
From: Richard Kahn [REDACTED]
Sent: Thursday, April 21, 2016 8:35 PM
To: jeffrey E.
Subject: Fwd: BNY Mellon: 1Q16 First Pass: Beat on Lower Expenses

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Begin forwarded message:

From: "/b>"Morgan Stanley" <[REDACTED]>
Subject: "/b>BNY Mellon: 1Q16 First Pass: Beat on Lower Expenses
Date: "/b>April 21, 2016 at 8:43:41 AM =DT
To: "/b><richardkahn12@gmail.com>
Reply-To: "/b><mswmir-cie-feedback@morganstanley.com>

Wealth management

Subscription Notification: April 21

BNY Mellon: 1Q16 First Pass: Beat on Lower Expenses

Betsy L. Graseck, CFA – Morgan Stanley

April 21, 2016 12:42 PM MT

1Q16 Earnings: 3c beat (operating EPS of 0.73 vs. MSe \$0.70 and cons \$0.68) on lower expenses and slightly higher fees. 5c expense beat due to stronger dollar, staff reductions, and business improvement process cost saves. Investors will give more credit to the latter 2 vs. strong dollar; clear that BK is focused on managing towards Investor Day targets in a tough top-line environment. NII 1c light on slightly lower NIM (0.99% vs. MSe 1.00%). Fee income 1c better on higher clearing revs. Credit in-line with lower NCOs but higher reserve build (\$12mn vs. MSe flat). Taxes 1c worse. AUC/AUM up in a challenged market, in-line with Northern Trust report on Tuesday. Inflows in LDI were partially offset by outflows in Equity, Index, and Cash. Expect stock trades up on strong expense management and client asset growth in a tough operating environment. Positives: Fee income beat by 1c on higher clearing revs. 5c expense beat on stronger dollar and cost save initiatives. Negatives: NII 1c lower on slightly lower NIM (0.99% vs. MSe 1.00%). Taxes 1c worse. Key Questions for the Call: Excess deposit runoff and resultant SLR progress, NIM outlook, Blockchain initiatives, Massachusetts settlement from NAV malfunction, asset management boutique expansion plans, plans to manage client AUM ahead of Oct MMF reform, opportunity to return additional capital through 1% de minimis provision, NPR on Single-Counterparty Credit Limits. Call details: Today at 8am eastern. Dial-in: (888) 898-7224; Passcode: 619690.

Click here to see the full report.

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