



The Bank of New York Mellon SA/NV  
*The European Bank*

# PILLAR 3 DISCLOSURE

December 31, 2024



## Executive summary

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Attestation Statement

The 31 December 2024 Pillar 3 Disclosure meets the relevant regulatory requirements as described in section 1 of this report and it has been prepared in accordance with the internal policies and controls in place.

As set out in section 4 of this report, the Board of Directors (the 'Board') is responsible for approving policies and procedures as may be required by law or otherwise appropriate and for reviewing The Bank of New York Mellon SA/NV's (our 'European Bank') processes for compliance with applicable laws, regulations and the internal policies including the Code of Conduct.

The disclosure was approved by the Board of the European Bank on 24 April 2025 and signed on its behalf by:



Ashik Jagtiani  
Chief Financial Officer  
Member of the Executive Committee

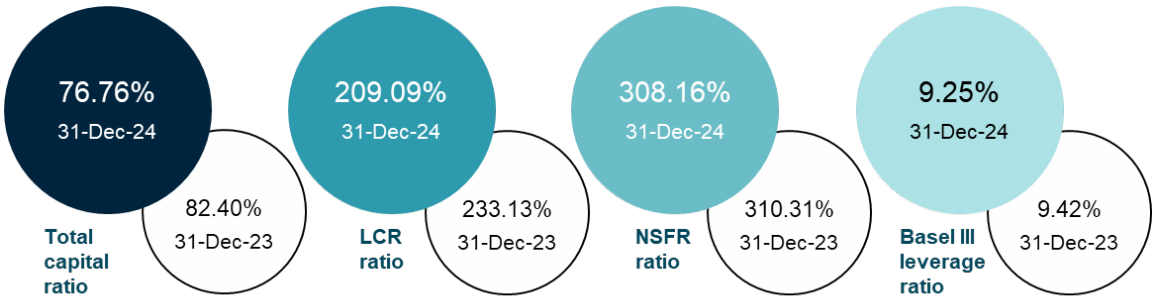
1 Article 431 CRR II - Disclosure requirements and policies

This Pillar 3 disclosure is published for the European Bank, in accordance with the disclosure principles of the National Bank of Belgium<sup>1,2</sup> ('NBB'), the Capital Requirements Directive<sup>3</sup> and the Capital Requirements Regulation<sup>4</sup>, complementing the annual disclosures of the financial statements.

This disclosure is prepared under CRR II and encompasses the European Bank and its branches as at 31 December 2024. Please see page 12 for further information regarding the European Bank's preparations for future disclosures under CRR III. The European Bank considers its risk management arrangements and systems are adequate with regards to its profile and strategy. This disclosure is consistent with formal policies adopted regarding production and validation.

When assessing the appropriateness of these disclosures in the application of Article 431(3) of the Capital Requirements Regulation ('CRR II'), the European Bank has ensured adherence to the principles of clarity, meaningfulness, consistency over time, and comparability across institutions.

The Basel Committee on Banking Supervision ('BCBS') requires these disclosures to be published at the highest level of consolidation. The European Bank does not have any consolidated subsidiaries therefore information is presented at an individual level which includes the key metrics below, please see Table 1: EU KM1 Key metrics template for further details.



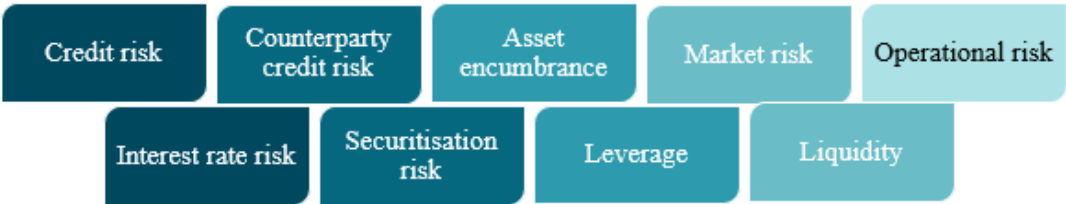
Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level. Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

|                     |   |  |
|---------------------|---|--|
| CET1 ratio          | = | CET1 capital / Pillar 1 RWAs               |
| Tier 1 ratio        | = | Tier 1 capital / Pillar 1 RWAs             |
| Total capital ratio | = | Total capital / Pillar 1 RWAs              |
| Leverage ratio      | = | Tier 1 capital / Leverage exposure measure |

1.1 Purpose of Pillar 3

The aim of the Pillar 3 disclosure is to provide market participants with accurate, comparable and comprehensive information regarding the risk profile of the European Bank. This includes key information on the scope of application, capital, risk-weighted exposures, risk management processes and remuneration, enabling users to better understand and compare its business, its risks and capital adequacy.

To that end, Pillar 3 principles require disclosure of risk management objectives and policies for each of the following categories of risk alongside defined quantitative disclosures:



Where appropriate, the disclosures also include comparatives for the prior periods and an analysis of the more significant movements to provide greater insight into the risk management practices of the European Bank and its risk profile.

<sup>1</sup> NBB Circulars 2015\_25 and 2017\_25: Orientations relatives à la publication d'informations (Pilier III, CRD IV), 3 September 2015 and 2 October 2017.  
<sup>2</sup> NBB Supervisory Disclosure Rules and Guidance: <https://www.nbb.be/en/financial-oversight/prudential-supervision/areas-responsibility/credit-institutions/supervisory-5>  
<sup>3</sup> Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, amending Directive 2013/36/EU.  
<sup>4</sup> Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013.

## 1.2 Article 432 CRR II - Non-material, proprietary or confidential information

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The Board may omit one or more disclosures if the information provided is not regarded as material. The criterion for materiality used in these disclosures is that the European Bank will regard as material any information where omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

Furthermore, the Board may omit one or more disclosures if the information provided is regarded as proprietary or confidential. Information is regarded as proprietary if disclosing it publicly would undermine the European Bank's competitive position or the competitive position of the BNY group. It may include information on products or systems which, if shared with competitors, would render investment in the European Bank or the BNY group less valuable. In such circumstance, the Board will state in its disclosures the fact that specific items of information are not disclosed and the reason for non-disclosure. In addition, it will publish more general information about the subject matter of the disclosure requirement except where this is classified as proprietary or confidential.

Pillar 3 disclosures are prepared solely to meet Pillar 3 disclosure requirements and for no other purpose. These disclosures do not constitute any form of financial statement on the business nor do they constitute any form of contemporary or forward looking record or opinion about the business. The European Bank undertakes no obligation to revise or to update any forward-looking or other statement contained within this report regardless of whether or not those statements are affected as a result of new information or future events.

## 1.3 Article 433/434 CRR II - Frequency, scope and means of disclosures

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Disclosure is made in accordance with the requirements of Article 433a. The European Bank will publish semi-annual disclosures in line with Article 433a(2) and quarterly disclosures in line with Article 433a(3). Annual disclosures will be published on the same date on which the Annual Report and Financial Statements are made public, or as soon as possible thereafter. Quarterly disclosures will be published on the same date as the date on which any financial reports for the corresponding period are published, where applicable, or as soon as possible thereafter. The European Bank will reassess the need to publish some or all of the disclosures, including applicable content, more frequently in light of any significant change to the relevant characteristics of its business including disclosure about capital resources and adequacy, and information about risk exposure and other items prone to rapid change.

Wherever possible and relevant, the Board will ensure consistency between Pillar 3 disclosures, Pillar 1 reporting and ICAAP ('Internal Capital Adequacy Assessment Process') content, e.g. disclosure on risk management practices and capital resources at year-end. Unless indicated otherwise, information contained within the Pillar 3 disclosure has not been subject to external audit.

Due to rounding there may be immaterial variations between Pillar 3 disclosed in millions and supervisory reporting submitted in units.

The European Bank's disclosures and annual report are published on the BNY corporate website which can be accessed using the link below:

[BNY Investor Relations - Pillar 3](#)

See the Additional Country Disclosures section.

## 1.4 Scope of the European Bank

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The Pillar 3 disclosures have been produced for the European Bank on an individual basis, which includes its branches but excludes BNY Mellon AIS Nominees Limited, which is a non-consolidated subsidiary.

The European Bank is a credit institution incorporated in Belgium. It is a subsidiary of The Bank of New York Mellon, a New York banking corporation with trust powers, having its principal office in New York, which is itself a subsidiary of The Bank of New York Mellon Corporation, the ultimate parent company of the BNY Group.

BNY is a global financial services company that helps make money work for the world – managing it, moving it and keeping it safe. For 240 years BNY has partnered alongside clients, putting its expertise and platforms to work to help them achieve their ambitions. Today BNY helps over 90% of Fortune 100 companies and nearly all the top 100 banks globally to access the money they need. BNY supports governments in funding local projects and works with over 90% of the top 100 pension plans to safeguard investments for millions of individuals, and so much more. As of Dec. 31, 2024, BNY oversees \$52.1 trillion in assets under custody and/or administration and \$2.0 trillion in assets under management.

## The Bank of New York Mellon SA/NV (the 'European Bank')

BNY is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Headquartered in New York City, BNY employs over 50,000 people globally and has been named among Fortune's World's Most Admired Companies and Fast Company's Best Workplaces for Innovators. Additional information is available on [www.bny.com](http://www.bny.com). Follow on LinkedIn or visit the BNY Newsroom for the latest company news.

The European Bank is subject to dual supervision in Belgium: for market conduct matters, supervision is exercised by the Financial Services and Markets Authority (the 'FSMA') while for prudential matters, supervision is exercised by the European Central Bank (the 'ECB') together with the National Bank of Belgium (the 'NBB'), acting as National Competent Authority, as the European Bank has been identified as a significant bank within the Single Supervisory Mechanism. In addition, the European Bank's resolution authority is the Single Resolution Board ('SRB'). The European Bank also qualifies as a Belgian custodian bank and is directly supervised by the NBB in collaboration with the FSMA in this respect. Its nine branches are all regulated entities with banking licenses subject to local supervision by national regulators with the exception of the Poland branch (non-regulated).

| Name              | Type   | Regulator  |
|-------------------|--------|--|
| Amsterdam Branch  | Branch | De Nederlandsche Bank ('DNB')  |
| Copenhagen Branch | Branch | Danish Financial Supervisory Authority ('DFSA')  |
| Dublin Branch     | Branch | Central Bank of Ireland ('CBI')  |
| Frankfurt Branch  | Branch | Deutsche Bundesbank ('DB') & Federal Financial Supervisory Authority / Bundesanstalt für Finanzdienstleistungsaufsicht ('BaFin') |
| Luxembourg Branch | Branch | Commission de Surveillance du Secteur Financier ('CSSF')   |
| Madrid Branch     | Branch | Banco de España ('BDE')  |
| Milan Branch      | Branch | Banca D'Italia ('BI')  |
| Paris Branch      | Branch | Autorité De Contrôle Prudentiel ('ACPR'), Banque De France ('BD')  |
| Poland Branch     | Branch | Non-regulated  |

### 1.5 Organisational structure

The European Bank is a corporation with a Banking License, recognised as a custodian bank. The European Bank has its headquarters in Brussels and is a wholly owned subsidiary of The BNY Group (100% of share capital).

The European Bank provides services on a passported basis through its headquarters in Brussels and its branches in Amsterdam, Dublin, Frankfurt, Luxembourg, Milan, Madrid, Copenhagen and Paris. A non-regulated branch in Wrocław (Poland) does not benefit from a banking license and provides support to the European Bank's operations. Pursuant to the EU single market directives, the European Bank is authorised to provide financial services in the European Economic Area, being the EU 27 countries plus Iceland, Lichtenstein, and Norway. Some of those countries apply restrictions to passporting rights, in accordance with the local transpositions of the EU directives. The European Bank complies with these restrictions and adapts its operations accordingly.

#### History

The European Bank was established in 2008 with the aim of becoming BNY's main banking subsidiary in Continental Europe. During 2009, part of the business of the Brussels Branch of BNY was integrated into the European Bank, forming the current Brussels Head Office.

As part of BNY's strategy to consolidate its legal entity structure in Europe, the European Bank acquired branches in Amsterdam, London, Frankfurt and Luxembourg further to the merger with BNY Mellon GSS Acquisition Co. (Netherlands) BV on October 1, 2009.

On June 1, 2011, further to the merger with The Bank of New York Mellon's acquired German subsidiary, BNY Mellon Asset Servicing GmbH, the European Bank significantly expanded the activities of its Frankfurt branch and Frankfurter Service KapitalverwaltungsGesellschaft mbH became the European Bank's fully owned subsidiary under the name of BNY Mellon Service Kapitalanlage-Gesellschaft mbH (BNY KVG). On December 1, 2011, the European Bank opened a branch in Paris.

On February 1, 2013, the European Bank opened a new branch in Dublin as a result of the cross-border merger with The Bank of New York Mellon (Ireland) Limited.

An additional branch in Milan was created on April 1, 2017 as a result of the merger of The Bank of New York Mellon (Luxembourg) S.A. into the European Bank.

On 29 November 2019 the European Bank merged with BNY Mellon Trust Company (Ireland) Limited.



The Bank of New York Mellon SA/NV (the 'European Bank')

On 1 December 2020 the Copenhagen representative office was converted into the European Bank's Copenhagen Branch. The European Bank's commitment to this region was enhanced with the subsequent acquisition of Nykredit's depositary business effective on 1 November 2021. On the 1 February 2021 the Madrid representative office was converted into the European Bank's Madrid Branch. This provides an enhanced level of service and support to clients in Denmark, Spain and the wider Nordics and Iberian regions, by offering innovative solutions and providing access to BNY's global capabilities. Prior to conversion, Copenhagen was a representative office of the European Bank whilst Madrid was a representative office of BNY Mellon Institutional Bank.

As of December 21, 2022, approval was granted from the European Bank's Executive Committee, the Branch Management of the Frankfurt Branch of the European Bank, the Supervisory Board of the KVG and the Board of Directors of the KVG for the sale of the Legal KVG business to a third party. The transfer of the business took place on 1 February 2024.

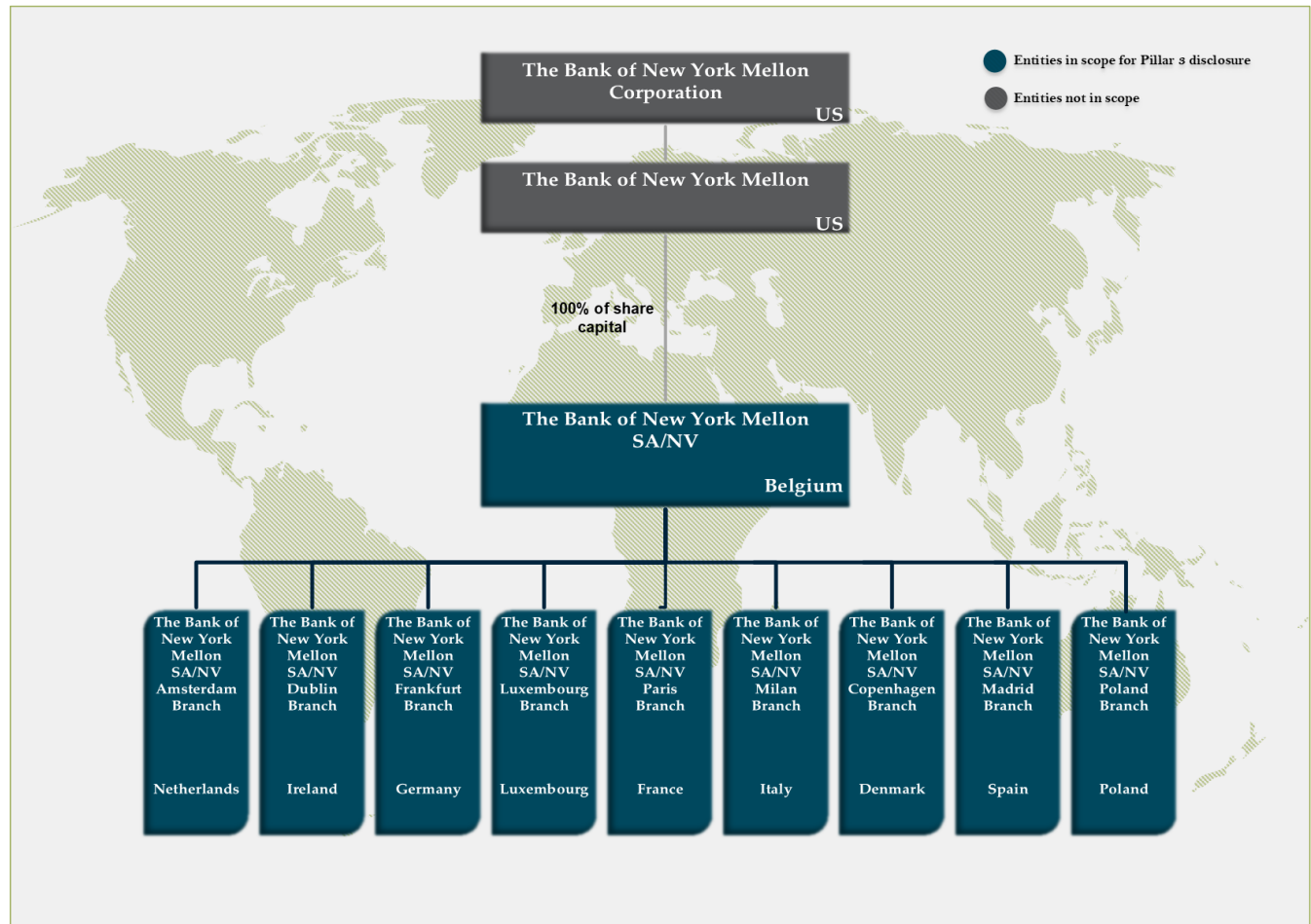
To support future growth, a non-regulated, non-contracting and non-deposit taking branch was opened in the first quarter of 2023 in Wrocław (Poland). Conversely, on the 4th July 2023 the European Bank's London Branch received local regulatory confirmation of the removal of licenses.

Supervision

Effective November 4, 2014, the ECB as part of Single Supervisory Mechanism ('SSM') became the principal regulator for the European Bank along with the NBB. The European Bank is also supervised by the FSMA which is responsible for the integrity of the financial markets and fair treatment of financial consumers in Belgium pursuant to the Act of 2 August 2002 on the supervision of the financial sector and on financial services.

On November 20, 2015, the European Bank is also licensed as a Custodian Bank by the NBB pursuant to article 36/26/1, § 6, of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium.

Figure 1: The European Bank's legal entity structure at 31 December 2024



Note: The European Bank's non-consolidated subsidiary BNYM AIS Nominees Limited is not shown.



## 1.6 Operating model

The Operating Model refers to how BNY collaborates, organises and manages its business with a focus on optimising the balance sheet, driving efficiencies and enabling growth. It also describes the operations and technology which enables businesses to serve clients. The model has evolved and covers a number of key areas: Governance & Accountability, Booking and Solicitation Practices, Resilience - Operations and Technology. Furthermore, regulatory change has been a large component of the change agenda and will continue to be so with a large number of regulatory change initiatives in execution mode as well as on the horizon. Digital and data initiatives are also key to the European Bank's strategy.

**Governance & Accountability** - In close consultation with the European Central Bank, BNY have been particularly focused on strengthening the governance and accountability within the European Bank. Senior leadership has been engaged in a governance and accountability review related to the reporting line structure, aimed at meeting regulatory expectations as well as those of our clients and other stakeholders.

**Booking and Solicitation Practices** - Booking Principles are BNY's approach to guide the booking of business to the appropriate legal entity for each client's domicile and product considering local rules, licenses, permissions and product infrastructure. The European Bank is guided as the main booking entity (where possible) for EU domiciled clients. Any proposed booking for non-EU jurisdictions would be subject to the relevant conditions and restrictions from the applicable third country regime for regulated activity. Booking Principles are maintained by the lines of business and centrally coordinated through a First Line of Defence Controls Framework.

**Resilience – Operations and Technology** - The European Bank is documenting its detailed Technology Strategy in a distinct document and this will be developed alongside and in close alignment with the European Bank's Business Strategy and the Enterprise Technology Strategy.

## 1.7 Core business lines

With activities focussed on Asset Servicing, Issuer Services, Clearance and Collateral Management, Markets and Treasury Services, the European Bank has a number of core business lines. Its main activity is Asset Servicing, which is provided both to third party and to internal clients within BNY, the European Bank provides these products to its international client base. European Bank clients contract with the European Bank for all of the below services except Depositary Receipt Services and Treasury Services. For Depositary Receipt Services, the European Bank only provides these to other legal entities within BNY. For Treasury Services, the European Bank is providing relationship management services in its Brussels headquarters and Frankfurt, Madrid, Milan and Paris branches for clients contracting with The Bank of New York Mellon.

| Line of business                           | Description   |
|--|---|
| <b>Asset Servicing</b>                     | Asset Servicing primarily comprises Custody Services but also includes Trustee & Depositary Services, Institutional Accounting, Fund Accounting, Transfer Agency Services, Middle Office Solutions, Alternative Investments Services, Global Risk Solutions, and Retail Investment Solutions.   |
| <b>Treasury Services</b>                   | The European Bank provides Relationship Management and Business Development, Global Client Support and Global Product Management Support.   |
| <b>Issuer Services</b>                     |   |
| Corporate Trust ('CT')                     | The European Bank offers Corporate Trust Services, acting in a broad range of agency roles including, but not limited to: registrar, issuing and paying agent, exchange agent, custodian and collateral / portfolio administration.   |
| Depositary Receipt Services                | The European Bank's Dublin Branch performs certain operational activities relating to Depositary Receipts, predominantly issuance and cancellation. Depositary Receipts facilitate cross-border investment solutions for companies and investors. They are negotiable financial securities issued by a bank to represent foreign companies' publicly traded securities, allowing them to have their stocks traded in foreign markets. |
| <b>Clearance and Collateral Management</b> |   |
| Global Clearing                            | International Clearing provides services that enable customers to settle securities in markets around the world and if required provides custody and asset servicing post settlement.   |
| Global Collateral Solutions                | The European Bank acts as tri-party agent to collateral providers and receivers for collateral management transactions including, but not limited, to tri-party repo, securities lending and pledge transactions.   |

## The Bank of New York Mellon SA/NV (the 'European Bank')

| Line of business                   | Description   |
|------------------------------------|---|
| <b>Markets</b>                     |   |
| Liquidity Services and Segregation | The European Bank provides liquidity services (cash balances, reporting and, purchase and redemption of money market instruments), margin management services, segregation and valuation services, and collateral administration. |
| Foreign Exchange ('FX')            | The European Bank provides foreign exchange services, which enable clients to achieve their investment, financing and cross-border objectives.  |
| Securities Finance                 | The European Bank provides standard agency lending including Third Party lending; cash collateral reinvestment and agency investment products.  |

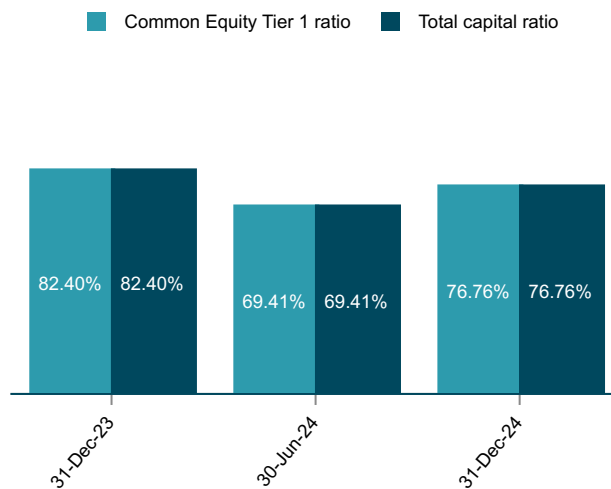
### 1.8 Article 447 CRR II - Key metrics

The following key metrics reflect the European Bank's risk profile. Note that disclosures prior to 31 March 2024 were made on a consolidated basis whereas current disclosures are made on an individual basis following the merger of BNY KVG into the European Bank. There were no material differences between consolidated and individual scope. Therefore, comparatives have not been restated.

