The Bank of New York Mellon Corp. (BK)

Updated April 18th, 2026, by Josh Arnold

Key Metrics

Current Price:	$135	**5 Year CAGR Estimate:**	11.2%	**Market Cap:**	$93 B
Fair Value Price:	$123	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	04/27/26
% Fair Value:	110%	**5 Year Valuation Multiple Estimate:**	-1.9%	**Dividend Payment Date:**	05/08/26
Dividend Yield:	1.6%	**5 Year Price Target**	$216	**Years Of Dividend Growth:**	15
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Bank of New York Mellon opened its doors in 1784 in the wake of the American Revolution, founded in part by Alexander Hamilton. The bank was the first ever to make a loan to the U.S. government and in the nearly 240 years since, has grown to about $20 billion in annual revenue and a market capitalization of $93 billion. The bank is present in 35 countries around the world and acts as more of an investment manager than a traditional bank. Indeed, BNY Mellon's stated goal is to help its customers manage their assets throughout the investment lifecycle. As such, BNY Mellon's revenue is mostly derived from fees, not traditional interest income.

BNY Mellon posted first quarter earnings on April 16th, 2026, and results were much better than expected on both the top and bottom lines. Earnings came to $2.24 per share, 31 cents ahead of estimates. Revenue was up 13% year-on-year to $5.41 billion, beating estimates by $220 million.

The bank ended with $59.4 trillion in assets under custody and/or administration, and $2.1 trillion in assets under management.

Fee-related revenue was $4.04 billion, up 11% year-over-year, beating estimates for $3.86 billion. Net interest income was $1.37 billion, beating estimates narrowly.

The Securities Services business saw revenue of $2.68 billion, up 17% year-over-year. Market and Wealth Services was 11% higher at $1.89 billion. Investment and Wealth Management was up 6% to $825 million.

The management team authorized a new $10 billion stock buyback program, which would be about 11% of the company's current market value. We have boosted our estimate of earnings-per-share to $8.75 following a strong start to the year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.17	$3.31	$4.21	$4.02	$4.01	$4.18	$4.59	$5.05	$6.03	$7.50	***$8.75***	***$15.42***
DPS	$0.72	$0.86	$1.04	$1.18	$1.24	$1.33	$1.42	$1.58	$1.78	$2.00	***$2.12***	***$3.11***
Shares[1]	1048	1013	1007	901	879	826	808	759	718	688	***670***	***600***

BNY Mellon's earnings-per-share were a bit underwhelming coming out of the financial crisis as they were roughly flat for six years. However, since 2013 BNY Mellon has fixed its efficiency issues, leading to better margins as it is now more prepared to take advantage of revenue increases, evidenced by its eight consecutive quarters of positive operating leverage. To that end, we are forecasting 12% earnings-per-share growth annually moving forward.

BNY Mellon can achieve this growth in a variety of ways. First, revenue continues to grow over time, something we expect to continue, particularly with early 2026 guidance remaining bullish. Its assets under custody and administration continue to grow as well, the result of strong equity markets, which is a key driver of fee income. Its lending business is small but growing and continues to add to top line growth as well. We note that issues with AUM and lending margins tend to move in cycles, so BNY Mellon should see some respite from its headwinds over time. We also see the bank

[1] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

continuing its share repurchases over time, resulting in a meaningful tailwind for earnings-per-share outside of revenue and earnings growth. Finally, we expect margins to continue to improve slightly over time as the bank realizes additional operating leverage from higher revenue outpacing expense growth. Investors would do well to continue to monitor expense growth against revenue growth for signs of margin deterioration. We note that higher equity prices are a direct benefit to BNY's margins, so higher stock market prices should aid earnings for the foreseeable future.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025	2026	2031
Avg. P/E	20.7	16.4	16.9	17.8	17.1	15.5	12.9	15.6	11.9	15.5	***15.4***	***14.0***
Avg. Yld.	1.4%	1.3%	1.3%	1.4%	1.7%	2.2%	2.8%	2.8%	3.5%	1.7%	***1.6%***	***1.4%***

The stock's earnings multiple is now 15.4, just ahead of our estimate of fair value at 14 times earnings. Given this, we see a modest negative impact on total returns in the coming years from the valuation. We expect the dividend yield to return to about 1.4% in the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025	2026	2031
Payout	23%	26%	25%	29%	31%	32%	31%	31%	30%	27%	***24%***	***20%***

