-GAAP *(b)*	$ 970	$ 964	$ 1,100	$ 1,098	**$ 1,013**
Fee and other revenue – GAAP	$ 2,814	$ 2,883	$ 2,980	$ 3,851	**$ 2,935**
Income from consolidated investment management funds – GAAP	36	36	46	39	**42**
Net interest revenue – GAAP	761	728	719	721	**712**
Total revenue – GAAP	3,611	3,647	3,745	4,611	**3,689**
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	17	20	17	23	**24**
Gain on the sale of our investment in Wing Hang Bank	—	—	—	490	**—**
Gain on the sale of the One Wall Street building	—	—	—	346	**—**
Add: Loss related to an equity investment	175	—	—	—	**—**
Total revenue, as adjusted – Non-GAAP *(b)*	$ 3,769	$ 3,627	$ 3,728	$ 3,752	**$ 3,665**
Pre-tax operating margin *(a)*	20%	25%	22%	36%	**26%**
Pre-tax operating margin – Non-GAAP *(a)(b)*	26%	27%	30%	29%	**28%**

(a) Income before taxes divided by total revenue.

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

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

Return on common equity and tangible common equity *(dollars in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**	**YTD14**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	$ 513	$ 661	$ 554	$ 1,070	**$ 807**	**$ 3,092**
Add: Amortization of intangible assets, net of tax	53	49	49	49	**47**	**194**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation excluding amortization of intangible assets – Non-GAAP	566	710	603	1,119	**854**	**3,286**
Less: Gain on the sale of our investment in Wing Hang Bank	—	—	—	315	**—**	**315**
Gain on the sale of the One Wall Street building	—	—	—	204	**—**	**204**
Benefit primarily related to a tax carryback claim	—	—	—	—	**150**	**150**
Add: M&I, litigation and restructuring charges	1	(7)	76	183	**10**	**262**
Charge (recovery) related to investment management funds, net of incentives	—	(4)	85	—	**—**	**81**
Loss on an equity investment	115	—	—	—	**—**	**—**
Net income applicable to common shareholders of The Bank of New York Mellon Corporation, as adjusted – Non-GAAP *(b)*	$ 682	$ 699	$ 764	$ 783	**$ 714**	**$ 2,960**
Average common shareholders' equity	$ 35,698	$ 36,289	$ 36,565	$ 36,751	**$36,872**	**$36,621**
Less: Average goodwill	18,026	18,072	18,149	18,109	**17,924**	**18,063**
Average intangible assets	4,491	4,422	4,354	4,274	**4,174**	**4,305**
Add: Deferred tax liability – tax deductible goodwill *(a)*	1,302	1,306	1,338	1,317	**1,340**	**1,340**
Deferred tax liability – intangible assets *(a)*	1,222	1,259	1,247	1,230	**1,216**	**1,216**
Average tangible common shareholders' equity – Non-GAAP	$ 15,705	$ 16,360	$ 16,647	$ 16,915	**$17,330**	**$16,809**
Return on common equity – GAAP *(c)*	5.7%	7.4%	6.1%	11.6%	**8.7%**	**8.4%**
Return on common equity – Non-GAAP *(b)(c)*	7.6%	7.8%	8.4%	8.5%	**7.7%**	**8.1%**
Return on tangible common equity – Non-GAAP *(b)(c)*	14.3%	17.6%	14.5%	26.2%	**19.5%**	**19.5%**
Return on tangible common equity – Non-GAAP adjusted *(b)(c)*	17.2%	17.3%	18.4%	18.4%	**16.3%**	**17.6%**

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

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

(c) Annualized.

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

Equity to assets and book value per common share *(dollars in millions, unless otherwise noted)*	Dec. 31, 2013	Sept. 30, 2014	**Dec. 31, 2014**
BNY Mellon shareholders' equity at period end – GAAP	$ 37,497	$ 38,451	**$ 38,039**
Less: Preferred stock	1,562	1,562	**1,562**
BNY Mellon common shareholders' equity at period end – GAAP	35,935	36,889	**36,477**
Less: Goodwill	18,073	17,992	**17,869**
Intangible assets	4,452	4,215	**4,127**
Add: Deferred tax liability – tax deductible goodwill *(a)*	1,302	1,317	**1,340**
Deferred tax liability – intangible assets *(a)*	1,222	1,230	**1,216**
BNY Mellon tangible common shareholders' equity at period end – Non-GAAP	$ 15,934	$ 17,229	**$ 17,037**
Total assets at period end – GAAP	$ 374,516	$ 386,296	**$ 385,303**
Less: Assets of consolidated investment management funds	11,272	9,562	**9,282**
Subtotal assets of operations – Non-GAAP	363,244	376,734	**376,021**
Less: Goodwill	18,073	17,992	**17,869**
Intangible assets	4,452	4,215	**4,127**
Cash on deposit with the Federal Reserve and other central banks *(b)*	105,384	90,978	**99,901**
Tangible total assets of operations at period end – Non-GAAP	$ 235,335	$ 263,549	**$ 254,124**
BNY Mellon shareholders' equity to total assets – GAAP	10.0%	10.0%	**9.9%**
BNY Mellon common shareholders' equity to total assets – GAAP	9.6%	9.5%	**9.5%**
BNY Mellon tangible common shareholders' equity to tangible assets of operations – Non-GAAP	6.8%	6.5%	**6.7%**
Period-end common shares outstanding *(in thousands)*	1,142,250	1,125,710	**1,118,228**
Book value per common share – GAAP	$ 31.46	$ 32.77	**$ 32.62**
Tangible book value per common share – Non-GAAP	$ 13.95	$ 15.30	**$ 15.23**