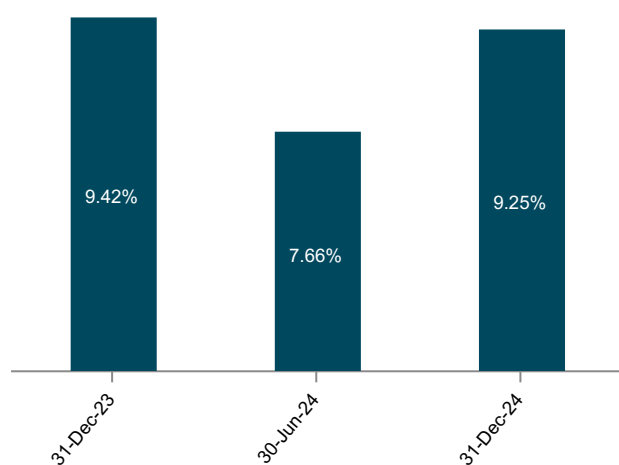
#### Regulatory capital and Risk-weighted assets (€m)



#### Capital ratios



#### Leverage ratio



#### Liquidity ratios

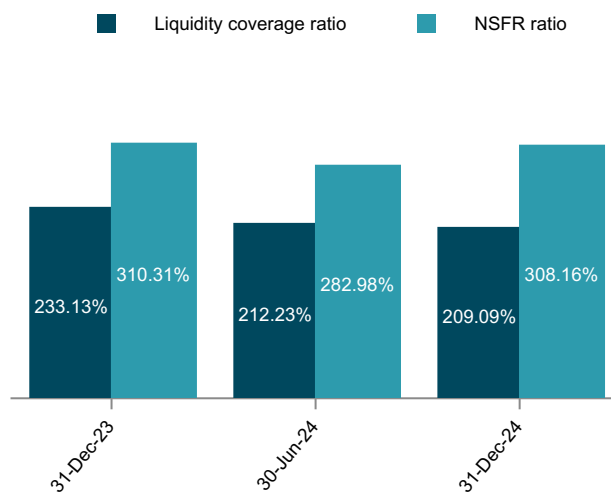


Table 1: EU KM1 Key metrics template

| (€m)  |  | 31-Dec-24 | 30-Jun-24 | 31-Dec-23 |
|---|--|-----------|-----------|-----------|
| <b>Available own funds</b>  |  |           |           |           |
| 1   | Common Equity Tier 1 ('CET1') capital  | 4,460     | 3,927     | 3,929     |
| 2   | Tier 1 capital   | 4,460     | 3,927     | 3,929     |
| 3   | Total capital  | 4,460     | 3,927     | 3,929     |
| <b>Risk-weighted exposure amounts</b>   |  |           |           |           |
| 4   | Total risk-weighted exposure amount  | 5,810     | 5,658     | 4,769     |
| <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>  |  |           |           |           |
| 5   | Common Equity Tier 1 ratio (%)   | 76.76 %   | 69.41 %   | 82.40 %   |
| 6   | Tier 1 ratio (%)   | 76.76 %   | 69.41 %   | 82.40 %   |
| 7   | Total capital ratio (%)  | 76.76 %   | 69.41 %   | 82.40 %   |
| <b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount) <sup>1</sup></b> |  |           |           |           |
| EU 7a   | Additional own funds requirements to address risks other than the risk of excessive leverage (%)           | 1.95 %    | 1.95 %    | 2.10 %    |
| EU 7b   | of which: to be made up of CET1 capital (percentage points)  | 1.10 %    | 1.10 %    | 1.18 %    |
| EU 7c   | of which: to be made up of Tier 1 capital (percentage points)  | 1.46 %    | 1.46 %    | 1.58 %    |
| EU 7d   | Total SREP own funds requirements (%)  | 9.95 %    | 9.95 %    | 10.10 %   |
| <b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>   |  |           |           |           |
| 8   | Capital conservation buffer (%)  | 2.50 %    | 2.50 %    | 2.50 %    |
| EU 8a   | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | — %       | — %       | — %       |
| 9   | Institution specific countercyclical capital buffer (%)  | 1.15 %    | 0.84 %    | 0.56 %    |
| EU 9a   | Systemic risk buffer (%)   | — %       | — %       | — %       |
| 10  | Global Systemically Important Institution buffer (%)   | — %       | — %       | — %       |
| EU 10a  | Other Systemically Important Institution buffer (%)  | 0.75 %    | 0.75 %    | 0.75 %    |
| 11  | Combined buffer requirement (%)  | 4.40 %    | 4.09 %    | 3.81 %    |
| EU 11a  | Overall capital requirements (%)   | 14.35 %   | 14.04 %   | 13.91 %   |
| 12  | CET1 available after meeting the total SREP own funds requirements (%)                                     | 66.81 %   | 59.46 %   | 72.30 %   |
| <b>Leverage ratio</b>   |  |           |           |           |
| 13  | Total exposure measure   | 48,224    | 51,301    | 41,711    |
| 14  | Leverage ratio (%)   | 9.25 %    | 7.66 %    | 9.42 %    |
| <b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>                           |  |           |           |           |
| EU 14a  | Additional own funds requirements to address the risk of excessive leverage (%)                            | — %       | — %       | — %       |
| EU 14b  | of which: to be made up of CET1 capital (percentage points)  | — %       | — %       | — %       |
| EU 14c  | Total SREP leverage ratio requirements (%)   | 3.00 %    | 3.00 %    | 3.00 %    |
| <b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>   |  |           |           |           |
| EU 14d  | Leverage ratio buffer requirement (%)  | — %       | — %       | — %       |
| EU 14e  | Overall leverage ratio requirement (%)   | 3.00 %    | 3.00 %    | 3.00 %    |
| <b>Liquidity Coverage Ratio</b>   |  |           |           |           |
| 15  | Total high-quality liquid assets (Weighted value - average)  | 30,789    | 27,696    | 25,438    |
| EU 16a  | Cash outflows - Total weighted value   | 21,629    | 20,880    | 18,743    |
| EU 16b  | Cash inflows - Total weighted value  | 6,810     | 7,566     | 7,596     |
| 16  | Total net cash outflows (adjusted value)   | 14,819    | 13,314    | 11,147    |
| 17  | Liquidity coverage ratio (%)   | 209.09 %  | 212.23 %  | 233.13 %  |
| <b>Net Stable Funding Ratio</b>   |  |           |           |           |
| 18  | Total available stable funding   | 17,215    | 15,241    | 14,085    |
| 19  | Total required stable funding  | 5,586     | 5,386     | 4,539     |
| 20  | NSFR ratio (%)   | 308.16 %  | 282.98 %  | 310.31 %  |

Note: Capital, leverage and NSFR ratios include annual profit at December reporting points. Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

<sup>1</sup> Represents the European Bank's Pillar 2 additional capital requirement.

Pillar 1 CET1 ratio (4.5%) plus Pillar 2 requirement CET1 ratio (1.10%).  
Pillar 1 Tier 1 ratio (6%) plus Pillar 2 requirement Tier 1 ratio (1.46%).  
TSCR CET1 ratio (5.60%) plus the combined buffer (4.40%).  
TSCR Tier 1 ratio (7.46%) plus the combined buffer (4.40%).  
OCR CET1 ratio (10%) plus Pillar 2 guidance (2.25%).  
OCR T1 ratio (11.86%) plus Pillar 2 guidance (2.25%).

## The Bank of New York Mellon SA/NV (the 'European Bank')

At the end of December 2024 the European Bank's Regulatory Own Funds saw an increase of €385 million on the September 2024 position, primarily due to the inclusion of the 2024 year-end profit in the CET1 of €396 million. Risk weighted assets also increased by €692 million largely due to credit risk drivers, which collectively resulted in a decrease to the European Bank's capital ratio by 2.82% points. Note these variations are both at an individual institution level.

Overall, for the year to December 2024, the European Bank's Regulatory Own Funds have increased by €530 million, again due primarily to the inclusion of the 2024 year-end profit alongside a further net reduction in unrealised losses on the prior year. Risk weighted assets increased by approximately €1,041 million mainly due to increases in exposures to corporates, institutions and covered bonds, partly offset by reductions in other assets. Overall, this resulted in a 5.64% point decrease in the European Bank's capital ratio. Note these variations are based on the previous year-end disclosure being at a consolidated level and the current disclosure at an individual level. There are no material differences between consolidated and individual scope.

### Key External Factors Influencing the European Bank

2024 was a challenging year, being marked by new political landscape with EU & US elections, ongoing Ukraine war and rising Middle-East tensions, leading to markets volatility.

Following cooling inflation, the ECB started reducing its deposit facility rate from 4.0% to 3% end of 2024. Similarly, the US Federal Reserve cut their federal funds rate three times in 2024 taking it to a range of 4.25%-4.50% end of December. Bank of England and other central banks made similar rate cuts.

In this context, the European Bank continued to maintain a strong balance sheet with high levels of capital, liquid assets and low levels of leverage. This demonstrates the European Bank's resilience to any short to medium term financial shock which may impact its business and that the European Bank is a low-risk institution for our clients and regulators. Resilience is both a responsibility the European Bank takes seriously and an attribute we see as highly commercial.

The net profit after tax of the European Bank amounted to €397.6 million in 2024, up +6.6% compared to the net income of €372.9 million in 2023, resulting in a 9.6% return on equity in 2024 (vs 10.2% in 2023). The increase is mainly attributed to stronger net interest revenues and FX swap results (+€69.5 million) and lower bank levy due to nil contribution required to the Single Resolution Fund this year (+€23.6 million).

The increase is partially offset by lower net recovery (recovery less cost) of a German Withholding Tax claim provision originally recorded in 2019 (-€27.7 million), higher Personal Expenses (including net impact from restructuring costs) (-€20.2 million), higher loss from sales of FVOCI debt instruments (-€12.1 million), and higher Tax Expense (-€15.2 million).

The net interest revenues and FX swap results amounted to €361.6 million in 2024, primarily reflecting higher interest rates on interest-earning assets and larger deposit balances, that are partially offset by higher funding costs. The gain on the interest rate swap hedging amounted to €34.7 million in 2024.

The non-interest income (excluding restructuring cost recharge to BNY Mellon head office and gains on interest rate and FX swaps) amounted to €916.6 million in 2024, down by -6% compared to 2023 (€974.2 million). Fee and commission income (excluding restructuring cost recharge to BNY Mellon head office) decreased by -€35.7 million primarily driven by lower net intercompany Custody fees mainly due to the new recharge methodology implemented in 2024 and lower American Depositary Receipts (ADR) revenue. This is partially offset by higher third party Custody fees, Collateral Management, Corporate Trust and Markets due to new business and organic AUC growth. Other movements in non-interest income relates to loss from sales of FVOCI debt instruments (-€12.1 million) and lower recovery of a German Withholding Tax claim provision originally recorded in 2019 (-€8.6 million).

In 2024, 22% of the non-interest income is coming from intercompany transactions, excluding restructuring cost recharge to BNY Mellon head office (2023: 30%).

Operating expenses (net of restructuring cost recharge to BNY Mellon head office) amounted to €744.2 million in 2024, down by -2% compared to 2023 (€758.2 million).

The balance sheet at spot have increased by +11% at year-end compared to 2023, primarily driven by the increase in client deposits. The positive net results after tax has resulted in a positive return on assets of 0.9% in 2024 (vs positive 0.9% in 2023).

BNY is well-positioned against competition thanks to BNY Group's legal entities rationalisation strategy. BNY has a unique selling proposition that fits the needs of our clients, with the European Bank positioned as the Group's 'European Bank'.

## Business Evolution in 2024

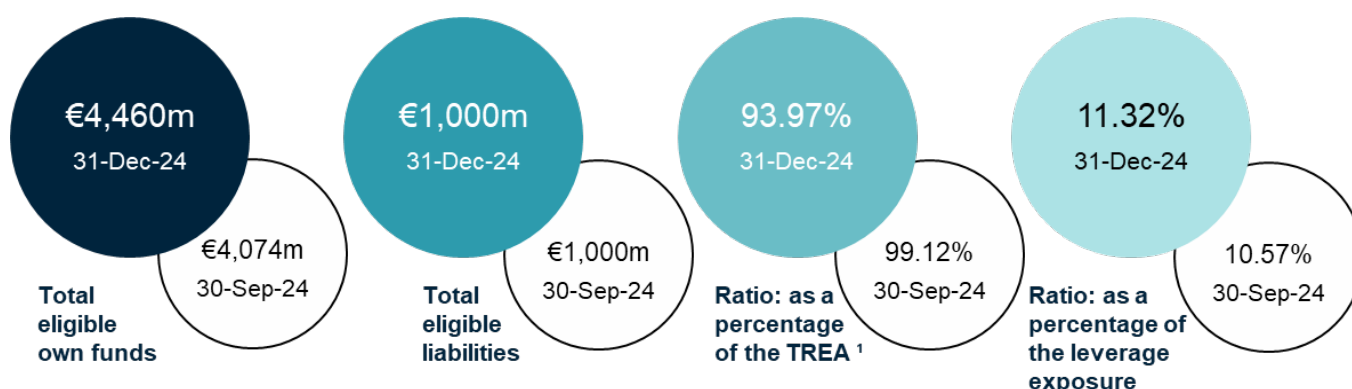
As of 1 January 2024 and per the supervisory decision, the European Bank's Pillar 2 requirements reduced from 2.10% to 1.95%, with the Pillar 2 guidance also reducing from 2.50% to 2.25%.

On 1 February 2024, the European Bank successfully completed the merger of German fund administration and ManCo entity ('BNY KVG') into the Frankfurt Branch of the European Bank. The European Bank is now well positioned to deliver more for our existing clients – German Fund Accounting and AIS Real Estate clients are now being serviced by the Frankfurt Branch of the European Bank. The branch took on a small and closed book of retail custody business (Retail Investment Solutions). Consequently, the European Bank's Pillar 1 supervisory reporting is now submitted on an individual basis. As a result, the table EU TLAC2 was disclosed for the first time from Q2 in accordance with Article 433a(3) of CRR II.

The latest iteration of Capital Requirements Regulation reforms become effective on 1 January 2025 ('CRR III'). Within CRR III, disclosure elements relating to the Own Funds requirement, CVA, Crypto Assets, Operational Risk, the Market Risk Alternative Standardised Approach ('MKR-ASA'), shadow banking and ESG related disclosures, will also become binding on a phased approach. The Pillar 3 Data Hub will also come into effect with the first reference date being June 2025. The European Bank continues to prepare accordingly. Additionally, revisions to the disclosure requirements of MREL/TLAC took effect from June 2024.

## Capital

### 2 Article 436/437/437a CRR II - Scope of application, Own funds, Eligible liabilities

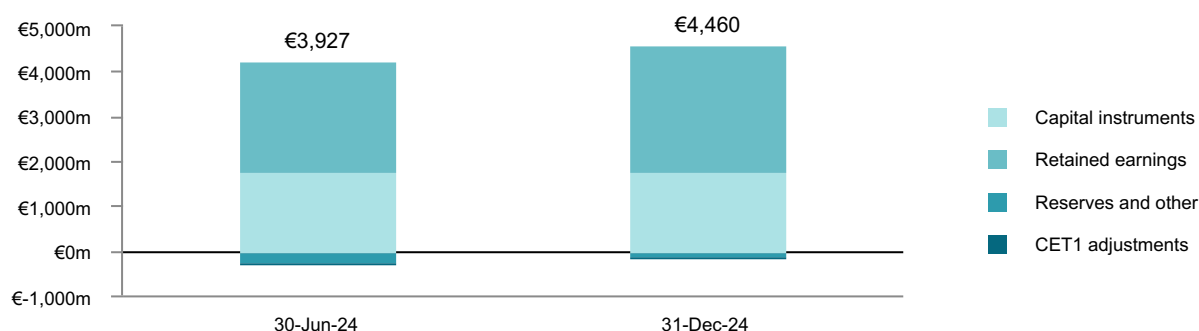


<sup>1</sup> Total Risk Exposure Amount

This section provides an overview of the regulatory balance sheet and composition of the European Bank's regulatory capital and eligible liabilities. There are a number of differences between the balance sheet prepared in accordance with International Financial Reporting Standards ('IFRS') and Pillar 3 disclosures published in accordance with prudential requirements.

Own Funds comprise tier 1 capital less deductions. The European Bank's regulatory capital is defined by CRD and includes Common Equity Tier 1 capital which is the highest quality form of regulatory capital under Basel III comprising common shares issued and related share premium, retained earnings, accumulated other comprehensive income, less specified regulatory adjustments and deductions.

### Composition of regulatory capital



**Table 2: EU CC1 Composition of regulatory own funds**

This table shows the composition of the European Bank's regulatory capital including all regulatory adjustments and a reference as to where these elements can be identified in the European Bank's financial statements in Table 3: EU CC2.

| At 31 December 2024<br>(€m)  |   | Amounts      | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|--|---|--------------|--|
| <b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b> |   |              |  |
| 1  | Capital instruments and the related share premium accounts  | 1,788        |  |
|  | of which: instrument type 1 - ordinary shares   | 1,755        | (a)  |
|  | of which: instrument type 2 - share premium   | 33           | (b)  |
|  | of which: Instrument type 3   | —            |  |
| 2  | Retained earnings   | 2,432        | (c)  |
| 3  | Accumulated other comprehensive income (and other reserves)   | (103)        | (d)  |
| EU-3a  | Funds for general banking risk  | —            |  |
| 4  | Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1   | —            |  |
| 5  | Minority interests (amount allowed in consolidated CET1)  | —            |  |
| EU-5a  | Independently reviewed interim profits net of any foreseeable charge or dividend  | 398          | (c)  |
|  | <b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>  | <b>4,515</b> |  |
| <b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>   |   |              |  |
| 7  | Additional value adjustments  | (14)         | (e)  |
| 8  | Intangible assets (net of related tax liability)  | (62)         | (f)  |
| 10   | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)  | —            |  |
| 11   | Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value   | —            |  |
| 12   | Negative amounts resulting from the calculation of expected loss amounts  | —            |  |
| 13   | Any increase in equity that results from securitised assets (negative amount)   | —            |  |
| 14   | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing   | —            |  |
| 15   | Defined-benefit pension fund assets (negative amount)   | (20)         | (g)  |
| 16   | Direct and indirect holdings by an institution of own CET1 instruments (negative amount)  | —            |  |
| 17   | Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)                        | —            |  |
| 18   | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | —            |  |
| 19   | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)           | —            |  |
| EU-20a   | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative  | —            |  |
| EU-20b   | of which: qualifying holdings outside the financial sector (negative amount)  | —            |  |
| EU-20c   | of which: securitisation positions (negative amount)  | —            |  |
| EU-20d   | of which: free deliveries (negative amount)   | —            |  |
| 21   | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)  | —            |  |
| 22   | Amount exceeding the 17,65% threshold (negative amount)   | —            |  |
| 23   | of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities  | —            |  |
| 25   | of which: deferred tax assets arising from temporary differences  | —            |  |
| EU-25a   | Losses for the current financial year (negative amount)   | —            |  |
| EU-25b   | Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)                                | —            |  |
| 27   | Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)  | —            |  |
| 27a  | Other regulatory adjustments  | 41           | (d)  |
|  | <b>28 Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>   | <b>(55)</b>  |  |
|  | <b>29 Common Equity Tier 1 (CET1) capital</b>   | <b>4,460</b> |  |
| <b>Additional Tier 1 (AT1) capital: instruments</b>                  |   |              |  |
| 30   | Capital instruments and the related share premium accounts  | —            |  |
| 31   | of which: classified as equity under applicable accounting standards  | —            |  |
| 32   | of which: classified as liabilities under applicable accounting standards   | —            |  |
| 33   | Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR  | —            |  |



# The Bank of New York Mellon SA/NV (the 'European Bank')

| At 31 December 2024<br>(€m)   |                | Source based<br>on reference<br>numbers/letters<br>of the balance<br>sheet under the<br>regulatory<br>scope of<br>consolidation |
|---|----------------|---|
|   | Amounts        |   |
| EU-33a Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1  | —              |   |
| EU-33b Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1  | —              |   |
| 34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties   | —              |   |
| 35 of which: instruments issued by subsidiaries subject to phase out  | —              |   |
| <b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>   | <b>—</b>       |   |
| <b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>  |                |   |
| 37 Direct and indirect holdings by an institution of own AT1 instruments (negative amount)  | —              |   |
| 38 Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)                       | —              |   |
| 39 Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)                  | —              |   |
| 40 Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)  | —              |   |
| 42 Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)   | —              |   |
| 42a Other regulatory adjustments to AT1 capital   | —              |   |
| 43 Total regulatory adjustments to Additional Tier 1 (AT1) capital  | —              |   |
| <b>44 Additional Tier 1 (AT1) capital</b>   | <b>—</b>       |   |
| <b>45 Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>4,460</b>   |   |
| <b>Tier 2 (T2) capital: instruments</b>   |                |   |
| 46 Capital instruments and the related share premium accounts   | —              |   |
| 47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR  | —              |   |
| EU-47a Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2  | —              |   |
| EU-47b Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2  | —              |   |
| 48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties  | —              |   |
| 49 of which: instruments issued by subsidiaries subject to phase out  | —              |   |
| 50 Credit risk adjustments  | —              |   |
| <b>51 Tier 2 (T2) capital before regulatory adjustments</b>   | <b>—</b>       |   |
| <b>Tier 2 (T2) capital: regulatory adjustments</b>  |                |   |
| 52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)  | —              |   |
| 53 Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | —              |   |
| 54 Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)       | —              |   |
| 55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)                             | —              |   |
| EU-56a Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)   | —              |   |
| 56b Other regulatory adjustments to T2 capital  | —              |   |
| 57 Total regulatory adjustments to Tier 2 (T2) capital  | —              |   |
| <b>58 Tier 2 (T2) capital</b>   | <b>—</b>       |   |
| <b>59 Total capital (TC = T1 + T2)</b>  | <b>4,460</b>   |   |
| <b>60 Total risk exposure amount</b>  | <b>5,810</b>   |   |
| <b>Capital ratios and requirements including buffers</b>  |                |   |
| 61 Common Equity Tier 1 (as a percentage of total risk exposure amount)   | 76.76 %        |   |
| 62 Tier 1 (as a percentage of total risk exposure amount)   | 76.76 %        |   |
| 63 Total capital (as a percentage of total risk exposure amount)  | 76.76 %        |   |
| 64 Institution CET1 overall capital requirements  | 10.00 %        |   |
| 65 of which: capital conservation buffer requirement  | 2.50 %         |   |
| 66 of which: countercyclical buffer requirement   | 1.15 %         |   |
| 67 of which: systemic risk buffer requirement   | — %            |   |
| EU-67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer   | 0.75 %         |   |
| EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage   | 1.10 %         |   |
| <b>68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>   | <b>66.81 %</b> |   |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>   |                |   |
| 72 Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)                                | —              |   |
| 73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)                                 | —              |   |

| At 31 December 2024<br>(€m)  |   | Amounts | Source based<br>on reference<br>numbers/letters<br>of the balance<br>sheet under the<br>regulatory<br>scope of<br>consolidation |
|--|---|---------|---|
| 75   | Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | 19      | (h)   |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>  |   |         |   |
| 76   | Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)                               | —       |   |
| 77   | Cap on inclusion of credit risk adjustments in T2 under standardised approach   | 49      |   |
| 78   | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)                     | —       |   |
| 79   | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach  | —       |   |
| <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b> |   |         |   |
| 80   | Current cap on CET1 instruments subject to phase out arrangements   | —       |   |
| 81   | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)   | —       |   |
| 82   | Current cap on AT1 instruments subject to phase out arrangements  | —       |   |
| 83   | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)  | —       |   |
| 84   | Current cap on T2 instruments subject to phase out arrangements   | —       |   |
| 85   | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)   | —       |   |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

In accordance with article 48, deferred tax assets arising from temporary differences that are equal to or less than 10% of the CET1 are not required to be deducted from CET1. The European Bank's deferred tax assets amount of €19 million is below the thresholds for deduction and is subject to a 250% risk weighting. Deferred tax assets arising from temporary differences are the only items exempted from own funds deduction by the European Bank.