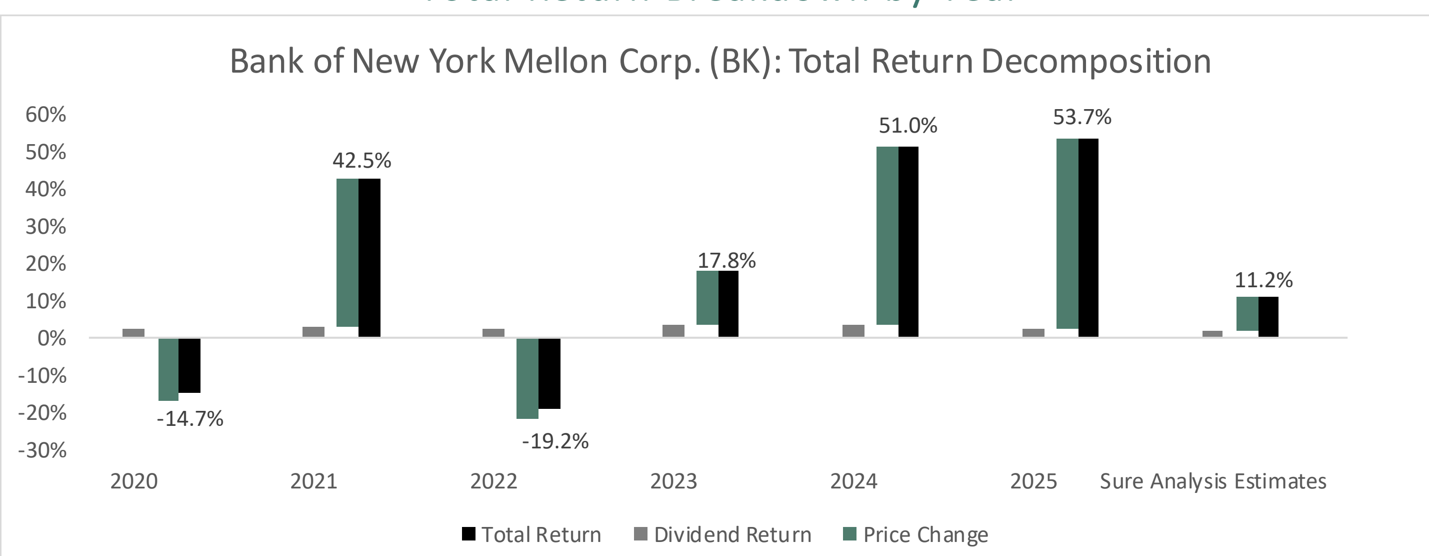
BNY Mellon's dividend is around a quarter of its earnings, consistent with other large bank peers. That means the payout is very safe and we expect it to continue growing in the mid-single digits annually in the years to come, but slower than earnings growth as BNY Mellon favors buybacks.

BNY Mellon's competitive advantage is in its lack of reliance upon lending for revenue. This allows it to perform relatively well during recessions when other banks are struggling. While the company is not immune to downturns, its fee model is more resilient to such conditions than a bank that makes the majority of its revenue from interest income. Indeed, when many banks suffered in 2020, BNY Mellon saw essentially flat earnings year-over-year.

Final Thoughts & Recommendation

Overall, BNY Mellon looks like a modestly overvalued stock with strong growth potential. We are forecasting total annual returns of 11.2% going forward, given a 1.9% headwind from the valuation, 1.6% yield, and 12% earnings growth. We are reiterating our hold rating on the stock after Q1 earnings.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	14,213	14,426	15,295	15,434	15,472	15,633	16,034	17,149	18,258	19,972
SG&A Exp.	6,054	6,262	6,373	6,276	5,966	6,337	6,800	7,095	7,130	---
D&A Exp.	1,502	1,474	1,339	1,315	1,630	1,867	1,636	1,748	1,803	1,852
Net Profit	3,547	4,090	4,266	4,441	3,617	3,759	2,573	3,383	4,530	5,583
Net Margin	25.0%	28.4%	27.9%	28.8%	23.4%	24.0%	16.0%	19.7%	24.8%	28.0%
Free Cash Flow	5,442	3,470	4,888	-1,114	3,816	1,623	13,722	4,692	(782)	5,177
Income Tax	1,177	496	938	1,120	842	877	768	800	1,305	1,475

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	333.5	371.8	362.9	381.5	469.6	444.4	405.8	410.0	416.1	472.3
Cash & Eq. ($B)	77.9	108.8	88.0	114.7	162.1	121.3	107.4	128.6	103.3	121.1
Acc. Receivable	4,628	5,200	4,363	4,426	4,129	4,635	5,782	1,150	1,293	---
Goodwill & Int.	22,365	22,474	22,222	22,083	22,392	22,599	21,311	19,115	19,449	22,296
Total Liab. ($B)	294.0	330.1	322.1	339.9	423.5	401.0	364.9	368.8	374.3	427.5
Long-Term Debt	25,217	34,082	34,329	32,059	26,334	26,680	30,855	31,736	31,380	33,164
Total Equity	35,269	37,709	37,096	37,941	41,260	38,196	35,896	36,628	36,975	39,477
LTD/E Ratio	0.65	0.83	0.84	0.77	0.58	0.62	0.76	0.77	0.76	1.73

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.0%	1.2%	1.2%	1.2%	0.8%	0.8%	0.6%	0.8%	1.1%	1.3%
Return on Equity	10.0%	11.2%	11.4%	11.8%	9.1%	9.5%	6.9%	9.3%	10.9%	12.9%
ROIC	5.7%	5.8%	5.7%	6.0%	4.9%	5.3%	3.6%	4.7%	6.2%	4.9%
Shares Out.	1,048	1,013	1,007	901	892	856	815	788	748	717
Revenue/Share	13.26	13.87	15.19	16.37	17.34	18.26	19.68	21.77	24.41	56.58
FCF/Share	5.08	3.34	4.85	-1.18	4.28	1.90	16.84	5.96	-1.05	7.22

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.