(a) Deferred tax liabilities are based on fully phased-in Basel III rules. The quarters of 2014 include deferred tax liabilities on tax deductible intangible assets permitted under Basel III rules.
(b) Assigned a zero percent risk-weighting by the regulators.

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

Income from consolidated investment management funds, net of noncontrolling interests *(in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**
Income from consolidated investment management funds	$ 36	$ 36	$ 46	$ 39	**$ 42**
Less: Net income attributable to noncontrolling interests of consolidated investment management funds	17	20	17	23	**24**
Income from consolidated investment management funds, net of noncontrolling interests	$ 19	$ 16	$ 29	$ 16	**$ 18**

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

Income from consolidated investment management funds, net of noncontrolling interests *(in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**
Investment management fees	$ 20	$ 18	$ 18	$ 15	**$ 15**
Other (Investment income)	(1)	(2)	11	1	**3**
Income from consolidated investment management funds, net of controlling interests	$ 19	$ 16	$ 29	$ 16	**$ 18**

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

Pre-tax operating margin - Investment Management business *(dollars in millions)*	4Q13	1Q14	2Q14	3Q14	**4Q14**
Income before income taxes – GAAP	$ 266	$ 246	$ 171	$ 245	**$ 247**
Add: Amortization of intangible assets	35	31	31	31	**30**
Money market fee waivers	33	35	28	29	**34**
Charge (recovery) related to investment management funds, net of incentives	—	(5)	109	—	**—**
Income before income taxes excluding amortization of intangible assets, money market fee waivers and the charge (recovery) related to investment management funds, net of incentives – Non-GAAP	$ 334	$ 307	$ 339	$ 305	**$ 311**
Total revenue – GAAP	$ 1,061	$ 970	$ 1,036	$ 1,003	**$ 998**
Less: Distribution and servicing expense	108	106	111	105	**102**
Money market fee waivers benefiting distribution and servicing expense	38	38	37	38	**36**
Add: Money market fee waivers impacting total revenue	71	73	65	67	**70**
Total revenue net of distribution and servicing expense and excluding money market fee waivers – Non-GAAP	$ 986	$ 899	$ 953	$ 927	**$ 930**
Pre-tax operating margin *(a)*	25%	25%	16%	24%	**25%**
Pre-tax operating margin excluding amortization of intangible assets, money market fee waivers, the charge (recovery) related to investment management funds, net of incentives and net of distribution and servicing expense – Non-GAAP *(a)*	34%	34%	36%	33%	**33%**

(a) Income before taxes divided by total revenue.

Capital Ratios

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 Final Capital Rules, which are being gradually phased-in over a multi-year period, as supplemented by the Federal Reserve's final rules concerning the SLR published on Sept. 3, 2014, 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. The estimated fully phased-in Basel III CET1 and other risk-based capital ratios assume all relevant regulatory approvals. The Final Capital Rules require approval by banking regulators of certain models used as part of risk-weighted asset calculations. If these models are not approved, the estimated fully phased-in Basel III CET1 and other risk-based capital ratios would likely be adversely impacted.

Risk-weighted assets at Sept. 30, 2014 and Dec. 31, 2014 for credit risk under the transitional Advanced Approach do not reflect the use of a simple value-at-risk methodology for repo-style transactions (including agented indemnified securities lending transactions), eligible margin loans, and similar transactions. BNY Mellon has requested written approval to use this methodology.

Our capital 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 risk-weighted asset 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 ratios remain subject to ongoing review and revision and may change based on these factors.

The following are the primary differences between risk-weighted assets determined under fully phased-in Basel III-Standardized Approach and Basel I. Credit risk is determined under Basel I using predetermined risk-weights and asset classes and relies in part on the use of external credit ratings. Under fully phased-in Basel III, the Standardized Approach uses a broader range of predetermined risk-weights and asset classes and certain alternatives to external credit ratings. Securitization exposure receives a higher risk-weighting under fully phased-in Basel III than Basel I, and fully phased-in Basel III includes additional adjustments for market risk, counterparty credit risk and equity exposures. Additionally, the Standardized Approach eliminates the use of the VaR approach, whereas the Advanced Approach permits the VaR approach but requires certain model qualifications and approvals, for determining risk-weighted assets on certain repo-style transactions. In 2014, Standardized Approach and Advanced Approach risk-weighted assets include transitional adjustments for intangible assets, other than goodwill, and equity exposure.