**Table 3: EU CC2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

The table shows a reconciliation of the European Bank's published balance sheet, prepared in accordance with International Financial Reporting Standards ('IFRS'), with the elements of regulatory Own Funds under prudential rules denoted by a reference which can be traced back to Table 2: EU CC1 Composition of regulatory own funds. The balance sheet under the regulatory scope of consolidation forms the basis for the calculation of regulatory capital requirements.

There is no difference in the regulatory and accounting scope of consolidation for the European Bank.

| At 31 December 2024<br>(€m)  | Balance sheet as in<br>the published<br>financial statements | Reference |
|--|--|-----------|
| <b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>          |  |           |
| 1 Cash and cash balances with central banks  | 11,808   |           |
| 2 Derivative financial instruments <sup>1</sup>  | 824  | (e)       |
| 3 Loans and advances to customers  | 12,567   |           |
| 4 Investment securities <sup>2</sup>   | 18,120   | (e)       |
| 5 Current tax assets   | 30   |           |
| 6 Other assets <sup>4</sup>  | 521  | (g)       |
| 7 Property and equipment   | 30   |           |
| 8 Deferred tax assets  | 19   | (h)       |
| 9 Goodwill and other intangible assets <sup>5, 6</sup>   | 63   | (f)       |
| <b>10 Total assets</b>   | <b>43,982</b>  |           |
| <b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b> |  |           |
| 1 Derivative financial instruments <sup>3</sup>  | 841  | (e)       |
| 2 Deposits from central banks  | 158  |           |
| 3 Deposits from financial institutions   | 36,601   |           |
| 4 Deposits from non-financial institutions   | 314  |           |
| 5 Subordinated liabilities   | 1,000  |           |
| 6 Other financial liabilities  | 23   |           |
| 7 Current tax liabilities  | 107  |           |
| 8 Other liabilities  | 311  |           |
| 9 Provisions   | 70   |           |
| 10 Deferred tax liabilities <sup>4, 6</sup>  | 1  | (f)       |
| <b>11 Total liabilities</b>  | <b>39,426</b>  |           |
| <b>Shareholders' Equity</b>  |  |           |
| 1 Issued capital   | 1,755  | (a)       |
| 2 Share premium  | 33   | (b)       |
| 3 Retained earnings <sup>8</sup>   | 2,821  | (c)       |
| 4 Other reserves <sup>7, 8</sup>   | (53)   | (d)       |
| <b>5 Total shareholders' equity</b>  | <b>4,556</b>   |           |

<sup>1</sup> Of which €327 million is subject to capital deduction of 0.1% as a Prudential Valuation Adjustment.

<sup>2</sup> Of which €13,443 million is subject to capital deduction of 0.1% as a Prudential Valuation Adjustment.

<sup>3</sup> Of which €330 million is subject to capital deduction of 0.1% as a Prudential Valuation Adjustment.

<sup>4</sup> Of which €28 million is subject to capital deduction as a defined benefit pension fund asset, with associated deferred tax liability of €8 million.

<sup>5</sup> Of which €5 million is subject to capital deduction as goodwill.

<sup>6</sup> Of which €58 million is subject to capital deduction as other intangible assets, with associated deferred tax liability of €1 million.

<sup>7</sup> Of which €(103) million relates to accumulated other comprehensive income and €41 million relates to share based payments.

<sup>8</sup> Table CC1 differs by approximately €9 million due to a reclass which is accounted for within Other Reserves in the financial accounts.

Additional value adjustments to assets measured at fair value are deducted from CET1 in accordance with Articles 34 and 105 as amended by CRR II. Prudent valuation adjustments are currently not deducted from credit risk exposure value.

In accordance with Articles 36, 37 and 41, as amended by CRR II, amounts of intangible assets and defined benefit pension fund assets, net of their related deferred tax liabilities, are deducted from the CET1.

In accordance with Article 436 CRR II, the table on the following page illustrates the mapping of the balance sheet categories with prudential risk categories.

**Table 4: EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories**

|   |   | Carrying values as reported in published financial statements | Carrying values of items             |                              |   |                                      | Not subject to own funds requirements or subject to deduction from own funds |
|---|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
|   |   |   | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework |  |
| At 31 December 2024 (€m)  |   |   |                                      |                              |   |                                      |  |
| Breakdown by asset classes according to the balance sheet in the published financial statements     |   |   |                                      |                              |   |                                      |  |
| 1   | Cash and cash balances with central banks | 11,808  | 11,808                               | —                            | —                                       | 3,787                                | —  |
| 2   | Derivative financial instruments          | 824   | —                                    | 824                          | —                                       | 336                                  | —  |
| 3   | Loans and advances to customers           | 12,567  | 6,066                                | 6,501                        | —                                       | 7,690                                | —  |
| 4   | Investment securities                     | 18,120  | 17,983                               | —                            | 137                                     | 4,781                                | —  |
| 5   | Current tax assets                        | 30  | 30                                   | —                            | —                                       | 1                                    | —  |
| 6   | Other assets                              | 521   | 501                                  | —                            | —                                       | 288                                  | 20   |
| 7   | Property and equipment                    | 30  | 30                                   | —                            | —                                       | —                                    | —  |
| 8   | Deferred tax assets                       | 19  | 19                                   | —                            | —                                       | 17                                   | —  |
| 9   | Goodwill and other intangible assets      | 63  | 1                                    | —                            | —                                       | 38                                   | 62   |
| 10  | <b>Total assets</b>                       | <b>43,982</b>   | <b>36,438</b>                        | <b>7,325</b>                 | <b>137</b>                              | <b>16,938</b>                        | <b>82</b>  |
| Breakdown by liability classes according to the balance sheet in the published financial statements |   |   |                                      |                              |   |                                      |  |
| 1   | Derivatives financial instruments         | 841   | —                                    | 841                          | —                                       | 331                                  | —  |
| 2   | Deposits from central banks               | 158   | —                                    | —                            | —                                       | 139                                  | 158  |
| 3   | Deposits from financial institutions      | 36,601  | —                                    | 573                          | —                                       | 19,655                               | 36,028   |
| 4   | Deposits from non-financial institutions  | 314   | —                                    | —                            | —                                       | 243                                  | 314  |
| 5   | Subordinated liabilities                  | 1,000   | —                                    | —                            | —                                       | —                                    | 1,000  |
| 6   | Other financial liabilities               | 23  | —                                    | —                            | —                                       | 8                                    | 23   |
| 7   | Current tax liabilities                   | 107   | —                                    | —                            | —                                       | —                                    | 107  |
| 8   | Other liabilities                         | 311   | —                                    | —                            | —                                       | 102                                  | 311  |
| 9   | Provisions                                | 70  | —                                    | —                            | —                                       | 1                                    | 70   |
| 10  | Deferred tax liabilities                  | 1   | —                                    | —                            | —                                       | —                                    | 1  |
| 11  | <b>Total liabilities</b>                  | <b>39,426</b>   | <b>—</b>                             | <b>1,414</b>                 | <b>—</b>                                | <b>20,479</b>                        | <b>38,012</b>  |

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. A three-level hierarchy for fair value measurements is utilised based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Fair value focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. The fair value for financial instruments traded in active markets at the consolidated statement of financial position date is based on their quoted market price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The European Bank has only level 1 and level 2 financial instruments. As such the European Bank does not use any internal valuation models with unobservable data for the determination of the fair value.

**Table 5: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

| At 31 December 2024<br>(€m)   | Total   | Items subject to      |                          |               |                       |
|---|---------|-----------------------|--------------------------|---------------|-----------------------|
|   |         | Credit risk framework | Securitisation framework | CCR framework | Market risk framework |
| 1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)      | 43,900  | 36,438                | 137                      | 7,325         | 16,938                |
| 2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1) | (1,414) | —                     | —                        | (1,414)       | (20,479)              |
| 3 Total net amount under the scope of prudential consolidation  | 42,486  | 36,438                | 137                      | 5,911         | (3,541)               |
| 4 Off-balance-sheet amounts   | 36      | 36                    | —                        | —             |                       |
| 5 Differences in valuations   | (14)    | (14)                  | —                        | —             |                       |
| 6 Differences due to different netting rules, other than those already included in row 2              | —       | —                     | —                        | —             |                       |
| 7 Differences due to consideration of provisions  | —       | —                     | —                        | —             |                       |
| 8 Differences due to the use of credit risk mitigation techniques (CRMs)                              | (2,497) | (2,497)               | —                        | —             |                       |
| 9 Differences due to credit conversion factors  | (29)    | (29)                  | —                        | —             |                       |
| 10 Differences due to Securitisation with risk transfer   | —       | —                     | —                        | —             |                       |
| 11 Differences due to CCR calculations under the SA-CCR methodology                                   | (4,691) | —                     | —                        | (4,691)       |                       |
| 12 Other differences  | 5       | 6                     | —                        | (1)           |                       |
| 13 Exposure amounts considered for regulatory purposes  | 35,296  | 33,940                | 137                      | 1,219         | 90                    |

Carrying values subject to market risk represent all currency balances other than the European Bank's reporting currency (EUR). These amounts can also be included in exposures subject to the other listed frameworks.

The difference in regards to the market risk exposure amount considered for regulatory purposes relates in principle to the methodologies applied in determining the exposure value under Article 325 of CRR II. This considers the carrying amounts of currencies on the balance sheet to be either net long or net short positions. The higher of all net long or net short currencies, after exclusion of the reporting currency (EUR), then forms the basis of the regulatory exposure.

The European Bank discloses its CCR under the standardised approach for counterparty credit risk ('SA-CCR'), being a more risk-sensitive measure. The difference relates to the application of methodologies inherent in the framework required to arrive at the exposure amount considered for regulatory purposes.

Off-balance sheet amounts largely relate to a guarantee to external customers, which is subject to a 20% credit conversion factor. Differences due to CRMs mostly relates to Master Netting Agreements ('MNAs') in place and other eligible collaterals. Other differences are generally comprised of accrued interest, default fund contributions and other immaterial differences.

**Table 6: EU PV1 - Prudent valuation adjustments (PVA)**

The following table shows the European Bank's application of additional valuation adjustments by category and uncertainty in application of Article 436(e) of CRR II.

| At 31 December 2024<br>(€m)                      | Risk category |                |                  |        |             | Category level AVA - Valuation uncertainty |                                  | Total category level post-diversification         |   |
|--|---------------|----------------|------------------|--------|-------------|--|----------------------------------|---|---|
| Category level AVA                               | Equity        | Interest Rates | Foreign exchange | Credit | Commodities | Unearned credit spreads AVA                | Investment and funding costs AVA | Of which: Total core approach in the trading book | Of which: Total core approach in the banking book |
| 1 Market price uncertainty                       | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 2 Not applicable                                 | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 3 Close-out cost                                 | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 4 Concentrated positions                         | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 5 Early termination                              | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 6 Model risk                                     | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 7 Operational risk                               | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 8 Not applicable                                 | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 9 Not applicable                                 | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 10 Future administrative costs                   | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 11 Not applicable                                | —             | —              | —                | —      | —           | —  | —                                | —   | —   |
| 12 Total Additional Valuation Adjustments (AVAs) |               |                |                  |        |             |  |                                  | 14  | —   |

**Table 7: EU CCA Main features of regulatory own funds instruments and eligible liabilities instruments**

The full terms and conditions of all Common Equity Tier 1 capital instruments can be found in the most recent annual Pillar 3 disclosure published on the corporate website, accessible via the link below, beneath the additional country disclosures sub heading:

[BNY Investor Relations - Pillar 3](#)

This table provides a description of the main features of the European Bank's regulatory instruments issued and eligible liabilities as at 31 December 2024 in accordance with Annex VII of Regulation (EU) No. 575/2013.

Refer to Appendix 4 for the full terms and conditions of Common Equity Tier 1 instruments in accordance with Article 437(c) CRR II.

| Main features of reg capital instruments |   | Ordinary Shares                   | Eligible Liabilities   |
|--|---|-----------------------------------|--|
| 1  | Issuer  | The Bank of New York Mellon SA/NV | The Bank of New York Mellon SA/NV  |
| 2  | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)  | N/A                               | N/A  |
| 2a                                       | Public or private placement   | N/A                               | N/A  |
| 3  | Governing law(s) of the instrument  | Belgian law                       | Belgian law  |
| 3a                                       | Contractual recognition of write down and conversion powers of resolution authorities                                   | No                                | Yes  |
| <b>Regulatory treatment</b>              |   |                                   |  |
| 4  | Current treatment taking into account, where applicable, transitional CRR rules   | Common Equity Tier 1              | N/A  |
| 5  | Post-transitional CRR rules   | Common Equity Tier 1              | Eligible liabilities   |
| 6  | Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated  | Solo                              | Solo   |
| 7  | Instrument type   | Ordinary Shares                   | Subordinated   |
| 8  | Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | € 1,754                           | € 1,000  |
| 9  | Nominal amount of instrument  | € 1,754                           | € 1,000  |
| EU-9a                                    | Issue price   | € 1,038.50                        | N/A  |
| EU-9b                                    | Redemption price  | N/A                               | N/A  |
| 10                                       | Accounting classification   | Shareholders' equity              | Liability - amortised cost   |
| 11                                       | Original date of issuance   | 30-September-2008 <sup>2</sup>    | 28-March-2022  |
| 12                                       | Perpetual or dated  | Perpetual                         | Dated  |
| 13                                       | Original maturity date  | No maturity                       | 25-March-2032  |
| 14                                       | Issuer call subject to prior supervisory approval   | No                                | No   |
| 15                                       | Optional call date, contingent call dates and redemption amount   | N/A                               | See footnote 2   |
| 16                                       | Subsequent call dates, if applicable  | N/A                               | N/A  |
| <b>Coupons / dividends</b>               |   |                                   |  |
| 17                                       | Fixed or floating dividend/coupon   | N/A                               | Fixed  |
| 18                                       | Coupon rate and any related index   | N/A                               | 2.75 %   |
| 19                                       | Existence of a dividend stopper   | No                                | No   |
| EU-20a                                   | Fully discretionary, partially discretionary or mandatory (in terms of timing)  | Fully discretionary               | N/A  |
| EU-20b                                   | Fully discretionary, partially discretionary or mandatory (in terms of amount)  | Fully discretionary               | N/A  |
| 21                                       | Existence of step up or other incentive to redeem   | No                                | No   |
| 22                                       | Noncumulative or cumulative   | N/A                               | N/A  |
| 23                                       | Convertible or non-convertible  | Non-convertible                   | Convertible  |
| 24                                       | If convertible, conversion trigger(s)   | N/A                               | Bail-in power by the relevant resolution authority (Single Resolution Board) |
| 25                                       | If convertible, fully or partially  | N/A                               | Fully or Partially   |
| 26                                       | If convertible, conversion rate   | N/A                               | To determine in conversion   |
| 27                                       | If convertible, mandatory or optional conversion  | N/A                               | Optional   |
| 28                                       | If convertible, specify instrument type convertible into  | N/A                               | Common Equity Tier 1 or other instruments                                    |
| 29                                       | If convertible, specify issuer of instrument it converts into   | N/A                               | The Bank of New York Mellon SA/NV  |
| 30                                       | Write-down features   | No                                | Yes  |
| 31                                       | If write-down, write-down trigger(s)  | N/A                               | Bail-in power by the relevant resolution authority (Single Resolution Board) |
| 32                                       | If write-down, full or partial  | N/A                               | Fully or Partially   |
| 33                                       | If write-down, permanent or temporary   | N/A                               | Permanent  |
| 34                                       | If temporary write-down, description of write-up mechanism  | N/A                               | N/A  |
| 34a                                      | Type of subordination (only for eligible liabilities)   | N/A                               | Contractual  |
| EU-34b                                   | Ranking of the instrument in normal insolvency proceedings  | 1                                 | 4  |
| 35                                       | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)           | N/A                               | Common Equity Tier 1   |
| 36                                       | Non-compliant transitioned features   | N/A                               | N/A  |



# The Bank of New York Mellon SA/NV (the 'European Bank')

| Main features of reg capital instruments |  | Ordinary Shares | Eligible Liabilities |
|--|--|-----------------|----------------------|
| 37                                       | If yes, specify non-compliant features                               | N/A             | N/A                  |
| 37a                                      | Link to the full term and conditions of the instrument (signposting) | Appendix 4      | Available on request |

<sup>1</sup> Since the original date of issuance the European Bank has issued further ordinary shares to the amount currently listed in regulatory capital.

<sup>2</sup> Optional redemption may occur should a change in Belgian and or EU laws or regulations render the loan ineligible for meeting MREL/TLAC requirements, or upon occurrence of a tax event which either prevents payment of interest due and or increases the amount due. Redemption is in whole, not in part.

| Authorised, issued and fully paid                 | 2024  | 2023  |
|---|-------|-------|
| Ordinary shares of €1,038.5 each (2023: €1,038.5) | 1,689 | 1,689 |

BNY has share option schemes under which options to subscribe for BNY shares have been granted to certain executives and senior employees of the European Bank, however share options do not have an impact on the European Bank's issued capital.

## Table 8: EU ILAC Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

In accordance with the requirements of Article 92b of Regulation (EU) No 575/2013, the table below and on the following page shows the European Bank's minimum requirement for eligible liabilities, being a material subsidiary of a non-EU G-SII.

The European Bank is not classified as a resolution entity but carries an eligible liability of €1 billion as defined by Article 45 to 45i of Directive (EU) No 2014/59, being the total amount of that issuance.

Internal TLAC requirements are based on a fully loaded target applicable as of 1 January 2022: 90% of 18% RWA and 6.75% Leverage Ratio Exposure, whichever is higher. The European Bank complies with the current target levels for iMREL and iTLAC.

| At 31 December 2024<br>(€m)                                  |   | Minimum requirement for own funds and eligible liabilities (internal MREL) | Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC) | Qualitative information |
|--|---|--|---|-------------------------|
| <b>Applicable requirement and level of application</b>       |   |  |   |                         |
| EU-1   | Is the entity subject to a non-EU G-SII requirement for own funds and eligible liabilities? (Y/N)         |  |   | Y                       |
| EU-2   | If EU-1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)  |  |   | I                       |
| EU-2a  | Is the entity subject to an internal MREL? (Y/N)  |  |   | Y                       |
| EU-2b  | If EU-2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I) |  |   | I                       |
| <b>Own funds and eligible liabilities</b>                    |   |  |   |                         |
| EU-3   | Common Equity Tier 1 capital (CET1)   | 4,460  | 4,460   |                         |
| EU-4   | Eligible Additional Tier 1 capital  | —  | —   |                         |
| EU-5   | Eligible Tier 2 capital   | —  | —   |                         |
| EU-6   | Eligible own funds  | 4,460  | 4,460   |                         |
| EU-7   | Eligible liabilities  | 1,000  | 1,000   |                         |
| EU-8   | of which permitted guarantees   | —  |   |                         |
| EU-9a  | (Adjustments)   | —  |   |                         |
| EU-9b  | Own funds and eligible liabilities items after adjustments  | 5,460  | 5,460   |                         |
| <b>Total risk exposure amount and total exposure measure</b> |   |  |   |                         |
| EU-10  | Total risk exposure amount (TREA)   | 5,810  | 5,810   |                         |
| EU-11  | Total exposure measure (TEM)  | 48,224   | 48,224  |                         |
| <b>Ratio of own funds and eligible liabilities</b>           |   |  |   |                         |
| EU-12  | Own funds and eligible liabilities as a percentage of the TREA  | 93.97 %  | 93.97 %   |                         |
| EU-13  | of which permitted guarantees   | — %  |   |                         |
| EU-14  | Own funds and eligible liabilities as a percentage of the TEM   | 11.32 %  | 11.32 %   |                         |
| EU-15  | of which permitted guarantees   | — %  |   |                         |
| EU-16  | CET1 (as a percentage of the TREA) available after meeting the entity's requirements                      | 53.31 %  | 53.31 %   |                         |
| EU-17  | Institution-specific combined buffer requirement  |  | 4.40 %  |                         |
| <b>Requirements</b>  |   |  |   |                         |
| EU-18  | Requirement expressed as a percentage of the TREA   | 23.45 %  | 16.20 %   |                         |
| EU-19  | of which part of the requirement that may be met with a guarantee   | — %  |   |                         |
| EU-20  | Requirement expressed as percentage of the TEM  | 6.00 %   | 6.08 %  |                         |
| EU-21  | of which part of the requirement that may be met with a guarantee   | — %  |   |                         |
| <b>Memorandum items</b>                                      |   |  |   |                         |
| EU-22  | Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013         |  | 38,114  |                         |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

## The Bank of New York Mellon SA/NV (the 'European Bank')

In comparison to September 2024, the European Bank's Own Funds position increased primarily due to the inclusion of audited profits for 2024. Similarly, the Total Risk Exposure Amount ('TREA') increased mostly due to credit risk drivers, collectively resulting in a 5.15% point decrease in the own funds and eligible liabilities ratio as a percentage of the TREA. The Total Exposure Measure ('TEM') increased, which when considered with the increase in Own Funds resulted in a limited movement in the eligible liabilities ratio as a percentage of TEM, up 0.75% points. CET1 available after complying with MREL targets is consequently influenced by variations in TREA and Own Funds. The underlying components of excluded liabilities varied over the quarter with the net effect being a decrease of 1% point, broadly in line with balance sheet variation. Overall, excluded liabilities decreased by €334 million with reductions in sight deposits and short term deposits being offset by increases in secured liabilities including covered bonds and instruments used for hedging, and liabilities to institutions with a maturity of less than seven days.

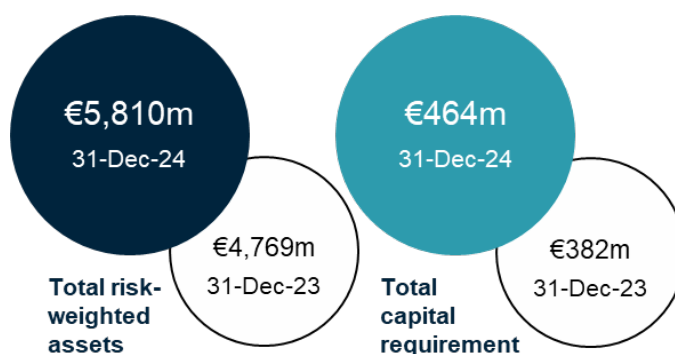
**Table 9: EU TLAC2 Creditor ranking - Entity that is not a resolution entity**

In accordance with the requirements of Article 437a(b) of Regulation (EU) No 575/2013, on the table below shows the ranking of the European Bank's eligible liabilities in the creditor hierarchy.

| At 31 December 2024<br>(€m)   | Insolvency ranking   |                      |                      |                | Sum of<br>1 to n |
|---|----------------------|----------------------|----------------------|----------------|------------------|
|   | 1                    | 4                    | 6                    | 6              |                  |
|   | (Most junior)        |                      | (Most senior)        | (Most senior)  |                  |
|   | Resolution<br>entity | Resolution<br>entity | Resolution<br>entity | Other          |                  |
| 1 Empty set in the EU   |                      |                      |                      |                |                  |
| 2 Description of insolvency rank (free text)  | Common Equity        | Other instruments    | Other ordinary       | Other ordinary |                  |
| 3 Liabilities and own funds   | 4,158                | 1,000                | 4,418                | 31,106         | 40,682           |
| 4 of which excluded liabilities   | —                    | —                    | 4,377                | 30,835         | 35,212           |
| 5 Liabilities and own funds less excluded liabilities   | 4,158                | 1,000                | 41                   | 271            | 5,470            |
| Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of [choose as appropriate: internal MREL/internal TLAC] | 4,158                | 1,000                | —                    | —              | 5,158            |
| 7 of which residual maturity ≥ 1 year < 2 years   | —                    | —                    | —                    | —              | —                |
| 8 of which residual maturity ≥ 2 year < 5 years   | —                    | —                    | —                    | —              | —                |
| 9 of which residual maturity ≥ 5 years < 10 years   | —                    | 1,000                | —                    | —              | 1,000            |
| 10 of which residual maturity ≥ 10 years, but excluding perpetual securities  | —                    | —                    | —                    | —              | —                |
| 11 of which perpetual securities  | 4,158                | —                    | —                    | —              | 4,158            |

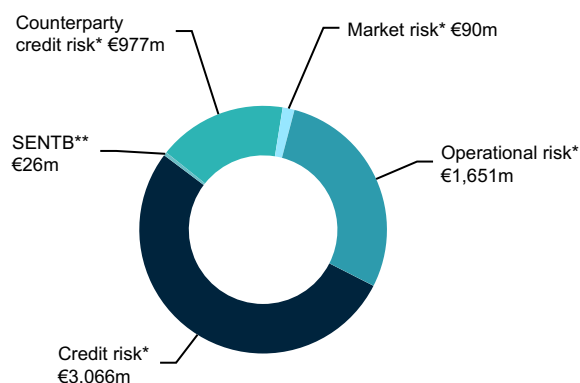
Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions. Selected non-applicable columns have not been shown.

### 3 Article 438 CRR II - Own funds requirements and risk-weighted exposure amounts

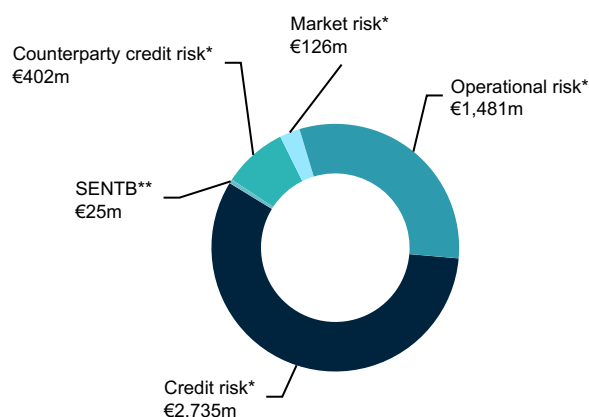


Note: The comparatives on this page are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

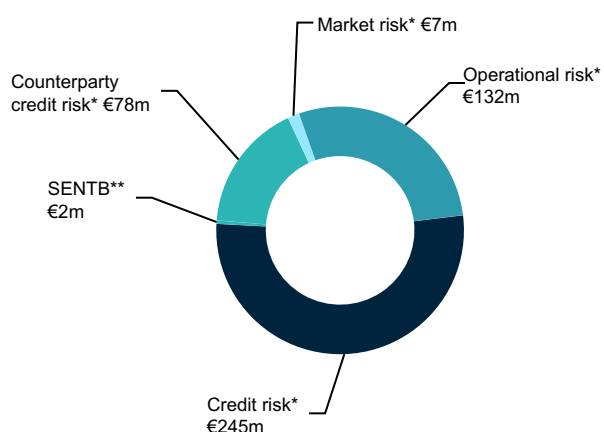
#### Risk exposure by risk type at 31 December 2024



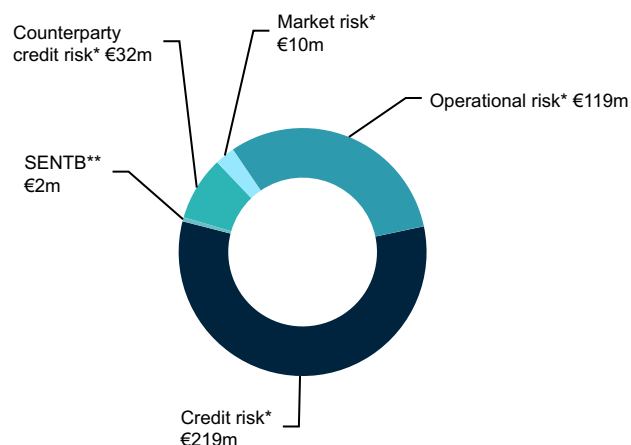
#### Risk exposure by risk type at 31 December 2023



#### Capital requirements by risk type at 31 December 2024



#### Capital requirements by risk type at 31 December 2023



\* Standardised approach framework

\*\* SEC-ERBA framework

SENTB: Securitisation exposures in the non-trading book

## The Bank of New York Mellon SA/NV (the 'European Bank')

The European Bank's capital management strategy is to maintain appropriate capital commensurate with its risks and business strategy and to ensure capital is sufficient to meet the risk appetite requirements in relation to the regulatory expectations and internally assessed capital requirements. Balance sheet management decisions, such as the deployment of excess capital considers capital adequacy requirements and the need to ensure compliance with the Board's Risk Appetite. Decisions are made after comprehensive reviews of key capital ratios and metrics to ensure strategic and regulatory objectives are satisfied.

Each year European Bank Treasury, together with the Finance and Risk teams, develops a capital plan that includes forecast capital levels and ratios, with specific plans for any capital issuances, distributions, or deployment. The plan includes economic and financial forecasts under normal (base) circumstances, as well as the results of any applicable sensitivities in order to assess the impact on available headroom given various plausible risks to the capital position or capital requirements.

The capital plan effectively incorporates a view of the European Bank's current business model, the risks associated with that model, and an assessment of how those risks contribute to the amount of capital required, as per internal and external regulatory criteria. The capital plan is subject to Executive Committee ('ExCo') and Board approval (upon recommendation of the Risk Committee of the Board) and the performance metrics are reviewed by the BNY Asset and Liability Committee ('ALCO') and the European Bank Capital and Stress Testing Committee ('CSTC').

### 3.1 Calculating capital requirements

CRR II allows for different approaches for calculating capital requirements. The European Bank applies the standardised approach under Pillar 1 for the majority of risk types.

**Table 10: EU OV1 Overview of total risk exposure amounts**

This table shows the European Bank's risk-weighted assets ('RWAs') using the stated approaches and their respective capital requirements. An 8% factor is applied to the risk weighted assets to calculate the capital requirement. The European Bank has an immaterial exposure to central counterparties ('CCP'). There are also no risk-weighted assets relating to settlement risk or large exposures in the trading book for both the current and comparative disclosure period.

| (€m)  | Risk weighted assets (RWAs) |              | Total own funds requirements |
|---|-----------------------------|--------------|------------------------------|
|   | 31-Dec-24                   | 31-Dec-23    | 31-Dec-24                    |
| <b>1 Credit risk (excluding CCR)</b>  | <b>3,066</b>                | <b>2,735</b> | <b>245</b>                   |
| 2 Of which the standardised approach  | 3,066                       | 2,735        | 245                          |
| 3 Of which the foundation IRB (FIRB) approach   | —                           | —            | —                            |
| 4 Of which: slotting approach   | —                           | —            | —                            |
| EU 4a Of which: equities under the simple riskweighted approach                               | —                           | —            | —                            |
| 5 Of which the advanced IRB (AIRB) approach   | —                           | —            | —                            |
| <b>6 Counterparty credit risk - CCR</b>   | <b>977</b>                  | <b>402</b>   | <b>78</b>                    |
| 7 Of which the standardised approach  | 786                         | 301          | 63                           |
| 8 Of which internal model method (IMM)  | —                           | —            | —                            |
| EU 8a Of which exposures to a CCP   | 0                           | 0            | 0                            |
| EU 8b Of which credit valuation adjustment - CVA  | 165                         | 95           | 13                           |
| 9 Of which other CCR  | 26                          | 6            | 2                            |
| <b>15 Settlement risk</b>   | <b>—</b>                    | <b>—</b>     | <b>—</b>                     |
| <b>16 Securitisation exposures in the non-trading book (after the cap)</b>                    | <b>26</b>                   | <b>25</b>    | <b>2</b>                     |
| 17 Of which SEC-IRBA approach   | —                           | —            | —                            |
| 18 Of which SEC-ERBA (including IAA)  | 26                          | 25           | 2                            |
| 19 Of which SEC-SA approach   | —                           | —            | —                            |
| EU 19a Of which 1250%   | —                           | —            | —                            |
| <b>20 Position, foreign exchange and commodities risks (Market risk)</b>                      | <b>90</b>                   | <b>126</b>   | <b>7</b>                     |
| 21 Of which the standardised approach   | 90                          | 126          | 7                            |
| 22 Of which IMA   | —                           | —            | —                            |
| <b>EU 22a Large exposures</b>   | <b>—</b>                    | <b>—</b>     | <b>—</b>                     |
| <b>23 Operational risk</b>  | <b>1,651</b>                | <b>1,481</b> | <b>132</b>                   |
| EU 23a Of which basic indicator approach  | —                           | —            | —                            |
| EU 23b Of which standardised approach   | 1,651                       | 1,481        | 132                          |
| EU 23c Of which advanced measurement approach   | —                           | —            | —                            |
| 24 Amounts below the thresholds for deduction (subject to 250% risk weight) (For information) | 48                          | 212          | 4                            |
| <b>29 Total</b>   | <b>5,810</b>                | <b>4,769</b> | <b>464</b>                   |

## The Bank of New York Mellon SA/NV (the 'European Bank')

Risk-weighted assets for credit risk and counterparty credit risk increased year on year. This was mostly driven by increases in exposures to corporates of €483 million largely due to variations in derivatives, overdraft, and securities related activity. Similarly, exposures to institutions increased by €432 million, mostly in relation to variations in third party and affiliate placements, nostros, securities and overdraft exposures. Other asset risk weighted exposures also declined but were partly offset by increased exposure to covered bonds.

Counterparty credit risk weighted assets saw an increase of around €575 million primarily due to higher derivative and securities financing transaction related activity. This also led to an increase in credit valuation adjustments.

Market risk weighted assets declined largely due to reductions in foreign exchange which were partly offset by an increase in position risk..

The RWA for operational risk has increased in accordance with the annual re-calculation to incorporate the impact of results from the prior three years. Generally the RWA for operational risk is re-calculated annually in Q4, once the prior year's profits are recognised following the audit. Profit for the year has therefore been included in the Q4 operational risk calculation.

The European Bank exceeds the minimum capital ratios required to maintain a well-capitalised status and to ensure compliance with regulatory requirements at all times. The European Bank sets the internal capital target levels higher than the minimum regulatory requirements to ensure there is a buffer which reflects balance sheet volatility. These ratios have been determined to be appropriate, sustainable and consistent with the capital objectives, business model, risk appetite and capital plan.

## 4 Article 435 CRR II - Risk management objectives and policies

Given the critical role that BNY plays supporting clients and its status as a Global Systemically Important Financial Institution ('G-SIFI'), while the European Bank is an Other Systemically Important Financial Institution ('O-SIFI'), the financial stability of all of its constituent legal entities, throughout market cycles and especially during periods of market turbulence, is recognised at a BNY group level as imperative. Clients and market participants need to have confidence that all of BNY's legal entities will remain strong, continue to deliver operational excellence and maintain an uninterrupted service. Therefore, the European Bank and the BNY group as a whole are committed to maintaining a strong balance sheet and, as a strategic position, assumes less risk than many financial services companies.

Whilst BNY assumes less balance sheet risk than most financial services companies, it does exhibit other types of risk as a result of its business model. BNY has developed an enterprise risk management programme that is designed to ensure that:

- risk appetite principles are incorporated into its strategic decision making processes;
- risk limits are in place to govern its risk-taking activities across all businesses and risk types;
- monitoring and reporting of key risk metrics to senior management and the board takes place; and,
- there is a capital planning process which incorporates both economic capital modelling and a stress testing programme.

### Risk statement

In accordance with Article 12 of Annex IV of the Belgian Banking Law, the European Bank has been identified as a Systemically Important Financial Institution ('SIFI') in Belgium reinforcing the importance of an appropriate risk management function.

The European Bank has adopted a conservative capital risk appetite to maintain a strong capital position and balance sheet throughout all market cycles with strong liquidity, superior asset quality, ready access to external funding sources at competitive rates and a strong capital structure whilst delivering operational excellence to meet stakeholders' expectations. Any changes to the risk profile are typically a result of new business and growth with risks mitigated through the internal governance, controls and risk management practices.

The European Bank is mainly exposed to credit, market and operational risks from its investment servicing and custodian services as well as its investment portfolio. These risks are managed through a risk management framework, consistent with the BNY Group framework, through the European Bank's own risk management function, organization and governance. Any capital requirements allocated for these risks have been assessed through modelling, stress testing and sensitivity analysis or through qualitative assessment.

The European Bank monitors its capital adequacy in accordance with Basel Framework on the basis of Pillar 1 as well as Economic Capital requirements. Both concepts are subject to risk appetite metrics.

Pillar 1 capital requirement is calculated according to the Basel standardised approach for credit, market, operational risks and for credit value adjustment. The standard formula is based on weighting factors applied to the balance sheet and profit and loss components. Pillar 1 capital requirement is compared to the own funds and in particular the CET1, Tier 1 and Total Capital, and monitored (daily) against regulatory thresholds triggered by the Supervisory Review and Evaluation Process ('SREP') and risk appetite. The European Bank ensures it maintains sufficient capital to cover Capital requirements and all necessary buffers. The risk appetite establishes a buffer based on stress testing results on top of the regulatory requirements.

The Economic Capital uses the European Bank's methodologies (most being BNY Mellon methodologies) which follow an approval process including yearly independent validation by BNY's Model Risk Management Group ('MRMG'). These methodologies are presented to and approved by the European Bank's Capital and Stress Testing Committee ('CSTC'), a committee assisting the Executive Committee with Economic Capital Adequacy related subjects. The Economic Capital is calculated for all material risks, which are summed to form the total Economic Capital requirement.

Materiality is based on both quantitative and qualitative criteria. The qualitative criteria rely on a number of factors and the risk register plays a key role. The risk register is a management tool that provides a high level view of an entity's risk landscape. It is instrumental in forming the risk strategy of the entity and defining risk appetite in the context of the broader organization. Applied to the European Bank, the risk register enables management to focus on the key risks to which the brand is exposed. The materiality and significance of risks in the Risk Register are



based on an assessment of expected frequency and impact magnitude for each risk, both from an inherent (before controls) perspective and from a residual (after controls) perspective. The materiality and significance of risks in the ICAAP on the other hand is based on tail losses.

Given the capital adequacy ratios and capital surplus, the European Bank concludes that the capital is sufficient at 31 December 2024 to face the risks of the entity. At 31 December 2024:

- the Pillar 1 capital requirement was €464 million (31 December 2023: €382 million); CET1 was €4,460 million (31 December 2023: €3,929 million); the CET1 ratio was 76.76% (31 December 2023: 82.40%).
- the Economic Capital requirement was €2,408 million (31 December 2023: €2,093 million) compared to available resources of €4,440 million (31 December 2023: €3,846 million); the Internal capital ratio was 14.7% (31 December 2023: 14.7%) with a capital surplus against the risk appetite of €1,625 million (31 December 2023: €1,399 million).

Internal capital adequacy ratio is calculated quarterly, and approximations are applied in order to estimate the capital needs on a monthly or a daily basis (as required). The three-year base case financial forecast is then used in order to project the capital requirements. The base case financial forecast includes projections of the balance sheet and profit and loss elements. The evolution of the balances and profitability, combined with a macro-economic assessment of the evolution of the risk profile were used in order to determine the evolution of the capital ratios. The macroeconomic assessment was performed in baseline and stressed conditions, whereby the impact on the accounting elements (balances and profitability) were deducted and combined with the deterioration of the risk profile.

The European Bank's internal capital assessment covers risks to its current business as well as known planned activities. The strategic initiatives are included in the financial plan, and so, assessed by capital assessment and stress testing.

The European Bank conducts stress tests and capital planning analysis. This provides an avenue for macroeconomic scenarios, new activities or strategic plans to be assessed. The stress tests results are used to assess the resilience of the European Bank to macro- and micro-economic adverse circumstances. Available mitigant actions were activated to prove the resilience of the European Bank to severe stress scenarios combining different shocks, including a strategic risk.

The European Bank's business model ensures that its revenues are mainly driven by the fees and commissions it receives, and less on the net interest income, and this ensures more stability in case of a macro-economic event.

### 4.1 Risk objectives

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The identification, measurement, monitoring and management of risk are essential elements for the success of operations undertaken by the European Bank, specifically:

- the Board recognises that in defining a risk appetite it must consider the views of a number of different stakeholders while accounting for business strategy and risk profile;
- the Board sees embedding risk appetite into the business strategy as essential;
- the Board recognises that it cannot fully mitigate all risks. The risk framework includes standard risk management self-assessment tools that take into account loss history and stress testing to measure and monitor whether or not risk controls in place continue to remain effective; and,
- the Board will seek input from its own and group wide risk committees on a regular basis in its reassessment of appetite and sources of major risks.

The Board adopts a prudent appetite to all elements of risk to which the European Bank is exposed.

### 4.2 Risk governance

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Risk oversight and management are structured to cover regional level, legal entity and Lines of Business ('LOB'). A formal governance hierarchy is in place to ensure that all areas of the business can effectively escalate issues through the regional and global structure.

### 4.2.1 Board of Directors

The Board is composed of a majority of non-executive directors, some of whom are representatives of The Bank of New York Mellon senior management. At least two of the non-executive directors are independent directors (as defined in the Belgian Banking Law). All members of the ExCo also sit on the Board in compliance with Article 24 of the Belgian Banking Law. All directors are natural persons.

The Board meets formally once a quarter or more frequently if deemed appropriate. Board meetings can be called whenever the specific needs of the business require it.

The primary responsibilities of the Board are to define the strategy and risk policy of the European Bank and to supervise the European Bank's management.

The main duties and responsibilities of the Board of the European Bank include, but are not limited to:

- defining the general business strategy, objectives and values of the European Bank in line with those of The Bank of New York Mellon;
- plan and monitor the implementation of the general business strategy, objectives and values within the European Bank;
- fixing the European Bank's risk tolerance level and regularly reviewing and approving the strategies and policies relating to the taking, management, follow-up and mitigation of risks;
- supervising the management of the European Bank's significant risks and ensuring adequate resources are allocated to it;
- approving the capital adequacy position and ensuring changes in the European Bank consider capital impacts;
- approving the recovery plan;
- approving the liquidity recovery plan;
- supervising effectively the ExCo and the decisions taken by the ExCo;
- drawing up annual and interim reports and accounts;
- assessing regularly (at least once per year) the efficiency of the internal organisation and system of internal control of the European Bank and its compliance with applicable laws and regulations;
- assessing the proper functioning of the European Bank's independent control functions (risk, internal audit and compliance);
- ensuring the integrity of the accounting and financial reporting systems and assessing regularly (at least once per year) the efficiency of the internal control structure, in particular regarding the financial reporting process;
- ensuring that the European Bank's internal governance - as translated into its Internal Governance Memorandum - is appropriate to its business, size and organization;
- approving the Internal Governance Memorandum and ensuring it is kept up-to-date and submitted to the supervisory authority;
- approving and reviewing regularly (at least once per year) the European Bank's remuneration policy, and supervising its implementation;
- selecting and evaluating the members of the ExCo and reviewing the process for the selection, evaluation, and development of other key managers (in particular the Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor);
- ensuring the succession planning for key managers;
- reviewing the European Bank's processes for protecting the European Bank's assets and reputation;
- approving policies and procedures as may be required by law or otherwise appropriate;
- reviewing the European Bank's processes for compliance with applicable laws, regulations and the internal policies including the Code of Conduct; and,
- overseeing the process of external disclosure and communications.

The table below shows the members of the Board and its committees as at 31 December 2024.

External functions exercised by directors, senior managers and heads of independent functions are regularly published in accordance with Belgian Banking Law of 25 April 2014 on the legal status and supervision of credit institutions and brokerage firms, NBB Regulation of 9 November 2021 on the Exercise of External Functions by managers of Regulated Companies and NBB Communication on the exercise of external functions by managers and persons responsible for independent control functions of regulated companies NBB\_2022\_19.

# The Bank of New York Mellon SA/NV (the 'European Bank')

| Board member                               | Function at the European Bank  | Name of the other company in which an external function is exercised         | Registered address   | Type of activities                        | Listed company (Y/N) | External mandate (title)          | Capital connection with SA/NV (Y/N) |
|--|--|--|--|---|----------------------|-----------------------------------|-------------------------------------|
| <b>Non-Executive Directors</b>             |  |  |  |   |                      |                                   |                                     |
| Marie-Hélène Crétu                         | Independent Chair of the Board, Independent Chair of the Nomination and Environmental and Social Governance Committee, Independent member of the Remuneration and Audit Committees | CoDiese  | 102 bis, Rue de Miromesnil, 75008 Paris, France                                | Management company                        | N                    | President                         | N                                   |
|  |  | Global Reporting Company   | 31 Hove Park Way, Hove, England, BN3 6PW, United Kingdom                       | Finance consultancy                       | N                    | Director                          | N                                   |
| Marcia Cantor-Grable <sup>1</sup>          | Independent Chair of the Risk Committee and independent member of the Audit and the Remuneration Committees  | AXA XL Insurance Company UK Limited and AXA XL Underwriting Agencies Limited | 20 Gracechurch Street, London EC3V 0BG   | General Insurance                         | N                    | Independent Director              | N                                   |
|  |  | Brown Shipley & Co. Ltd.   | 2 Moorgate, London, England, EC2R 6AG, United Kingdom                          | Wealth planning and Investment Management | N                    | Independent Director              | N                                   |
|  |  | Modulr FS Ltd.   | Scale Space, 58 Wood Lane, London, W12 7RZ, United Kingdom                     | E-money institution                       | N                    | Independent Director              | N                                   |
| Roderick Munsters <sup>2</sup>             | Independent Chair of the Remuneration Committee, Independent member of the Risk Committee and Independent member of the Nomination and Environmental Social Governance Committee   | Athora Netherlands NV  | Burgemeester Rijnderslaan 7 1185 MD Amstelveen, the Netherlands                | Insurance company                         | N                    | Chairman of the Supervisory Board | N                                   |
|  |  | Unibail-Rodamco-Westfield SE   | 7 Place du Chancelier Adenauer, 75116 Paris, France                            | Real Estate company                       | Y                    | Independent Director              | N                                   |
|  |  | Wisayah Global Investment Company  | P.O Box 5000, Dhahran, Postal Code 3131, Kingdom of Saudi Arabia               | Investment Company                        | N                    | Independent Director              | N                                   |
|  |  | Eindhoven Field Hockey Club Oranje Rood Vereniging                           | Charles Roelslaan 7A, 5644 HX Eindhoven, Netherlands                           | Sports club                               | N                    | Chairman of the Supervisory Board | N                                   |
| Stephen Davies                             | Independent Chair of the Audit Committee and Independent member of the Risk Committee  | Goldman Sachs UK Retirement Plan   | Plumtree Court, 25 Shoe Lane, London, United Kingdom, EC4A 4AU UK              | Pension Plan                              | N                    | Chair of Trustees                 | N                                   |
|  |  | Goldman Sachs UK Retirement Plan Pension Trustee Limited                     | Dormant Company  | N.A                                       | N.A.                 | Chair of the entity               | N.A.                                |
| Caroline Butler <sup>3</sup>               | Member of the Audit Committee and member of the Nomination and Environmental Social Governance Committee   | International Securities Services Association (ISSA)                         | c/o SIX Group Services Hardturmstrasse 201 P.O. Box CH-8021 Zurich Switzerland | Non-profit organisation                   | N                    | Director                          | N                                   |
| Senthilkumar Santhanakrishnan <sup>4</sup> | Member of the Risk Committee   | Board of the American Heart Association                                      | 10 East 40th Street, 11th Floor, New York, NY 10016                            | Non-profit organization                   | N                    | Director                          | N                                   |
| Richard Gordon                             | Member of the Remuneration Committee and member of the Risk Committee  |  |  |   |                      |                                   |                                     |
| <b>Executive Directors</b>                 |  |  |  |   |                      |                                   |                                     |
| Björn Storim                               | Chief Executive Officer and Chair of the Executive Committee   |  |  |   |                      |                                   |                                     |
| Rachel Zahra                               | Chief Operations Officer and Member of the Executive Committee   |  |  |   |                      |                                   |                                     |

## The Bank of New York Mellon SA/NV (the 'European Bank')

| Board member  | Function at the European Bank   | Name of the other company in which an external function is exercised | Registered address                               | Type of activities | Listed company (Y/N) | External mandate (title) | Capital connection with SA/NV (Y/N) |
|---------------|---|--|--|--------------------|----------------------|--------------------------|-------------------------------------|
| John Hennessy | Chief Risk Officer and Member of the Executive Committee                                      |  |  |                    |                      |                          |                                     |
| Eric Pulinx   | Chief Financial Officer, Deputy Chief Executive Officer and Member of the Executive Committee | Delen Private Bank   | Jan Van Rijswijcklaan 184, 2020 Antwerp, Belgium | Credit Institution | N                    | Independent Director     | N                                   |
|               |   | Finax  | Begijnenvest 113, 2000 Antwerp, Belgium          | Financial Holding  | N                    | Independent Director     | N                                   |

- <sup>1</sup> On 1 January 2025, Marcia Cantor-Grable's external mandate at Modulr, FS Ltd, Scale Space 58, Wood Lane, London, W12 7RZ, United Kingdom, is terminated.
- <sup>2</sup> On 21 February, 2025, Roderick Munsters has decided to step down as Independent Non-Executive Director of The Bank of New York Mellon SA/NV, Boulevard Anspach 1, 1000 Brussels, Belgium.
- <sup>3</sup> On 23 July 2024, Caroline Butler, non-executive director, stepped down as independent Director at Access Fintech, 122 Grand Street New York, NY10013, USA.
- <sup>4</sup> Senthilkumar Santhanakrishnan - Has 2 internal mandates as Director, and has decided to step down as member of the Board of Directors and member of the Risk Committee meeting of The Bank of New York Mellon SA/NV on 21 February 2025.