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

Estimated fully phased-in Basel III CET1 ratio – Non-GAAP *(a)* *(dollars in millions)*	Dec. 31, 2013	Sept. 30, 2014	**Dec. 31, 2014**
Total Tier 1 capital *(b)*	$ 18,335	$ 21,015	**$ 21,100**
Adjustments to determine estimated fully phased-in Basel III CET1:			
Deferred tax liability – tax deductible intangible assets	70	—	**—**
Intangible deduction	—	(2,388)	**(2,329)**
Preferred stock	(1,562)	(1,562)	**(1,562)**
Trust preferred securities	(330)	(162)	**(156)**
Other comprehensive income (loss) and net pension fund assets:			
Securities available-for-sale	387	578	**594**
Pension liabilities	(900)	(675)	**(1,041)**
Net pension fund assets	(713)	—	**—**
Total other comprehensive income (loss) and net pension fund assets	(1,226)	(97)	**(447)**
Equity method investments	(445)	(92)	**(87)**
Deferred tax assets	(49)	—	**—**
Other	17	6	**10**
Total estimated fully phased-in Basel III CET1 – Non-GAAP	$ 14,810	$ 16,720	**$ 16,529**
Under the Standardized Approach:			
Estimated fully phased-in Basel III risk-weighted assets – Non-GAAP	$ 139,865	$ 154,272	**$ 152,512**
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP *(c)*	10.6%	10.8%	**10.8%**
Under the Advanced Approach:			
Estimated fully phased-in Basel III risk-weighted assets – Non-GAAP	$ 130,849	$ 164,088	**$ 162,030**
Estimated fully phased-in Basel III CET1 ratio – Non-GAAP *(c)*	11.3%	10.2%	**10.2%**

(a) Dec. 31, 2014 information is preliminary.
(b) Tier 1 capital at Dec. 31, 2013 is based on Basel I rules. Tier 1 capital at Sept. 30, 2014 and Dec.31, 2014 are based on Basel III rules, as phased-in.
(c) Risk-based capital ratios at Sept. 30, 2014 and Dec. 31, 2014 include the net impact of including the total consolidated assets of certain consolidated investment management funds in risk-weighted assets. These assets were not included in the Dec. 31, 2013 risk-based ratios.

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

Basel I CET1 ratio *(dollars in millions)*	Dec. 31, 2013
Total Tier 1 capital – Basel I	$ 18,335
Less: Trust preferred securities	330
Preferred stock	1,562
Total CET1 – Basel I	$ 16,443
Total risk-weighted assets – Basel I	$ 113,322
Basel I CET1 ratio – Non-GAAP	14.5%

The following table presents the components of our fully phased-in estimated SLR.

Estimated fully phased-in SLR – Non-GAAP *(a)* *(dollars in millions)*	Sept. 30, 2014	**Dec. 31, 2014**
Total estimated fully phased-in Basel III CET1 – Non-GAAP	$ 16,720	**$ 16,529**
Additional Tier 1 capital	1,556	**1,550**
Total Tier 1 capital	$ 18,276	**$ 18,079**
Total leverage exposure:		
Quarterly average total assets	$ 380,409	**$ 385,232**
Less: Amounts deducted from Tier 1 capital	20,166	**19,947**
Total on-balance sheet assets, as adjusted	360,243	**365,285**
Off-balance sheet exposures:		
Potential future exposure for derivatives contracts (plus certain other items)	11,694	**11,021**
Repo-style transaction exposures included in SLR	—	**—**
Credit-equivalent amount of other off-balance sheet exposures (less SLR exclusions)	21,924	**21,913**
Total off-balance sheet exposures	33,618	**32,934**
Total leverage exposure	$ 393,861	**$ 398,219**
Estimated fully phased-in SLR – Non-GAAP	4.6%	**4.5%**

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

DIVIDENDS

Common – On Jan. 23, 2015, 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 Feb. 13, 2015 to shareholders of record as of the close of business on Feb. 3, 2015.

Preferred – On Jan. 23, 2015, 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 March 2015, in each case, payable on March 20, 2015 to holders of record as of the close of business on March 5, 2015:

- $977.78 per share on the Series A Preferred Stock (equivalent to $9.7778 per Normal Preferred Capital Security of Mellon Capital IV, each representing 1/100th interest in a share of Series A Preferred Stock); and
- $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).

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 Dec. 31, 2014, BNY Mellon had $28.5 trillion in assets under custody and/or administration, and $1.7 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com, or follow us on Twitter @BNYMellon.

SUPPLEMENTAL FINANCIAL INFORMATION

The Quarterly Financial Trends for The Bank of New York Mellon Corporation has been updated through Dec. 31, 2014 and is available at www.bnymellon.com (Investor Relations - Financial Reports).

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 made regarding our ability to execute on strategic priorities and drive further efficiencies and cost savings. These statements may be expressed in a variety of ways, including the use of future or present tense language. These statements and other forward-looking statements contained in other public disclosures of The Bank of New York Mellon Corporation which make reference to the cautionary factors described in this 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, 2013 and BNY Mellon’s other filings with the Securities and Exchange Commission. All forward-looking statements in this Earnings Release speak only as of Jan. 23, 2015, 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.