Note: On 28 May 2024, Olivier Lefebvre stepped down as Independent Chair of the Board of Directors, Independent Chair of the Nomination & Environmental Social Governance Committee and Independent member of the Audit and Remuneration Committees of The Bank of New York Mellon SA/NV at Boulevard Anspach 1, 1000 Brussels.

No director has declared a personal conflict of interest that would give rise to the application of article 7:96 of the Belgian Companies and Associations Code.

There have been no changes in heads of internal control, risk management, compliance and internal audit per Article 435(1) CRR II.

The European Bank is committed to diversity and inclusion. This commitment is not only important to the European Bank's culture and to each director as individuals, it is also critical to the European Bank's ability to serve its clients and grow its business. The European Bank recognises the importance of having diversity, including gender diversity, on the Board. Aligned with its engagement in and signature of the 'Gender Diversity Charter' supported by Women in Finance (Belgium), at least one third of each gender shall be represented on the Board. As new board appointments are made, the Nomination and Environmental Social Governance Committee ('the Nomination & ESGCo') shall aim to include candidates which will enable the Company to remain compliant with this target. As at 31 December 2024 this gender diversity objective is achieved.

Having a combination of diverse relevant personal attributes on the Board provides a range of perspectives, insights and challenge needed to support good decision making. Board appointments are based on an individual and collective assessment taking into account these criteria.

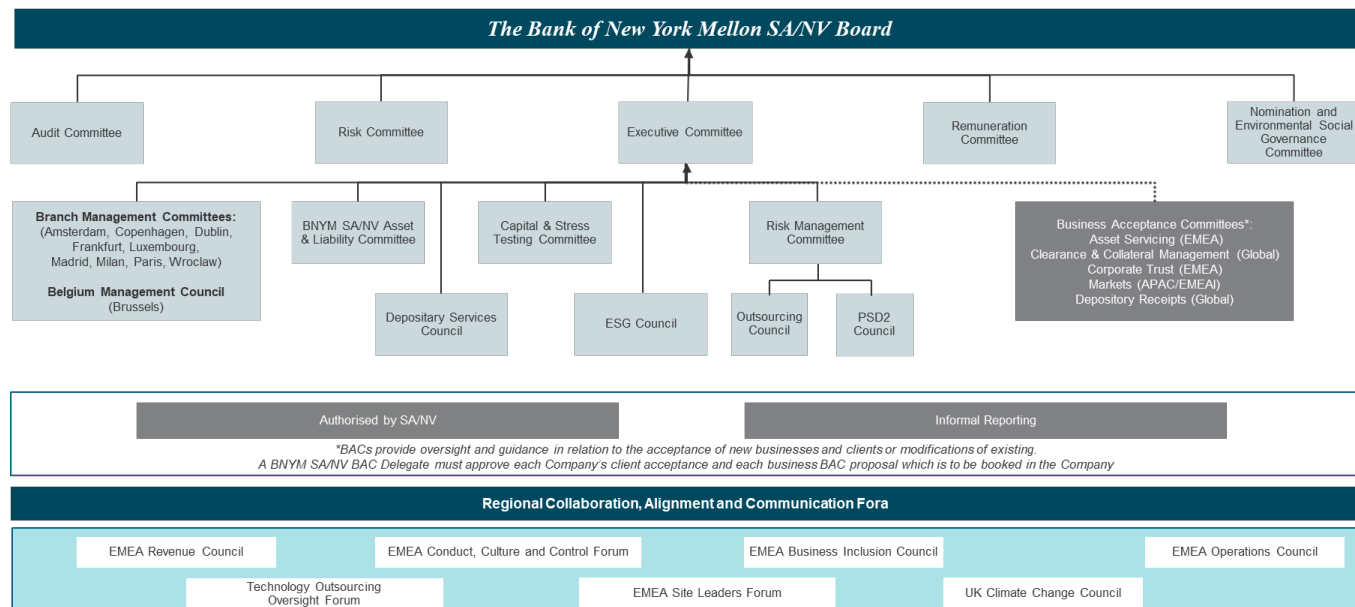
The Nomination & ESGCo is responsible for reviewing the structure, size and composition of the Board (including its skills, knowledge, experience and diversity) and making recommendations to the Board with respect to any Board member's appointment. In identifying suitable candidates for a particular appointment, the Nomination & ESGCo considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board.

On 25 April 2024, the Nomination & ESGCo reviewed the general composition of the Board and its committees and the suitability assessments of the directors. The Nomination & ESGCo concluded that each director is fit and proper for their respective functions and that the Board as a whole possesses the necessary balance of skills and experience to adequately fulfil its roles and responsibilities.

### 4.2.2 Legal Entity Risk Management

As at 31 December 2024, the Board had four advisory committees: the Audit Committee, the Risk Committee, the Nomination and Environmental Social Governance Committee and the Remuneration Committee as seen on the following page.

## The Bank of New York Mellon SA/NV (the 'European Bank')



The Audit Committee assists the Board in fulfilling its oversight responsibilities in respect of: (i) the integrity of the European Bank's financial reporting process and financial statements; (ii) the efficiency of European Bank's internal control and risk management systems, (iii) the performance of the European Bank's internal audit function, and (iv) the statutory auditor's qualifications, independence, provision of additional services and performance.

The Risk Committee advises the Board on the Company's overall current and future risk appetite and strategy and assists the Board in overseeing the implementation of that risk strategy by the Executive Committee. The Risk Committee also assists the Board in fulfilling its oversight responsibilities with regard to the risk management of the European Bank, as well as the compliance with legal and regulatory requirements and the controls to prevent, deter and detect fraud.

The Nomination and Environmental Social Governance ('ESG') Committee (i) makes recommendations to the Board with respect to the nominations of the European Bank's directors and the composition of the Board and its committees, (ii) oversees and assesses the overall governance of the European Bank and recommends any changes to the Board and (iii) oversees and assesses the ESG developments and impact thereof on the European Bank's governance and strategy.

The Remuneration Committee assists the Board in fulfilling its responsibilities in respect of remuneration within the European Bank including its branches and subsidiary. The Remuneration Committee's main duty is to advise the Board in defining the Remuneration Policy of the European Bank. The Remuneration Committee is in charge of the preparation of Board's decisions relating to the remuneration, in particular where such remunerations have an impact on the European Bank's risks and risk management, including the remuneration of the heads of the independent control functions. The Remuneration Committee is also responsible for reviewing: (i) the European Bank's remuneration policy statement ('Remuneration Policy Statement') in light of applicable laws, regulations and Corporate policies; (ii) the compensation plans ('Compensation Plans') applicable within the European Bank against the Remuneration Policy; and (iii) practices, including awards paid, in light of the Remuneration Policy, applicable laws and regulations and Corporate policies.

The ExCo has been established by the Board in accordance with Article 24 of the Banking on the status and oversight of credit institutions and Article 7:104 of the Belgian Companies and Associations Code. The ExCo has been entrusted with the general management of the European Bank with the exception of (i) the determination of the strategy and general policy of the European Bank and (ii) the powers reserved to the Board by law or the articles of association. The ExCo meets formally at least once a month, and reports to the Board.

The ExCo is responsible for running the general management of the European Bank within the strategy and the general policy as defined by the Board and for ensuring that the culture across the European Bank facilitates the performance of business activities with integrity, efficiency and effectiveness.

The ExCo reviews corporate initiatives including strategic initiatives, financial performance, new business initiatives, policy changes, controls and organisational development. The ExCo has responsibility across all Lines of Business conducted by or impacting the European Bank, its branches or subsidiary.



## **The Bank of New York Mellon SA/NV (the 'European Bank')**

As described in detail in the ExCo Terms of Reference, the responsibilities of the ExCo in carrying out the general management of the European Bank mainly relate to corporate responsibilities, control environment, regulatory, stress testing and ICAAP.

The ExCo reports its activities, advises, and makes recommendations to the Board regularly. At least annually, the ExCo assesses the efficiency of the European Bank's internal organisation and internal controls together with the measures taken to remediate to any identified deficiencies, and reports the same to the Board, the NBB and the external auditor.

The ExCo has established the following committees to assist in the performance of its duties.

### **Risk Management Committee ('RMC')**

The European Bank's RMC meet on a monthly basis, with the key purpose of the RMC being to provide oversight of the operational and credit risks (including concentration risk) supported by European Bank (head office and branches), to ensure that risks are identified, monitored and reported and to ensure that appropriate actions and activities are in place to manage the identified risks. The RMC also plays a central role in ensuring that material change that has the potential to affect the European Bank is identified in a timely manner and managed in an appropriate fashion.

The aim of the RMC is to establish and maintain a capable and effective forward-looking risk organization that is well placed to identify and manage emerging risks for the legal entity including its branches and subsidiary. The RMC provides risk-based challenge to the Business (First Line of Defence) establishes and maintains a risk culture, advises the ExCo on risk matters. The RMC is responsible for ensuring that risk and compliance activities undertaken by the European Bank and its underlying branches, and businesses are executed in accordance with the European Bank's Risk Appetite Statement ('RAS'), policies, and regulations.

### **Asset and Liability Committee ('ALCO')**

The European Bank's ALCO is responsible for overseeing the asset and liability management activities on the balance sheet of the European Bank (including its branches and subsidiary), and for ensuring compliance with all liquidity, interest rate risk and capital related regulatory requirements.

The ALCO is responsible for ensuring that the BNYM Company policy and guidance set through the Global ALCO is understood and executed at the legal entity level. This includes strategy related to the investment portfolio, placements, capital, interest rate risk, and liquidity risk. The ALCO is responsible for monitoring the asset & liability management activities for European Bank (including its branches). At this point the European Bank Paris, Copenhagen, Poland, and Madrid branches are non-deposit accepting institutions and therefore do not have asset and liability management activities. However, any future activities of these branches will be covered by the ALCO. The ALCO reports to the European Bank ExCo.

### **Capital and Stress Testing Committee ('CSTC')**

The purpose of the CSTC is to ensure adequate governance and understanding of, and ownership for the processes and documentation pertaining to, the European Bank's capital requirements (economic, regulatory, adequacy and allocation), the risk economic capital model methodologies and stress testing. This is achieved in accordance, where applicable, with the ICAAP governance, the European Bank Stress Testing policies and framework whilst taking into consideration the Group's over-arching capital, profit and strategic plans.

The CSTC is an empowered decision making body under authority delegated by the European Bank's ExCo and subject to corporate policy, legislation and external regulation.

### **Business Acceptance Committee ('BAC')**

The BAC is responsible for the acceptance, oversight and guidance of new and existing businesses and clients for each of the following business lines for all BNY legal entities across EMEA: Asset Servicing, Corporate Trust, Depositary Receipts, Markets, and Clearance & Collateral Management.

The European Bank BAC delegates, selected by the ExCo for their expertise, must approve each client acceptance and each business BAC proposal which is to be booked in the European Bank. The European Bank BAC Delegates have the power to reject and veto a piece of business if for whatever reason it would be inappropriate to conduct the business in the European Bank.

In addition, representatives of the European Bank and branches' Compliance department attend relevant meetings of the BACs and are accountable to the Compliance Officer in respect of all business acceptance. BAC approval requirements include also one from Business Risk Management, if required, supported by a risk officer of an impacted legal entity.



## The Bank of New York Mellon SA/NV (the 'European Bank')

### Depository Services Council

The purpose of the Depository Services Council (the 'Council') is to provide independent guidance, support, and expertise to the management of the European Bank and The Bank of New York Mellon (International) Limited ('UK Bank') with respect to its Trustee and Depositary ('T&D') business.

The principal objectives of the Council, relating to the T&D business are: escalate significant or otherwise important matters; make recommendations to both the ExCo of the European Bank and UK Bank in respect of any material decisions or the adoption of any strategies and plans; and provide counsel and support to both ExCos, from which it has been bestowed a limited role. To that end, the Council shall provide the company, and in particular its management, operating through the ExCos, with:

- Recommendations and objective, impartial, constructive, and informed advice with respect to matters requiring decision in terms of each Company's T&D business.
- Guidance and input in terms of strategies and plans to be adopted by each Company with respect to its T&D business; and
- Reports, updates, and other information with respect to each Company's T&D business, its performance as against plans and that of its peers, industry developments, and associated matters.

The Council is an advisory body and does not have any authority to represent, bind, or direct the European Bank or UK Bank in its operations in any way.

### Outsourcing Council

The purpose of the Outsourcing Council is to:

- Oversee the key outsourcing risks supported by the European Bank.
- Ensure that the key outsourcing risks are identified, monitored and reported.
- Ensure that appropriate actions and activities are in place to manage the identified risks.

The Council derives its authority and mandate from the European Bank RMC.

The aim of the Council is to establish and maintain a capable, effective and forward-looking outsourcing organisation that is well placed to identify and manage current and emerging risks for the legal entity, including its branches.

The Council establishes and maintains a risk culture, advises, and escalates to the European Bank RMC on risk matters.

The Council is responsible for ensuring that the outsourcing activities undertaken by the European Bank are executed in accordance with its risk appetite, policies and regulations.

### ESG Council

The European Bank has established an ESG Council in charge of advising the ExCo in ensuring climate related, social and environmental risks and opportunities are fully identified, understood and incorporated into management decisions and strategy definition.

The ESG council advises the ExCo on ESG matters, specifically the identification and management of ESG risks impacting the European bank. Its membership is based on suitability and knowledge of ESG matters, as well as relevant experience, and brings together all Lines of Defence.

The ESG Council has been tasked with developing the European Bank's plan to address financial risks and other climate change implications, leveraging existing governance structure, policies, and procedures.

In addition to the above committees and councils, the ExCo has mandated the Belgium Management Council ('BEMCo'), with the purpose to provide leadership for BNY Mellon employees in Belgium, regardless of legal entity, functional, or business affiliation. The BEMCo is responsible for overseeing, informing, supporting and involving other local bodies, as well as ensuring employee engagement within the Brussels location and the European Bank in Belgium. It shall also decide or escalate matters discussed with the employee relations bodies.

### Branch Management <sup>1</sup>

In each branch, a Branch Manager and Deputy Branch Manager(s) have been appointed to ensure the proper running of the branch's activities under the supervision of the ExCo. Each branch has at least a designated local manager who performs an oversight role in respect of that branch, including but not limited to, liaising with local regulators. In order to strengthen the management structure of the local branches, a Branch Management Committee with heads of different functional units of the branches is established and meets at least on a monthly

<sup>1</sup> The BNY Mellon KVG subsidiary was merged into the European bank on 1 February 2024.

basis. The management of the European Bank's foreign branches acts under the supervision of the ExCo. Branches regularly report on their activities and provide the minutes of their meetings to the ExCo member(s) who is (are) responsible for the branches.

### 4.2.3 Risk Management in the Lines of Business

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The oversight of risk management within each of the lines of business is governed via a Business Acceptance Committee and a Business Risk Committee, namely:

A **Business Acceptance Committee ('BAC')** is responsible for performing due diligence when accepting, on-boarding, monitoring and off-boarding client relationships and business. Members will review and approve new and incremental business opportunities. The European Bank's ExCo has delegated authority for business acceptance to the "BNY Mellon SA/NV Business Acceptance Committee ('BAC') Delegates" (members of the the extended European Bank's ExCo, Branch Managers or members of the second line of defence). The European Bank's BAC delegate must approve each non-standard client acceptance and each business opportunity proposal which is to be booked to the European Bank.

**Business Risk Committee ('BRC')** meetings are the point of review and approval for all new or materially modified products or process changes and services as well as the venue for review and approval of all potential off-boarding of products and services. BRC also reviews any major project initiative including touch-points to the European Bank. The BRC shall consider a variety of issues including: potential or actual conflicts of interest or sensitive business practices, errors and service delivery failures, especially with impact to clients and/or to legal and regulatory obligations; client communications and disclosure; financial losses; unsubstantiated gains; and potential reputation damage. BRC meetings are designed to enhance transparency of the key risk and control issues facing the business and to provide a forum for escalation and discussion of these issues. Impact to the European Bank will be escalated to its RMC or ExCo (when deemed appropriate) for review and approval, as appropriate.

### 4.3 Risk identification ('Risk ID')

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The Risk ID is a management tool that provides a high-level view of an entity's risk landscape. It is instrumental in forming the risk strategy of the entity and defining risk appetite in the context of the broader organisation. Applied to the European Bank, the Risk ID enables management to focus on the key risks to which the European Bank is exposed. The Risk ID, which is governed by the Policy "Legal Entity and Branch Risk Identification & Assessment Procedure", should be read in conjunction with, and be complementary to, the European Bank's ICAAP and ILAAP ('Internal Liquidity Adequacy Assessment Process'), the business-level risk and control self-assessments ('RCSA's') and other Risk MI including the Risk Dashboard.

The Risk ID is coordinated by the business. Key representatives from the Lines of Business/Legal Entities will be consulted as part of the assessment process. The assessment is then reviewed by Senior Risk Officers of each Line of Business ('LOB SROs') and Risk function heads (e.g. credit risk). The Risk ID, which is approved by the ExCo, is a living document and will be updated regularly as needed.

### 4.4 Risk management framework

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As a global and systemically important financial institution, the European Bank holds itself to an industry leading standard of risk management. Effective management of risk is at the core of everything the European Bank does.

From the perspective of the European Bank, as with other regulated banking entities, a strong risk governance and a robust risk culture are achieved through close and continuous co-operation between business lines, risk and compliance teams and internal audit. Taken together, these enable the European Bank to effectively identify, assess, manage and report the risks that are inherent to operating its business.

The European Bank's Risk Management Framework is organised around the 'Three Lines of Defence' and the European Bank has, in accordance with the Banking Act requirements, put in place the following independent control functions: internal audit, compliance and risk management.

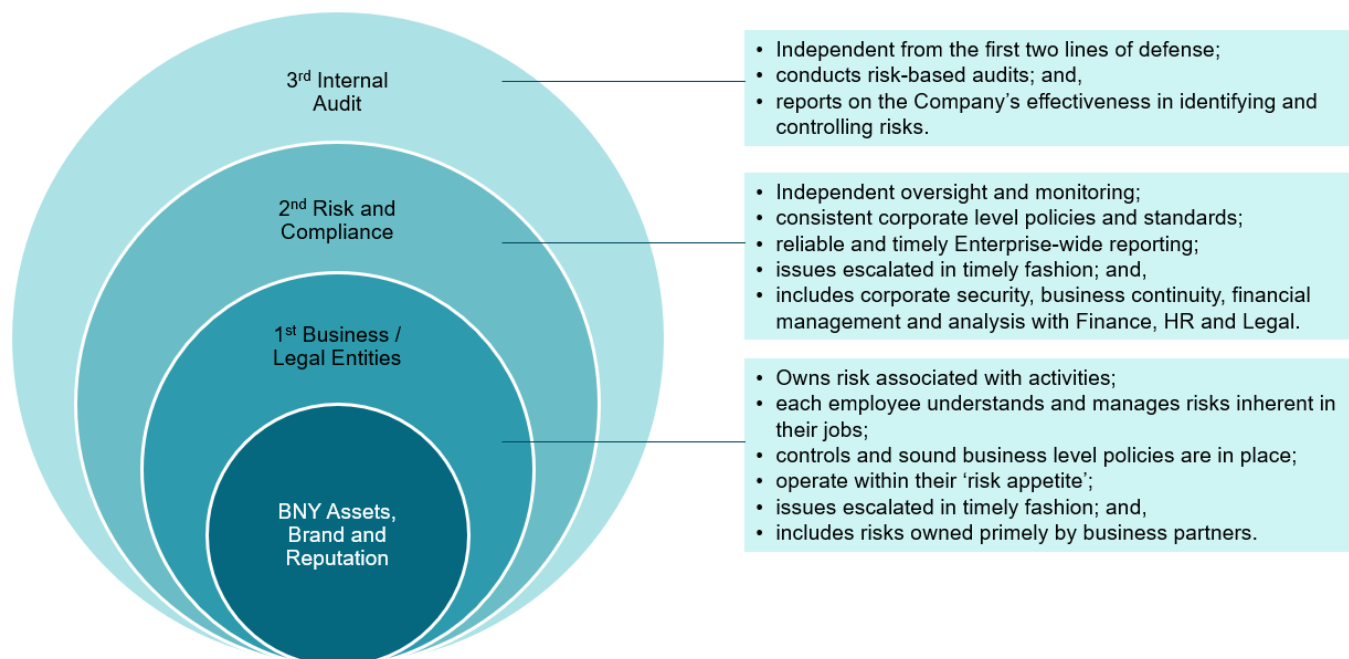
The ExCo is responsible for the implementation of these independent control functions. Annually, it reports to the NBB, the statutory auditor and the Board on the compliance with this requirement and on the measures taken in this respect. These functions are considered as independent as they operate independently from the other business functions.

The heads of the independent control functions must be fit and proper for carrying out such a role and approved by the NBB.

## The Bank of New York Mellon SA/NV (the 'European Bank')

The First Line of Defence ('1LOD') consists of managers and employees at the business or, in some cases, business partner level. They own the risk associated with the business activities, and they manage the risks and the related control processes and procedures on an operational basis. The Risk Management and Compliance functions are the Second Line of Defence ('2LOD'); and own the enterprise-wide risk management framework and provide independent oversight of the 1LOD. This also includes Corporate Security, Business Continuity, Financial Management and Analysis within finance. The Third Line of Defence ('3LOD') is Internal Audit, which independently provides the Board and senior management with the assurance that the governance structures, risk management and internal controls in place are effective.

**Figure 2: Managing Three Lines of Defence**



BNY Risk and Compliance policies and guidelines provide the framework for the European Bank's internal controls, risk identification, monitoring, reporting and escalation. Risks are managed within specialist risk teams (e.g. credit, liquidity, market) or via line of business risk teams (e.g. operational).

### 4.5 Risk appetite

Risk appetite articulates the level and nature of the risk we are willing to assume, within risk capacity and regulatory parameters, to meet our strategic objectives. The Risk Appetite Statement ('RAS') defines metrics and controls to measure and monitor risks relative to the risk appetite. These metrics establish risk thresholds through qualitative and quantitative expressions of risk appetite to monitor risk-taking activities.

The Risk Appetite of the European Bank constitutes the risk limiting perimeter within which the head office, and branches must operate.

The Board owns and defines the RAS, is responsible for annually reviewing it and approves any amendment. The Risk Appetite Report is actively monitored and managed by the ExCo through a defined governance and set of delegated controls to ensure that the performance of business activities remains within risk appetite levels. The Risk Appetite is reviewed if the risk profile changes or, at least, annually. It is governed by a Group Policy completed by a specific European Bank Standard which is reviewed at least annually.

The Board adopts a prudent appetite to all elements of risk to which it is exposed. Business activities are managed and controlled in a manner consistent with the Board's stated tolerances using defined quantitative and qualitative measurements. The Board has sought to establish a clear set of tolerances for its business and has articulated its appetite through a series of statements and metrics.

#### 4.6 Risk assessment methodology and reporting systems

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Risk identification and monitoring occurs in the business (operational areas) and within focused risk departments. Several processes are in place in order to ensure that risks are correctly and timely identified and monitored. Monitoring and controlling risk is primarily performed based on limits established by the European Bank. These limits reflect the business strategy and market environment of the European Bank as well as the level of risk that the European Bank is willing to accept. In addition, the European Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all business areas is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the RMC, the ExCo and the Board.

Risk identification and reporting is made using a series of tools and information systems. Each risk type is assessed and reported by risk experts to the RMC.

The European Bank benefits from multiple data gathering, risk monitoring and escalation flows. The European Bank generally does not build its own risk infrastructure, data aggregation or reporting tools. In that sense, all the tools used by the risk experts are corporate tools, of which the building and maintenance is framed by policies and service level agreements.

##### **Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP')**

The European Bank monitors its capital adequacy in accordance with Basel Framework on the basis of Pillar 1 and Economic Capital requirements for Internal Capital Adequacy ('ICA').

Pillar 1 capital requirement is calculated according to the Basel standardised approach for credit, market and operational risks and for credit value adjustment. The standard formula is based on weighting factors applied to the balance sheet and profit and loss components. Economic capital requirement is based on an internal risk assessment of the components of the balance sheet and of the business activities; it uses European Bank methodologies which follow an approval process including independent validation by BNY's model validation team. These methodologies are approved by the European Bank's Capital and Stress Testing Committee and by the Board as part of the annual ICAAP approval. The European Bank also conducts stress tests in order to assess the resilience of the capital base (both from a regulatory and economic perspective) in the future.

The ILAAP process reflects a strong liquidity risk management culture and efficient governance and risk framework regime in place within the firm. Throughout the ILAAP preparation cycle the content, findings and conclusions set out in this process have been reviewed and challenged by the relevant stakeholders and governance committees.

The ILAAP is a living document updated on a regular basis and no less frequently than annually. It includes liquidity stress testing and liquidity projections proving the resilience of the firm in case of market or idiosyncratic liquidity stress events.

Dedicated process are in place within the European Bank to align as needed and required to ICAAP and ILAAP exercises.

##### **New and modified businesses / products assessment process**

The product governance lifecycle (new and modify or retire existing products) is centrally administrated by Product Governance Office ('ProGo') and approved, at enterprise level, by the Product Approval and Review Committee ('PARC') through a comprehensive Product Program Document (the 'PPD'). The centrally coordinated process involves control / transversal functions in the review of the product proposals including the legal entities: It is a requirement of PARC that all legal entity approvals are completed prior to PARC approval or by attendance of the legal entity at the PARC (through the Legal Entity Approval Group ('LEAG'), delegated from the RMC for the European Bank).

Material business process changes are reviewed and approved by the RMC.

##### **Significant new client process**

Significant new clients are reviewed and approved by the corresponding BAC (Line of Business).

The BAC uses a checklist in order to assess the potential impact the new client will have on the economic capital requirement. If the impact is deemed potentially material, the European Bank's BAC delegate will be responsible for contacting Risk Management in order to obtain an ICA assessment.

### Risk and Control Self-Assessment ('RCSA')

The RCSA is a tool used by the business to identify risks associated with their key processes. High or Moderate residual risks are monitored by the EB Operational risk and form part of a regular risk management report if these require consideration by the RMC. This ensures that although the RCSA process is owned by the line of business in conjunction with the business risk managers, the RMC has oversight of the key exception items relating to the European Bank on an ongoing basis.

### Operational risk events

All operational losses and fortuitous gains exceeding US\$10k are captured in the Risk Management Platform ('RMP') with completeness being verified by reconciliation to the General Ledger. Risk events are categorised by causal category. Operational Loss Events reporting forms part of the standard risk management report to the RMC.

### Key Risk Indicators

Key Risk Indicators ('KRIs') are used by business lines to evaluate control effectiveness and residual risk within a business process. Material risks are monitored by appropriate KRIs. The business lines utilise the corporate-wide KRI process to monitor the extent to which the probability of the high inherent risks materialising is changing and to ensure that appropriate actions are being taken. KRI reporting and monitoring is performed monthly at a minimum using a red/amber/green rating system.

### Credit risk monitoring process

All counterparties leading to credit risk exposures are assessed and allocated a borrower rating in accordance with the BNY's credit rating system. Monitoring and control is conducted via a number of real-time systems to ensure that approved exposure levels are not exceeded, or are pre-approved by a suitable credit officer in the light of individual circumstances. Post event monitoring is also conducted by both Client Service areas and the Credit function. Issues arising from these are reported to the RMC.

### Large exposure process

Compliance with the large exposure (including Shadow Banking) regulatory requirements is controlled daily by the Credit Risk / Large Exposure function in the European Bank. Mitigants are applied as needed.

### Market risk monitoring process

The FX derivative positions are monitored against a limit reported at the ExCo.

### Interest rate risk monitoring process

The interest rate sensitivities are monitored against the risk appetite limit, as well as the compliance with regulatory guidance.

### Liquidity risk management process

The European Bank's overall approach to liquidity management is to ensure that sources of liquidity are sufficient in amount and diversity, such that changes in funding requirements can be accommodated routinely without a material adverse impact on earnings, daily operations, or on the financial condition of the European Bank. In this context, the European Bank has set certain practices, metrics, and limits to measure and manage liquidity risk. Through these measures, it seeks to ensure that the overall liquidity risk undertaken stays within its risk tolerance.

### Emerging risk

On a quarterly basis, the emerging risks of the European Bank are identified through a specific process which is mostly leveraged from Corporate, and reported to European Bank governance committees.

### Risk appetite report

The European Bank's Risk Appetite Report aims to provide a high-level view on the risk appetite metrics and their evolution over a given period. It is produced on a monthly basis.

### Stress testing

Capital stress testing is undertaken by the European Bank to monitor and quantify risk exposures and capital requirements to ascertain whether or not there are sufficient capital resources on a forward-looking basis. The process involves developing stressed scenarios that identify an appropriate range of adverse circumstances of varying nature, including geo-political events, severity and duration relevant to the European Bank's risk profile and business activities. The European Bank's stress testing programme assesses the capital strength and enhances the resilience to external shocks. It also helps senior management understand and mitigate risks, and informs decision about capital levels. The stress testing programme is overseen by the Capital and Stress Testing Committee with results reported, where appropriate, to the ExCo and the Board.



#### 4.7 Escalation of risks and issues

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A robust framework exists for monitoring and escalation of issues and risks. Business management is required to notify senior management, which includes the European Bank's Board members, soon after determination. Risk management is responsible for supporting the business lines in achieving the following:

- identifying and documenting all material risks, assessing the effectiveness of control design, and ensuring that control gaps are closed;
- developing and implementing standards and policies appropriate for the business that conform to the principles and guidelines established by Risk;
- elevating, reporting and investigating operating errors, losses and near misses, identifying the root causes and implementing corrective actions;
- reviewing key indicators for coverage and effectiveness, identifying root causes for red and amber conditions and ensuring implementation of corrective actions;
- approving the process to accept new business, including 'Request for Proposal' preparation, contract acceptance and compliance, and challenging whether the European Bank is being compensated appropriately for the assumption of risk;
- reviewing the impact of changes in business processes on inherent risks and controls such as reorganisations, new products or processes, system conversions and acquisitions, etc. and,
- ensuring that processes, risks and controls are continually reassessed for appropriateness and completeness.

Management information is used to monitor the performance of the transaction processing and support services including specific risk exposures (e.g. cash and securities reconciliation breaks) and red/amber/green ratings in respect of the health of the operational functions.

#### 4.8 Recovery and resolution planning

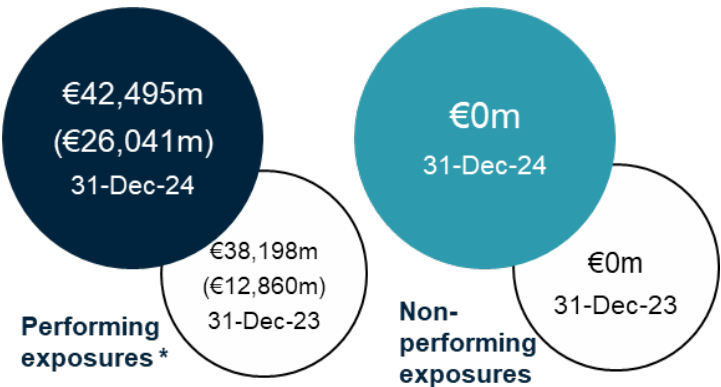
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The European Bank updates its recovery plan annually in accordance with regulatory guidance. The recovery plan is designed to ensure that the European Bank has credible and executable options to meet the challenges that may arise from potential future crises.

Every two years, BNY submits its Title I Resolution Plan as prescribed by supervisory policy, which includes the European Bank as a material entity of the BNY Group. The 2023 Title I Resolution Plan was submitted to the regulators on 1 July 2023.

The European Bank is working collaboratively with the resolution authorities in the context of our resolvability programme to support supervisory efforts in maintaining the European Bank resolution plan.

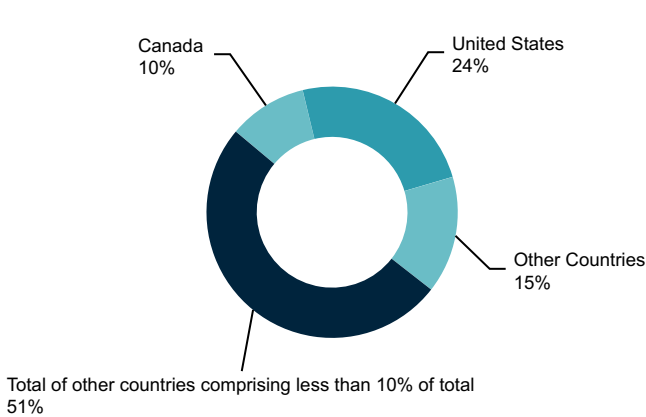
5 Article 442 CRR II - Exposures to credit risk and dilution risk



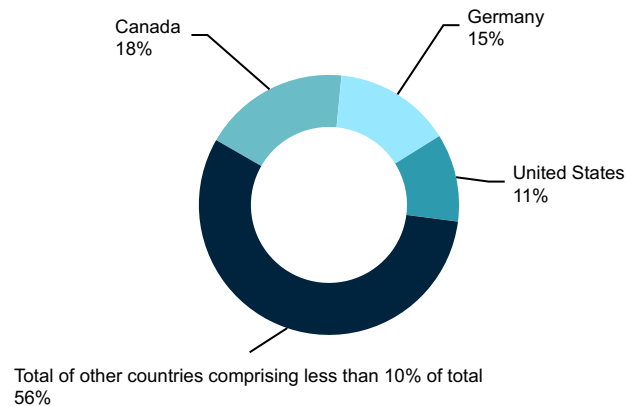
The values presented in brackets represent carrying values of loans and advances, and debt securities, but excluding placements at central banks and other demand deposits.

Note: The comparatives on this page are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

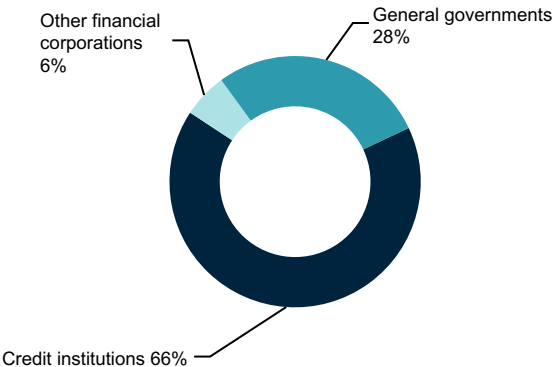
Performing exposures by country at 31 December 2024



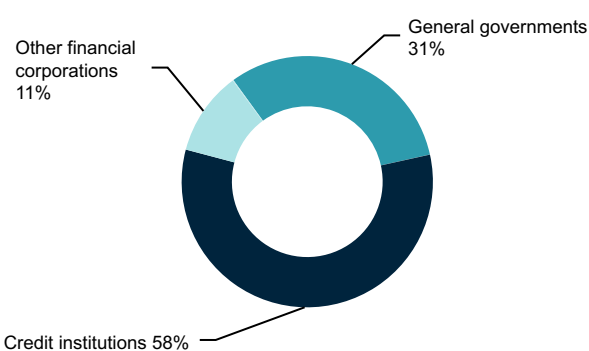
Performing exposures by country at 31 December 2023



Performing exposures by counterparty at 31 December 2024



Performing exposures by counterparty at 31 December 2023



The charts on this page represent carrying values of loans and advances, and debt securities, but excluding placements at central banks and other demand deposits.



## 5.1 Definition and identification

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Credit risk is the risk arising from obligor or counterparty failure to pay an extension of credit whether contractual or otherwise. Credit risk is found in all activities in which settlement or repayment depends on counterparty, issuer, or borrower performance. It exists any time bank funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet.

Understanding, identifying and managing Credit risk is a central element of BNY's successful risk management approach. The European Bank's Credit risk is managed in line with the BNY's Risk Appetite to minimise losses whilst identifying future potential risks. The European Bank's business model of providing custodial services assumes less balance sheet and traditional credit risk than many other banks. However, these businesses do create significant intraday credit risk that can originate from different sources. This section describes the effective governance of Credit risk exposures in the European Bank.

The principles, methodologies, and process outlined in this section relating to Credit risk are reviewed as part of the annual review process of Credit policy, if applicable. The European Bank generates the following forms of credit exposure:

- The European Bank provides significant intraday credit facilities to clients in order to settle transactions settling in a wide variety of global markets. These facilities are generally secured, unadvised and uncommitted. Although end of day balances (overdrafts) are relatively small, intraday exposures can be extensive, albeit spread across a very wide portfolio of clients;
- Client overdrafts and contractual cash on failing securities' trades, resulting from unfunded intraday activity (trade sales & purchases, FX and payment activity, collateral substitutions etc);
- Placements to (central) banks, money markets and (reverse-) repo: credit risk is assumed by the European Bank in placing funds with banks for a fixed term or overnight. This may be by way of cash placement or through the purchase of certificates of deposits issued by these banks;
- Investments in securities (government (equivalent or guaranteed) bonds, supranational bonds, covered bonds and RMBS).
- Intercompany exposures (overdrafts, nostro balances, placements, Netting Agreement use and receivables);
- Derivatives in the trading book: Spot FX, FX forwards, NDF, interest rate and currency swaps and options in support of the bank's treasury management as well as spot FX, FX forwards and currency swaps in support of the customer's custody business;
- Interest rate swaps with BNY Mellon Institutional Bank in protection of the interest rate risk in the European Bank's securities' portfolio;
- Securities' Finance trades (repo and reverse repo) in support of the bank's treasury management. As part of a continuous improvement to strengthen the European Bank's market access, the European Bank is a clearing member with a Central Counterparty Clearing House ('CCP'), used for securities financing activity.
- Guarantee: A guarantee underwritten to German pension fund investors covering the market risk of the portfolio.

## 5.2 Credit risk management framework

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At the outset of a new agent bank, trading counterpart or customer relationship, a review is undertaken by the business in partnership with Credit risk to determine the client's suitability for the products offered and the European Bank's Risk Appetite for the same. Once it is agreed that the relationship can be entered into and suitable limits made available to accommodate the activity, the client can be mandated and moved through the Business Acceptance Committee process for formal approval by all relevant parties. As the First Line of Defence, the business has primary responsibility to identify the nature and quantum of Credit risk that may be incurred as a result of any business relationship. Credit risk assists in that assessment as the Second Line of Defence.

BNY's Credit Risk Management function operates a global model to maximise efficiency and to leverage the SME resources that are available to the best advantage for all BNY legal entities. Credit risk is an outsourced service provided under Service Level Descriptions ('SLDs') to the various global BNY legal entities. Each legal entity Board will approve both an appropriate Risk Appetite Statement and a legal entity specific Credit Risk Policy which details the roles and responsibilities and levels of delegated authority for each type of activity.

## 5.3 Credit risk management

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Credit risk (including metrics, breaches, and output) is effectively managed in a number of ways:

- Nostro accounts are maintained at the minimum possible level and within large exposure limits commensurate with the smooth operation of client and own fund needs. The banks used are all major, well rated banks in their relevant countries;
- For custody clients, most limits (including derivatives) are calculated as a percentage of AUC (subject to certain maximum levels). All cash payments are checked against a limit on a real-time basis. Any excesses are referred to a credit officer for approval. Most clients have, within their Global Custody Agreement ('GCA'), provided the bank with a contractual right of set-off across currency accounts, a custodial lien on the assets held with right of retention and sale if debts are not repaid;
- Certain clients may not be able to provide a lien on their assets, or there may be some other inability to encumber the asset pool which may be held ultimately for the benefit of other parties (e.g. insurance companies, etc.). However, these clients are usually also highly rated financial institutions. Therefore, the risk is mitigated by their high credit rating rather than access to a collateralised bond portfolio;
- In some instances, the provision of intraday credit can lead to an overnight overdraft to a client which in turn could contribute to a large exposure breach. To mitigate this risk, the European Bank makes use of CRR II art. 390§6c ("next business day exclusions"). Though lien and/or pledge language in the custody contract is considered to being effective economic risk mitigation, this is not taken into account for regulatory risk mitigation. Where the European Bank have signed an on-balance netting agreement with the customer, its overdrawn balance(s) in a given currency will be netted off with its long balances in the same currency;
- A Master Netting Agreement is in place to cover intragroup exposure to The Bank of New York Mellon (International) Limited and The Bank of New York Mellon; and,
- Placement activity with third party banks is subject to credit approval and is only permitted after careful consideration of the quality of the counterparty bank, large exposure issues and exposure elsewhere within the BNY enterprise. Relationships with, and limits for, all banks are managed globally by BNY. The European Bank's counterparty bank limits are managed as a subset within the overall limits approved by the parent.
- The derivatives and securities finance trades are subject to third-party counterparty credit limits set by the Credit Risk function and calibrated in accordance with the outcome of the underwriting analysis and right-sized to the expected trading volume and credit protection offered. This takes into account the counterparty's risk profile, transaction type, collateral risk mitigation potential and the European Bank's risk appetite when establishing limits.

## 5.4 Monitoring and reporting

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Intraday credit risk is monitored and controlled in real time via a number of systems to ensure that approved exposure levels are not exceeded, or are pre-approved by an appropriate Credit Officer in light of individual circumstances.

Post-event monitoring is conducted by the client service area, with secondary oversight from the Credit Risk function.

For all other products, credit controls are put in place to ensure that trading remains within the limits or formal excess approval are given pre-trading. Limit excess reports exist and are actively being monitored to detect, validate and follow up on limit breaches.

The metrics supporting the management of Credit risk are reported to the Risk Management Committee ('RMC'), a sub-committee of ExCo.

## 5.5 Governance

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Governance of Credit risk oversight as a second line of defence function is described and controlled through BNY Mellon's Global Credit Risk Policy with the European Bank Credit Risk Policy and day-to-day procedures supported by a detailed SLD to ensure European Bank oversight as follows:

- Credit Risk Policy for each legal entity describes the outsourcing and delegation of credit risk tasks, defines roles and responsibilities and required reporting to be carried out to each business line and entity that the policy applies to. Any deviation from approved policy requires either senior business or senior legal entity approval depending on the type of event;
- Approvals for excesses are controlled using a matrix of Credit risk approval authorities held within the Credit Risk Policy - each Credit Risk Officer has their own individual delegated approval authority granted by the Chief Credit Officer. They must act within those limits when making approvals. If an excess is beyond the Officer's approval limit, it is escalated to a more senior officer as per the applicable Credit Risk Policy. The outsourcing of credit responsibility to Credit risk is through the Board approved Credit Risk Policy; and,
- Overdraft monitoring is a daily task and conducted within each legal entity - significant overdrafts are chased on a daily basis in line with the European Bank's risk appetite. All significant overdrafts and exposures are recorded and form part of the credit risk management information produced on a monthly basis for various management committees.

## 5.6 Analysis of credit risk

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Credit risk exposure is computed under the standardised approach which uses external credit assessment, institutional ratings and supervisory risk weights supplied by external credit assessment agencies. The following credit risk exposure tables summarise the credit exposure for the European Bank in accordance with the CRD V requirements.

The definitions below are used in the following tables:

- **Exposure at Default ('EAD')** is defined as the amount expected to be outstanding, after any credit risk mitigation, if and when a counterparty defaults. Exposure reflects drawn balances as well as allowance for undrawn amounts of commitments and contingent exposures over a one-year time horizon. As such, exposure in this context may differ from statutory IFRS accounting balance sheet carrying values;
- **Exposures in Default (past due)** - Exposures in default are defined as accounts receivable balances in excess of agreed limits for more than 90 days. This definition only applies to regulatory computations and is disclosed under exposure class, exposures in default. The European Bank has no exposures in default;
- **Credit Conversion Factor ('CCF')** converts the amount of a free credit line and other off-balance sheet transactions (with the exception of derivatives) to an EAD amount. This function is used to calculate the exposure at default;
- **Credit Risk Mitigation ('CRM')** is defined as a technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection;
- **geographic area** is based on the country location of the counterparty; and,
- **residual maturity** is defined as the period outstanding from the reporting date to the maturity or end date of an exposure.

## 5.7 Analysis of past due and impaired exposures

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An aspect of credit risk management relates to problem debt management, which entails early problem identification through litigation and recovery of cash where there is no realistic potential for rehabilitation.

The following tables provide an analysis of past due and impaired exposures using the following definitions:

- **past due** exposure is when a counterparty has failed to make a payment when contractually due; and,
- **impaired/ defaulted exposure** is when the European Bank does not expect to collect material contractual cash flows when they are due, and or, such cash flows are past due more than 90 days.

## The Bank of New York Mellon SA/NV (the 'European Bank')

As at 31 December 2024, the European Bank had no materially impaired exposures for which a specific or general provision was required. There were no assets past due greater than 90 days. The European Bank did not incur any write-offs of bad debts or make any recovery of amounts previously written-off during the reporting period. Further, the European Bank did not carry any exposures considered forborne, either performing or non-performing, and consequently did not obtain any collateral through taking possession. Equally, the European Bank also had an immaterial amount of loans and advances to non-financial corporations.

The European Bank applies specific credit risk adjustments in its supervisory reporting which relate to IFRS 9 ECL assessments and a guarantee commitment accounted for as a derivative at fair value through profit and loss.

Consequently, the following tables have no reportable values and have not been disclosed:

- EU CQ1: Credit quality of forborne exposures
- EU CQ2: Quality of forbearance
- EU CQ6: Collateral valuation - loans and advances
- EU CQ7: Collateral obtained by taking possession and execution processes
- EU CQ8: Collateral obtained by taking possession and execution processes - vintage breakdown
- EU CR2: Changes in the stock of non-performing loans and advances
- EU CR2A: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

## The Bank of New York Mellon SA/NV (the 'European Bank')

**Table 11: EU CQ3 Credit quality of performing and non-performing exposures by past due days**

This table illustrates the European Bank's performing and non-performing central bank deposits, loans, advances and debt security exposures by due date, inclusive of off-balance sheet items. The European Bank did not have any non-performing exposures at the disclosure date.

| At 31 December 2024<br>(€m) |  | Gross carrying amount/nominal amount |                              |   |                               |                              |                             |                              |                              |                    |                    |   |
|-----------------------------|--|--------------------------------------|------------------------------|---|-------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|--------------------|--------------------|---|
|                             |  | Performing exposures                 |                              |   | Non-performing exposures      |                              |                             |                              |                              |                    |                    |   |
|                             |  | Not past due or past due ≤ 30 days   | Past due > 30 days ≤ 90 days | Unlikely to pay that are not past due or are past due ≤ 90 days | Past due > 90 days ≤ 180 days | Past due > 180 days ≤ 1 year | Past due > 1 year ≤ 2 years | Past due > 2 years ≤ 5 years | Past due > 5 years ≤ 7 years | Past due > 7 years | Of which defaulted |   |
| 5                           | Cash balances at central banks and other demand deposits | 16,454                               | 16,454                       | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 10                          | Loans and advances                                       | 7,921                                | 7,921                        | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 20                          | Central banks  | 39                                   | 39                           | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 30                          | General governments                                      | 5                                    | 5                            | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 40                          | Credit institutions                                      | 7,565                                | 7,565                        | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 50                          | Other financial corporations                             | 312                                  | 312                          | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 60                          | Non-financial corporations                               | 0                                    | 0                            | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 70                          | Of which SMEs  | —                                    | —                            | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 80                          | Households   | —                                    | —                            | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 90                          | Debt securities  | 18,120                               | 18,120                       | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 100                         | Central banks  | —                                    | —                            | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 110                         | General governments                                      | 7,269                                | 7,269                        | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 120                         | Credit institutions                                      | 9,674                                | 9,674                        | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 130                         | Other financial corporations                             | 1,165                                | 1,165                        | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 140                         | Non-financial corporations                               | 12                                   | 12                           | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |
| 150                         | Off-balance-sheet exposures                              | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 160                         | Central banks  | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 170                         | General governments                                      | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 180                         | Credit institutions                                      | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 190                         | Other financial corporations                             | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 200                         | Non-financial corporations                               | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 210                         | Households   | —                                    |                              |   | —                             |                              |                             |                              |                              |                    |                    | — |
| 220                         | Total  | 42,495                               | 42,495                       | —   | —                             | —                            | —                           | —                            | —                            | —                  | —                  | — |

**Table 12: EU CQ4 Quality of non-performing exposures by geography**

This table illustrates the European Bank's performing and non-performing loans, advances and debt security exposures by geographical location, by on- and off-balance sheet status, with any applicable impairments and provisions. The table does not include placements at central banks and other demand deposits.

| At 31 December 2024<br>(€m)           | Gross carrying/Nominal amount |                                 |                        | Accumulated<br>impairment             | Provisions on<br>off-balance<br>sheet<br>commitments<br>and financial<br>guarantee given | Accumulated<br>negative<br>changes in fair<br>value due to<br>credit risk on<br>non-performing<br>exposures |
|---------------------------------------|-------------------------------|---------------------------------|------------------------|---------------------------------------|--|---|
|                                       |                               | of which:<br>non-<br>performing | of which:<br>defaulted | of which:<br>subject to<br>impairment |  |   |
| <b>10 On-balance-sheet exposures</b>  | <b>26,041</b>                 | —                               | —                      | <b>26,041</b>                         | <b>0</b>   | —   |
| Australia                             | 456                           | —                               | —                      | 456                                   | 0  | —   |
| Austria                               | 939                           | —                               | —                      | 939                                   | 0  | —   |
| Belgium                               | 763                           | —                               | —                      | 763                                   | 0  | —   |
| Bermuda                               | 0                             | —                               | —                      | 0                                     | —  | —   |
| Brazil                                | 0                             | —                               | —                      | 0                                     | 0  | —   |
| Canada                                | 2,636                         | —                               | —                      | 2,636                                 | 0  | —   |
| Cayman Islands                        | 5                             | —                               | —                      | 5                                     | 0  | —   |
| Cyprus                                | 0                             | —                               | —                      | 0                                     | —  | —   |
| Denmark                               | 114                           | —                               | —                      | 114                                   | 0  | —   |
| Finland                               | 621                           | —                               | —                      | 621                                   | 0  | —   |
| France                                | 1,654                         | —                               | —                      | 1,654                                 | 0  | —   |
| Germany                               | 1,935                         | —                               | —                      | 1,935                                 | 0  | —   |
| Hungary                               | 4                             | —                               | —                      | 4                                     | —  | —   |
| Ireland                               | 167                           | —                               | —                      | 167                                   | 0  | —   |
| Italy                                 | 46                            | —                               | —                      | 46                                    | 0  | —   |
| <b>20 Japan</b>                       | <b>288</b>                    | —                               | —                      | <b>288</b>                            | <b>0</b>   | —   |
| Jersey                                | 0                             | —                               | —                      | 0                                     | —  | —   |
| Korea, Republic Of                    | 219                           | —                               | —                      | 219                                   | 0  | —   |
| Luxembourg                            | 53                            | —                               | —                      | 53                                    | 0  | —   |
| Malta                                 | —                             | —                               | —                      | —                                     | —  | —   |
| Netherlands                           | 1,808                         | —                               | —                      | 1,808                                 | 0  | —   |
| Norway                                | 520                           | —                               | —                      | 520                                   | 0  | —   |
| Other Countries                       | 3,930                         | —                               | —                      | 3,930                                 | 0  | —   |
| Portugal                              | 26                            | —                               | —                      | 26                                    | 0  | —   |
| Singapore                             | 328                           | —                               | —                      | 328                                   | 0  | —   |
| Slovakia                              | 477                           | —                               | —                      | 477                                   | 0  | —   |
| Slovenia                              | 42                            | —                               | —                      | 42                                    | 0  | —   |
| Spain                                 | 466                           | —                               | —                      | 466                                   | 0  | —   |
| Sweden                                | 271                           | —                               | —                      | 271                                   | 0  | —   |
| Switzerland                           | 261                           | —                               | —                      | 261                                   | 0  | —   |
| United Kingdom                        | 1,704                         | —                               | —                      | 1,704                                 | 0  | —   |
| United States                         | 6,308                         | —                               | —                      | 6,308                                 | 0  | —   |
| <b>80 Off-balance-sheet exposures</b> | <b>0</b>                      | —                               | —                      |                                       | —  |   |
| France                                | —                             | —                               | —                      |                                       | —  |   |
| Germany                               | 0                             | —                               | —                      |                                       | —  |   |
| <b>150 Total</b>                      | <b>26,041</b>                 | —                               | —                      | <b>26,041</b>                         | <b>0</b>   | —   |

Note: 'Other countries' includes multilateral development banks and international organisations which operate across multiple regions.

**Table 13: EU CR1-A Maturity of exposures**

This table shows the carrying value of the European Bank's on- and off-balance sheet loans, advances and debt security exposures by maturity horizon. Cash placements at central banks and other demand deposits are excluded.

| At 31 December 2024<br>(€m) | Net exposure value |              |                     |              |                    | Total         |
|-----------------------------|--------------------|--------------|---------------------|--------------|--------------------|---------------|
|                             | On demand          | <= 1 year    | > 1 year <= 5 years | > 5 years    | No stated maturity |               |
| 1 Loans and advances        | 274                | 6,981        | 482                 | 183          | 1                  | 7,921         |
| 2 Debt securities           | —                  | 2,567        | 14,029              | 1,524        | —                  | 18,120        |
| <b>3 Total</b>              | <b>274</b>         | <b>9,548</b> | <b>14,511</b>       | <b>1,707</b> | <b>1</b>           | <b>26,041</b> |

**Table 14: EU CQ5 Credit quality of loans and advances to non-financial corporations by industry**

This table shows the amounts of performing and non-performing exposures by industry, with any associated impairment.

| At 31 December 2024<br>(€m)                                       | Gross carrying amount           |                        |   | of which:<br>loans and<br>advances<br>subject to<br>impairment | Accumulated<br>impairment | Accumulated<br>negative changes<br>in fair value due<br>to credit risk on<br>non-performing<br>exposures |
|---|---------------------------------|------------------------|---|--|---------------------------|--|
|   | of which:<br>non-<br>performing | of which:<br>defaulted |   |  |                           |  |
| 10 Agriculture, forestry and fishing                              | —                               | —                      | — | —  | —                         | —  |
| 20 Mining and quarrying   | —                               | —                      | — | —  | —                         | —  |
| 30 Manufacturing  | —                               | —                      | — | —  | —                         | —  |
| 40 Electricity, gas, steam and air conditioning supply            | —                               | —                      | — | —  | —                         | —  |
| 50 Water supply   | —                               | —                      | — | —  | —                         | —  |
| 60 Construction   | —                               | —                      | — | —  | —                         | —  |
| 70 Wholesale and retail trade                                     | —                               | —                      | — | —  | —                         | —  |
| 80 Transport and storage  | —                               | —                      | — | —  | —                         | —  |
| 90 Accommodation and food service activities                      | —                               | —                      | — | —  | —                         | —  |
| 100 Information and communication                                 | —                               | —                      | — | —  | —                         | —  |
| 110 Real estate activities  | —                               | —                      | — | —  | —                         | —  |
| 120 Financial and insurance activities                            | —                               | —                      | — | —  | —                         | —  |
| 130 Professional, scientific and technical activities             | —                               | —                      | — | —  | —                         | —  |
| 140 Administrative and support service activities                 | —                               | —                      | — | —  | —                         | —  |
| 150 Public administration and defense, compulsory social security | —                               | —                      | — | —  | —                         | —  |
| 160 Education   | —                               | —                      | — | —  | —                         | —  |
| 170 Human health services and social work activities              | —                               | —                      | — | —  | —                         | —  |
| 180 Arts, entertainment and recreation                            | —                               | —                      | — | —  | —                         | —  |
| 190 Other services  | 0                               | —                      | — | 0  | —                         | —  |
| <b>200 Total</b>  | <b>0</b>                        | —                      | — | <b>0</b>   | —                         | —  |



**Table 15: EU CR1 Performing and non-performing exposures and related provisions**

This table shows the European Bank's on-balance sheet loans, advances and debt securities by exposure class. The carrying values are presented by performing and non-performing status with an appropriate ECL impairment classification where applicable. Further, it presents the carrying values of eligible collateral and guarantees received.

| At 31 December 2024<br>(€m) |  | Gross carrying amount/nominal amount |                     |     |                          |                     |   |  |                     |     |  |                     | Accumulated<br>partial write-off | Collateral and financial<br>guarantees received |                                    |   |
|-----------------------------|--|--------------------------------------|---------------------|-----|--------------------------|---------------------|---|--|---------------------|-----|--|---------------------|----------------------------------|---|------------------------------------|---|
|                             |  | Performing exposures                 |                     |     | Non-performing exposures |                     |   | Performing exposures –<br>accumulated impairment and<br>provisions |                     |     | Non-performing exposures –<br>accumulated impairment,<br>accumulated negative changes<br>in fair value |                     |                                  | On<br>performing<br>exposures                   | On non-<br>performing<br>exposures |   |
|                             |  | Of which<br>stage 1                  | Of which<br>stage 2 |     | Of which<br>stage 2      | Of which<br>stage 3 |   | Of which<br>stage 1  | Of which<br>stage 2 |     | Of which<br>stage 2  | Of which<br>stage 3 |                                  |   |                                    |   |
| 5                           | Cash balances at central banks and other demand deposits | 16,454                               | 16,352              | 102 | —                        | —                   | — | (1)  | 0                   | (1) | —  | —                   | —                                | —   | —                                  | — |
| 10                          | Loans and advances                                       | 7,921                                | 7,921               | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 6142                               | — |
| 20                          | Central banks  | 39                                   | 39                  | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 30                          | General governments                                      | 5                                    | 5                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 40                          | Credit institutions                                      | 7,565                                | 7,565               | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | 6,142                              | — |
| 50                          | Other financial corporations                             | 312                                  | 312                 | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 0                                  | — |
| 60                          | Non-financial corporations                               | 0                                    | 0                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 70                          | Of which SMEs  | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 80                          | Households   | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 90                          | Debt securities  | 18,120                               | 18,120              | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 2,364                              | — |
| 100                         | Central banks  | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                | —   | —                                  | — |
| 110                         | General governments                                      | 7,269                                | 7,269               | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 551                                | — |
| 120                         | Credit institutions                                      | 9,674                                | 9,674               | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 1,586                              | — |
| 130                         | Other financial corporations                             | 1,165                                | 1,165               | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 215                                | — |
| 140                         | Non-financial corporations                               | 12                                   | 12                  | —   | —                        | —                   | — | 0  | 0                   | —   | —  | —                   | —                                | —   | 12                                 | — |
| 150                         | Off-balance-sheet exposures                              | 0                                    | 0                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 160                         | Central banks  | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 170                         | General governments                                      | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 180                         | Credit institutions                                      | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 190                         | Other financial corporations                             | 0                                    | 0                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 200                         | Non-financial corporations                               | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 210                         | Households   | —                                    | —                   | —   | —                        | —                   | — | —  | —                   | —   | —  | —                   | —                                |   | —                                  | — |
| 220                         | Total  | 42,495                               | 42,393              | 102 | —                        | —                   | — | (1)  | 0                   | (1) | —  | —                   | —                                | —   | 8,506                              | — |

## 5.8 Article 440 CRR II - Countercyclical capital buffers

These tables give an overview of the geographical distribution of credit exposures relevant to the calculation of the European Bank's countercyclical capital buffer. For this purpose the European Bank classes its geographical exposures in line with the country where the final risk / guarantor resides, if any, not the country where the exposure has been booked.

**Table 16: EU CCYB1 Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

The European Bank has exposures to the following countries relevant to the calculation of the countercyclical buffer. Other countries represent relevant exposures which do not have a domestic countercyclical buffer rate in place as at 31 December 2024.

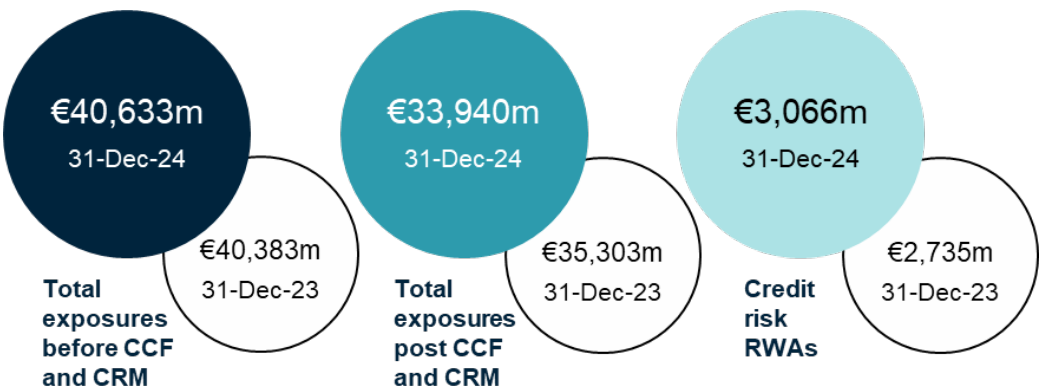
|                          | General credit exposures               |                                       | Relevant credit exposures – Market risk                          |   | Securitisation exposure value (non-trading book) | Total exposure value | Own fund requirements          |   |  |       | Risk-weighted exposure amounts <sup>1</sup> | Own fund requirements weights (%) <sup>1</sup> | Countercyclical buffer rate (%) |
|--------------------------|--|---------------------------------------|--|---|--|----------------------|--------------------------------|---|--|-------|---|--|---------------------------------|
|                          | Exposure value (standardised approach) | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposures for internal models |  |                      | Relevant credit risk exposures | Relevant credit exposures – Market risk | Relevant securitisation positions (non-trading book) | Total |   |  |                                 |
| At 31 December 2024 (€m) |  |                                       |  |   |  |                      |                                |   |  |       |   |  |                                 |
| Breakdown by country:    |  |                                       |  |   |  |                      |                                |   |  |       |   |  |                                 |
| Australia                | 0                                      | —                                     | —  | —   | —  | 0                    | 0                              | —                                       | —  | 0     | 0   | 0.01 %   | 1.00 %                          |
| Belgium                  | 736                                    | —                                     | —  | —   | —  | 736                  | 29                             | —                                       | —  | 29    | 358   | 15.41 %  | 1.00 %                          |
| Chile                    | 13                                     | —                                     | —  | —   | —  | 13                   | 1                              | —                                       | —  | 1     | 7   | 0.28 %   | 0.50 %                          |
| Cyprus                   | 0                                      | —                                     | —  | —   | —  | 0                    | 0                              | —                                       | —  | 0     | 0   | — %  | 1.00 %                          |
| Denmark                  | 324                                    | —                                     | —  | —   | —  | 324                  | 26                             | —                                       | —  | 26    | 324   | 13.96 %  | 2.50 %                          |
| France                   | 95                                     | —                                     | —  | —   | —  | 95                   | 4                              | —                                       | —  | 4     | 55  | 2.39 %   | 1.00 %                          |
| Germany                  | 664                                    | —                                     | —  | —   | —  | 664                  | 20                             | —                                       | —  | 20    | 256   | 11.01 %  | 0.75 %                          |
| 10 Hong Kong             | 0                                      | —                                     | —  | —   | —  | 0                    | 0                              | —                                       | —  | 0     | 0   | — %  | 0.50 %                          |
| Ireland                  | 208                                    | —                                     | —  | —   | 0  | 208                  | 17                             | —                                       | 0  | 17    | 208   | 8.93 %   | 1.50 %                          |
| Korea, Republic of       | 88                                     | —                                     | —  | —   | —  | 88                   | 1                              | —                                       | —  | 1     | 18  | 0.76 %   | 1.00 %                          |
| Luxembourg               | 256                                    | —                                     | —  | —   | —  | 256                  | 21                             | —                                       | —  | 21    | 256   | 11.04 %  | 0.50 %                          |
| Netherlands              | 801                                    | —                                     | —  | —   | 137  | 938                  | 13                             | —                                       | 2  | 15    | 189   | 8.12 %   | 2.00 %                          |
| Norway                   | 259                                    | —                                     | —  | —   | —  | 259                  | 2                              | —                                       | —  | 2     | 27  | 1.14 %   | 2.50 %                          |
| Slovakia                 | 238                                    | —                                     | —  | —   | —  | 238                  | 2                              | —                                       | —  | 2     | 24  | 1.03 %   | 1.50 %                          |
| Sweden                   | 14                                     | —                                     | —  | —   | —  | 14                   | 0                              | —                                       | —  | 0     | 4   | 0.17 %   | 2.00 %                          |
| United Kingdom           | 381                                    | —                                     | —  | —   | —  | 381                  | 13                             | —                                       | —  | 13    | 159   | 6.84 %   | 2.00 %                          |
| Other countries          | 1,159                                  | —                                     | —  | —   | —  | 1,159                | 35                             | —                                       | —  | 35    | 438   | 18.91 %  | — %                             |
| 20 Total                 | 5,236                                  | —                                     | —  | —   | 137  | 5,373                | 184                            | —                                       | 2  | 186   | 2,323                                       | 100.00 %                                       |                                 |

<sup>1</sup> Calculated with un-rounded figures for casting purposes.

**Table 17: EU CCYB2 Amount of institution-specific countercyclical capital buffer**

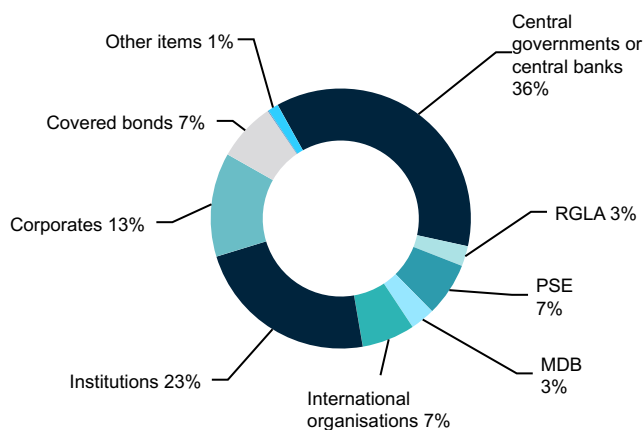
| At 31 December 2024<br>(€m)                                       |        |
|---|--------|
| 1 Total risk exposure amount                                      | 5,810  |
| 2 Institution specific countercyclical capital buffer rate (%)    | 1.15 % |
| 3 Institution specific countercyclical capital buffer requirement | 67     |

6 Article 444 CRR II - Use of the Standardised Approach

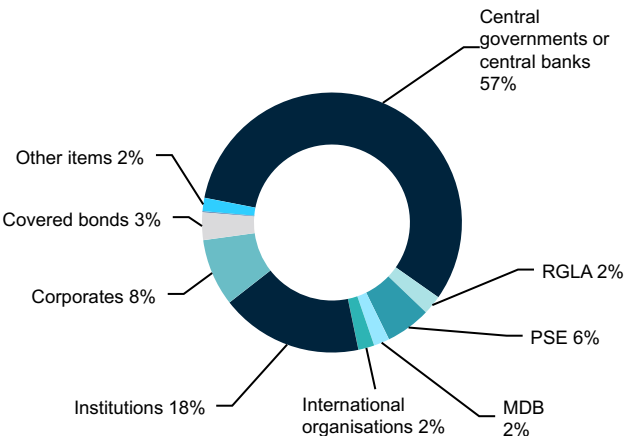


Note: The comparatives on this page are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

Standardised net credit exposure by counterparty at 31 December 2024



Standardised net credit exposure by counterparty at 31 December 2023



Note:  
MDB: Multilateral development banks,  
PSE: Public sector entities,  
RGLA: Regional governments/local authorities,  
CIU: Collective investments undertakings

The standardised approach requires the European Bank to use risk assessments prepared by External Credit Rating Assessment Institutions ('ECAIs') to determine the risk-weightings applied to rated counterparties and securities. The European Bank uses S&P Global Ratings, Fitch, and Moody's as its ECAIs for all exposure classes. There has been no change to these ECAIs during the period.

The European Bank uses Credit Quality Steps ('CQS') to calculate the RWAs associated with credit risk exposures. Each CQS maps to the ECAIs' credit assessments. ECAI credit assessments are used for each applicable exposure class. The European Bank therefore identifies the exposure, the maturity of the transaction and the relevant standard association credit quality step based on ECAI assessments to determine the risk-weight percentage.

Please refer to page 24 for an outline of the overall increase in credit-risk weighted exposure amounts. There was a change in portfolio composition where the asset allocation has changed from central governments to other exposure classes during 2024.

**Table 18: EU CR4 Standardised approach – Credit risk exposure and CRM effects**

This table shows the effect of the standardised approach on the calculation of capital requirements for the European Bank based on its exposures under the prudential regulatory scope. The risk-weighted exposure amount ('RWA') density provides a synthetic metric on the riskiness of each portfolio.

| At 31 December 2024<br>(€m)  | Exposures before CCF and CRM |                          | Exposures post CCF and CRM |                          | RWAs and RWAs density |                  |
|--|------------------------------|--------------------------|----------------------------|--------------------------|-----------------------|------------------|
|  | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount    | Off-balance sheet amount | RWEA                  | RWEA density (%) |
| 1 Central governments or central banks                             | 14,824                       | —                        | 16,649                     | —                        | 43                    | 0.26 %           |
| 2 Regional government or local authorities                         | 1,021                        | —                        | 1,383                      | —                        | 14                    | 1.01 %           |
| 3 Public sector entities   | 2,719                        | —                        | 1,260                      | —                        | 173                   | 13.73 %          |
| 4 Multilateral development banks                                   | 1,240                        | —                        | 1,240                      | —                        | —                     | — %              |
| 5 International organisations                                      | 2,689                        | —                        | 2,689                      | —                        | —                     | — %              |
| 6 Institutions   | 9,334                        | —                        | 6,200                      | —                        | 1,256                 | 20.26 %          |
| 7 Corporates   | 5,261                        | —                        | 1,003                      | —                        | 622                   | 62.01 %          |
| 8 Retail   | —                            | —                        | —                          | —                        | —                     | — %              |
| 9 Secured by mortgages on immovable property                       | —                            | —                        | —                          | —                        | —                     | — %              |
| 10 Exposures in default  | —                            | —                        | —                          | —                        | —                     | — %              |
| 11 Exposures associated with particularly high risk                | —                            | —                        | —                          | —                        | —                     | — %              |
| 12 Covered bonds   | 2,964                        | —                        | 2,964                      | —                        | 296                   | 9.99 %           |
| 13 Institutions and corporates with a short-term credit assessment | —                            | —                        | —                          | —                        | —                     | — %              |
| 14 Collective investment undertakings                              | —                            | 36                       | —                          | 7                        | 89                    | 1271.43 %        |
| 15 Equity  | 4                            | —                        | 4                          | —                        | 4                     | 100.00 %         |
| 16 Other items   | 541                          | —                        | 541                        | —                        | 569                   | 105.18 %         |
| <b>17 Total</b>  | <b>40,597</b>                | <b>36</b>                | <b>33,933</b>              | <b>7</b>                 | <b>3,066</b>          | <b>9.03 %</b>    |

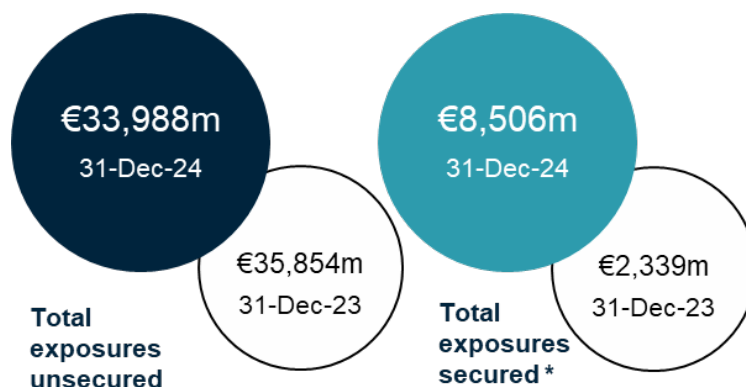
## The Bank of New York Mellon SA/NV (the 'European Bank')

**Table 19: EU CR5 Standardised approach**

This table shows the breakdown of the European Bank's on- and off-balance sheet exposures under the prudential regulatory scope after the application of both conversion factors and risk mitigation techniques.

| At 31 December 2024<br>(€m)  | Risk weight   |          |          |              |              |          |            |          |          |            |           |           |          |          |          | Total         | Unrated      |
|--|---------------|----------|----------|--------------|--------------|----------|------------|----------|----------|------------|-----------|-----------|----------|----------|----------|---------------|--------------|
|  | 0%            | 2%       | 4%       | 10%          | 20%          | 35%      | 50%        | 70%      | 75%      | 100%       | 150%      | 250%      | 370%     | 1250%    | Others   |               |              |
| 1 Central governments or central banks                             | 16,433        | —        | —        | —            | 216          | —        | 0          | —        | —        | 0          | 0         | —         | —        | —        | —        | 16,649        | —            |
| 2 Regional government or local authorities                         | 1,311         | —        | —        | —            | 72           | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | 1,383         | 724          |
| 3 Public sector entities   | 398           | —        | —        | —            | 861          | —        | 1          | —        | —        | —          | —         | —         | —        | —        | —        | 1,260         | 138          |
| 4 Multilateral development banks                                   | 1,240         | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | 1,240         | —            |
| 5 International organisations                                      | 2,689         | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | 2,689         | —            |
| 6 Institutions   | —             | —        | —        | —            | 6,146        | —        | 54         | —        | —        | —          | —         | —         | —        | —        | —        | 6,200         | 1,191        |
| 7 Corporates   | —             | —        | —        | —            | 322          | —        | 259        | —        | —        | 411        | 11        | —         | —        | —        | —        | 1,003         | 401          |
| 8 Retail   | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | —             | —            |
| 9 Secured by mortgages on immovable property                       | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | —             | —            |
| 10 Exposures in default  | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | —             | —            |
| 11 Exposures associated with particularly high risk                | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | —             | —            |
| 12 Covered bonds   | —             | —        | —        | 2,964        | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | 2,964         | —            |
| 13 Institutions and corporates with a short-term credit assessment | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | —        | —        | —             | —            |
| 14 Collective investment undertakings                              | —             | —        | —        | —            | —            | —        | —          | —        | —        | —          | —         | —         | —        | 7        | —        | 7             | 7            |
| 15 Equity  | —             | —        | —        | —            | —            | —        | —          | —        | —        | 4          | —         | —         | —        | —        | —        | 4             | 4            |
| 16 Other items   | —             | —        | —        | —            | —            | —        | —          | —        | —        | 522        | —         | 19        | —        | —        | —        | 541           | 541          |
| 17 <b>Total</b>  | <b>22,071</b> | <b>—</b> | <b>—</b> | <b>2,964</b> | <b>7,617</b> | <b>—</b> | <b>314</b> | <b>—</b> | <b>—</b> | <b>937</b> | <b>11</b> | <b>19</b> | <b>—</b> | <b>7</b> | <b>—</b> | <b>33,940</b> | <b>3,006</b> |

## 7 Article 453 CRR II - Use of credit risk mitigation techniques



\* Representing eligible collateral for the European Bank's on-balance sheet carrying value of loans, advances and debt securities which differs from the adjusted collateral eligible under COREP.

Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

### 7.1 Netting

The European Bank manages credit risk through a variety of credit risk mitigation strategies including collateral and master netting agreements and netting arrangements.

The European Bank facilitates customer settlement activity which gives rise to receivables and payables across multiple accounts. On-balance sheet netting agreements have a similar effect to a 'cash-pooling' arrangement, insofar as the amounts due from customers can be recorded on a net basis across accounts. The European Bank does not apply any off-balance sheet netting.

The European Bank also has master netting agreements ('MNAs') with other BNY entities that allow it to net eligible intercompany balances with individual intergroup entities and their branches. Currently, two such agreements are in place, one with the Bank of New York Mellon Corporation and selected branches (31 December 2024: €2.4 billion) and one with BNY Mellon (International) Limited (31 December 2024: €91 billion). The agreements meet the requirements of the CRR for regulatory credit risk mitigation purposes. Derivatives and other "Qualified Financial Contracts" are excluded from the MNA calculations. To establish the aggregated exposure to BNY Mellon Corp as a connected group of counterparties, the net result of each MNA is added to the exposures that are not eligible to an MNA.

International Swaps and Derivatives Association ('ISDA') Master Agreements as well as Global Master Repurchase Agreements ('GMRA'), both including terms and conditions for netting, can be used to mitigate counterparty credit risk. The ISDA/GMRA agreements incorporate schedules that allow the contracting parties to customise the terms and conditions to their mutual satisfaction to cover termination events, netting arrangements, security and other matters.

### 7.2 Collateral valuation and management

The European Bank can receive collateral from a counterparty which can include guarantees, cash and both equities and debt securities. When a right of pledge exists, the European Bank also has the ability to call on this collateral in the event of a default by the counterparty.

Collateral amounts are marked-to-market on a daily basis to ensure that they continue to provide the required risk mitigation value. Securities are marked-to-market daily and haircuts are applied to protect the European Bank in the event of the value of the collateral suddenly reducing in value due to adverse market conditions.

The European Bank operates a detailed 'collateral eligibility' policy describing in detail the requirements in terms of maximum amount per counterparty/geography, minimum counterparty credit quality, maximum residual maturity, haircuts, concentration and wrong way risk. These requirements are product-specific, i.e. specific to currency and interest derivatives and to (reverse-) repo. A dedicated collateral eligibility grid exists for centrally cleared (reverse-) repo.

### 7.3 Guarantors and credit derivative counterparty

**Table 20: EU CR3 CRM techniques overview: Disclosure of the use of credit risk mitigation techniques**

This table shows the extent of credit risk mitigation techniques utilised by the European Bank on its on-balance sheet carrying values, inclusive of placements at central banks and other demand deposits, and accumulated impairment. Financial and other eligible collateral can include cash, debt securities, equities or gold, and their values are taken into account for the purposes of calculating the risk-weighted exposure amount of the underlying exposure.

| At 31 December 2024<br>(€m)         | Unsecured<br>carrying amount |              | Secured carrying amount           |  |  |
|-------------------------------------|------------------------------|--------------|-----------------------------------|--|--|
|                                     |                              |              | Of which secured<br>by collateral | Of which secured<br>by financial<br>guarantees | Of which secured<br>by credit<br>derivatives |
| 1 Loans and advances                | 18,232                       | 6,142        | 6,142                             | —  | —  |
| 2 Debt securities                   | 15,756                       | 2,364        | —                                 | 2,364  | —  |
| <b>3 Total</b>                      | <b>33,988</b>                | <b>8,506</b> | <b>6,142</b>                      | <b>2,364</b>                                   | <b>—</b>                                     |
| 4 Of which non-performing exposures | —                            | —            | —                                 | —  | —  |
| EU-5 Of which defaulted             | —                            | —            | —                                 | —  | —  |

The amount secured at year-end relates to financial guarantees primarily stemming from exposures to credit institutions, central governments and other financial corporations. Collateral received on loans and advances was primarily in the form of equity and debt securities.

There are no exposures covered by credit derivatives at 31 December 2024. Using guarantees has the effect of replacing the risk-weight of the underlying exposure with that of the institution providing the credit protection. Guarantors are primarily rated as investment grade.

### 7.4 Credit concentration risk

Credit concentration risk results from concentration of exposures to a single counterparty, borrower or group of connected counterparties or borrowers. This includes on- and off-balance sheet exposures. In addition, industry, country and collateral concentration bear additional credit risk as the systemic credit quality issue in a sector will create losses for the whole sector. The European Bank has an appetite to place funds only with institutions having an internal rating of 10 or better (equivalent to Moody's/S&P external rating of Baa3/BBB- respectively). Whilst this approach undoubtedly constrains the number of eligible placement counterparties as well as the deposit spread, it also ensures that exposures are well controlled and less likely to default.

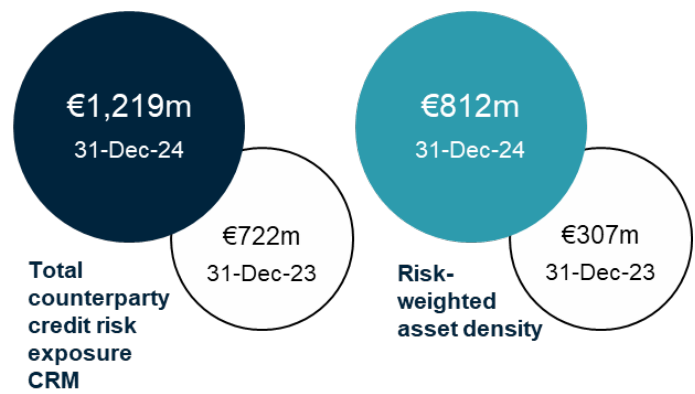
The risk of credit concentrations is controlled and managed according to client/counterparty as opposed to industry. Sovereign limits (in particular for the securities portfolio) are approved by the CROC. Under European and Belgian bank regulations, all large external individual exposures have to stay below a 25% threshold of their own funds. Shadow banking exposure follows the same rule.

In addition, to ensure compliance with the Large Exposures and Shadow Banking Regime, the European Bank's Credit Policy limits credit risk approvals to internally defined thresholds to ensure that exposures are kept below the maximum of 25% of Tier 1 capital, in line with Article 395 as amended by CRR II.

The largest exposure is to The Bank of New York Mellon and is spread across multiple branches and locations which provide some mitigation in the case of the default or rating downgrade of a related party. The remaining placements (including central bank placements) are diversified across a number of banks and geographic locations. The European Bank calculates, manages and reports Credit Concentration Risk on a day-to-day basis, addressing the requirements of the business and the risk function, and to report Large Exposures to the NBB in line with applicable Large Exposures regulatory reporting requirements. There was no regulatory breach in 2024, neither towards external counterparties nor towards intergroup exposures.



8 Article 439 CRR II - Exposures to counterparty credit risk



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

Counterparty credit risk is the risk of a counterparty to a (derivatives or (reverse-)repo) contract (recorded in either the trading book or non-trading book) defaulting before fulfilment of cash-flow obligations. The size of the potential loss could be reduced by the application of netting and/or collateral (margining) agreements with the counterparty.

The European Bank's approach to the management of counterparty credit risk is governed by the BNY Counterparty Credit Risk Framework Policy and applies to all 1st and 2nd Line of Defence teams globally that manage counterparty credit risk

Risk metrics, which include current, potential and stressed exposure, are reported daily and are provided to the business and Credit Risk officers to assess credit risk and monitor it against limits. The process for assigning counterparty credit risk limits is noted in section 5.3 Credit risk management.

The European Bank applies the BNY framework for accepting and assigning value to financial collateral for the European Bank's internal risk management practices. The approach for securing collateral is noted in section 7.2 Collateral valuation and management.

A risk identification process proactively and holistically identifies and evaluates counterparty credit risks. The results of both the counterparty risk identification and stress testing processes are utilised to identify material counterparty risks. The components of the risk identification process are governed by a standalone counterparty credit risk stress testing framework.

Credit Risk 2nd Line of Defence actively monitors counterparty credit and oversees limit adherence and utilisation with an escalation route to senior management. Senior management examines and assesses counterparty credit risk at monthly meetings.

As at 31 December 2024 the European Bank's supervisory reporting contained counterparty credit risk exposures but did not have exposures to credit derivatives. Consequently, the following table has no reportable values and is not disclosed:

- EU CCR6: Credit derivatives exposures

The European Bank does not apply any internal model approaches to the supervisory reporting of counterparty credit risk therefore the following tables have no reportable values and are not disclosed:

- EU CCR4: IRB approach - CCR exposures by exposure class and PD scale
- EU CCR7: RWEA flow statements of CCR exposures under the IMM

Table 21: EU CCR1 Analysis of CCR exposure by approach

This table shows a comprehensive view of the methods and parameters used by the European Bank to calculate its counterparty credit risk.

SA-CCR is a non-modelled approach for measuring the counterparty credit risk exposure associated with derivatives. The calculated derivative exposure amount is used for further calculating Risk Weighted Assets, Credit Value Adjustment, Large Exposures and Leverage exposures.

SA-CCR is a risk sensitive method as it differentiates between margined and un-margined transactions and provides more meaningful recognition of netting benefits.

The European Bank also applies the Financial Collateral Comprehensive Method for its exposures to SFTs.

## The Bank of New York Mellon SA/NV (the 'European Bank')

| At 31 December 2024<br>(€m) |  | Replacement<br>cost (RC) | Potential<br>future<br>exposure<br>(PFE) | EEPE | Alpha<br>used for<br>computing<br>regulatory<br>exposure<br>value | Exposure<br>value pre-<br>CRM | Exposure<br>value<br>post-CRM | Exposure<br>value | RWEA       |
|-----------------------------|--|--------------------------|--|------|---|-------------------------------|-------------------------------|-------------------|------------|
| EU1                         | EU - Original Exposure Method (for derivatives)                    | —                        | —  | —    | 1.4   | —                             | —                             | —                 | —          |
| EU2                         | EU - Simplified SA-CCR (for derivatives)                           | —                        | —  | —    | 1.4   | —                             | —                             | —                 | —          |
| 1                           | SA-CCR (for derivatives)   | 269                      | 511                                      | —    | 1.4   | 1,331                         | 1,092                         | 1,092             | 786        |
| 2                           | IMM (for derivatives and SFTs)                                     | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 2a                          | Of which securities financing transactions netting sets            | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 2b                          | Of which derivatives and long settlement transactions netting sets | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 2c                          | Of which from contractual cross-product netting sets               | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 3                           | Financial collateral simple method (for SFTs)                      | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 4                           | Financial collateral comprehensive method (for SFTs)               | —                        | —  | —    | —   | 6,164                         | 127                           | 127               | 26         |
| 5                           | VaR for SFTs   | —                        | —  | —    | —   | —                             | —                             | —                 | —          |
| 6                           | <b>Total</b>   | —                        | —  | —    | —   | <b>7,495</b>                  | <b>1,219</b>                  | <b>1,219</b>      | <b>812</b> |

**Table 22: EU CCR3 Standardised approach – CCR exposures by regulatory exposure class and risk weights**

The table below shows the European Bank's derivative and SFT exposures subject to counterparty credit risk, presented by exposure class and risk-weights under CRR II where applicable.

| At 31 December 2024<br>(€m) |   | 0%        | 2%       | 4%       | 10%      | 20%        | 50%       | 70%      | 75%      | 100%       | 150%     | Others   | Total<br>exposure<br>value |
|-----------------------------|---|-----------|----------|----------|----------|------------|-----------|----------|----------|------------|----------|----------|----------------------------|
| 1                           | Central governments or central banks                            | 66        | —        | —        | —        | —          | 12        | —        | —        | —          | —        | —        | 78                         |
| 2                           | Regional government or local authorities                        | —         | —        | —        | —        | 0          | —         | —        | —        | —          | —        | —        | 0                          |
| 3                           | Public sector entities  | —         | —        | —        | —        | 0          | —         | —        | —        | —          | —        | —        | 0                          |
| 4                           | Multilateral development banks                                  | —         | —        | —        | —        | —          | —         | —        | —        | —          | —        | —        | —                          |
| 5                           | International organisations                                     | —         | —        | —        | —        | —          | —         | —        | —        | —          | —        | —        | —                          |
| 6                           | Institutions  | —         | —        | —        | —        | 410        | 14        | —        | —        | —          | —        | —        | 424                        |
| 7                           | Corporates  | —         | —        | —        | —        | —          | 0         | —        | —        | 717        | —        | —        | 717                        |
| 8                           | Retail  | —         | —        | —        | —        | —          | —         | —        | —        | —          | —        | —        | —                          |
| 9                           | Institutions and corporates with a short-term credit assessment | —         | —        | —        | —        | —          | —         | —        | —        | —          | —        | —        | —                          |
| 10                          | Other items   | —         | —        | —        | —        | —          | —         | —        | —        | —          | —        | —        | —                          |
| 11                          | <b>Total exposure value</b>                                     | <b>66</b> | <b>—</b> | <b>—</b> | <b>—</b> | <b>410</b> | <b>26</b> | <b>—</b> | <b>—</b> | <b>717</b> | <b>—</b> | <b>—</b> | <b>1,219</b>               |

**Table 23: EU CCR5 Composition of collateral for CCR exposures**

This table provides an overview of the collateral posted and received on exposures subject to counterparty credit risk by type.

| At 31 December 2024<br>(€m) | Collateral used in derivative transactions |              |                                    |              | Collateral used in SFTs              |              |                                    |              |
|-----------------------------|--|--------------|------------------------------------|--------------|--------------------------------------|--------------|------------------------------------|--------------|
|                             | Fair value of collateral<br>received       |              | Fair value of posted<br>collateral |              | Fair value of collateral<br>received |              | Fair value of posted<br>collateral |              |
|                             | Segregated                                 | Unsegregated | Segregated                         | Unsegregated | Segregated                           | Unsegregated | Segregated                         | Unsegregated |
| 1                           | Cash – domestic currency                   | —            | 115                                | —            | 102                                  | —            | —                                  | —            |
| 2                           | Cash – other currencies                    | —            | 71                                 | —            | 237                                  | —            | 15                                 | —            |
| 3                           | Domestic sovereign debt                    | —            | —                                  | —            | —                                    | —            | —                                  | —            |
| 4                           | Other sovereign debt                       | 52           | 0                                  | 59           | 19                                   | —            | 6,045                              | 614          |
| 5                           | Government agency debt                     | —            | —                                  | —            | —                                    | —            | —                                  | —            |
| 6                           | Corporate bonds                            | —            | —                                  | —            | —                                    | —            | —                                  | —            |
| 7                           | Equity securities                          | —            | —                                  | —            | —                                    | —            | —                                  | —            |
| 8                           | Other collateral                           | —            | —                                  | —            | —                                    | —            | —                                  | —            |
| 9                           | <b>Total</b>                               | <b>52</b>    | <b>186</b>                         | <b>59</b>    | <b>358</b>                           | <b>—</b>     | <b>6,060</b>                       | <b>614</b>   |

**Table 24: EU CCR8 Exposures to CCPs**

This table provides a comprehensive picture of the European Bank's derivatives, SFTs, and default fund contributions to central counterparty clearing houses.

| At 31 December 2024<br>(€m)  | Exposure value | RWEA |
|--|----------------|------|
| <b>1 Exposures to QCCPs (total)</b>  |                | 0    |
| 2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which      | —              | —    |
| 3 OTC derivatives  | —              | —    |
| 4 Exchange-traded derivatives  | —              | —    |
| 5 SFTs   | —              | —    |
| 6 Netting sets where cross-product netting has been approved   | —              | —    |
| 7 Segregated initial margin  | —              | —    |
| 8 Non-segregated initial margin  | —              | —    |
| 9 Prefunded default fund contributions   | 1              | 0    |
| 10 Unfunded default fund contributions   | —              | —    |
| <b>11 Exposures to non-QCCPs (total)</b>   |                | —    |
| 12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | —              | —    |
| 13 OTC derivatives   | —              | —    |
| 14 Exchange-traded derivatives   | —              | —    |
| 15 SFTs  | —              | —    |
| 16 Netting sets where cross-product netting has been approved  | —              | —    |
| 17 Segregated initial margin   | —              | —    |
| 18 Non-segregated initial margin   | —              | —    |
| 19 Prefunded default fund contributions  | —              | —    |
| 20 Unfunded default fund contributions   | —              | —    |

## 8.1 Credit valuation adjustment

The credit valuation adjustment is the capital charge for potential mark-to-market losses due to the credit quality deterioration of a counterparty. The standardised approach uses the external credit rating of each counterparty and includes the effective maturity and exposure at default.

**Table 25: EU CCR2 Transactions subject to own funds requirements for CVA risk**

This table shows the European Bank's credit valuation adjustment using the standardised approach.

| At 31 December 2024<br>(€m)  | Exposure value | RWEA       |
|--|----------------|------------|
| 1 Total transactions subject to the Advanced method  | —              | —          |
| 2 (i) VaR component (including the 3× multiplier)  | —              | —          |
| 3 (ii) stressed VaR component (including the 3× multiplier)                                  | —              | —          |
| 4 Transactions subject to the Standardised method  | 1,092          | 165        |
| EU4 Transactions subject to the Alternative approach (Based on the Original Exposure Method) | —              | —          |
| <b>5 Total transactions subject to own funds requirements for CVA risk</b>                   | <b>1,092</b>   | <b>165</b> |

## 8.2 Wrong-way risk

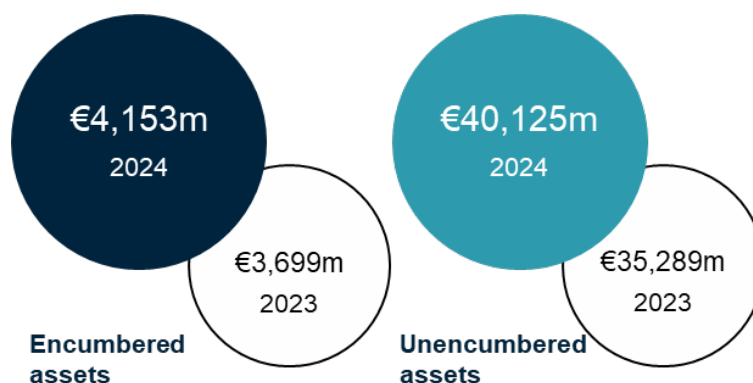
Wrong way risk ("WWR") exists when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty itself. This risk can be associated with financial collateral that is posted by a counterparty as security for a transaction.

The European Bank recognises two types of WWR:

- General WWR exists when the exposure to a counterparty is positively correlated to the counterparty's probability of default due to changes in market risk factors.
- Specific WWR exists when counterparty exposure is highly correlated with the counterparty's probability of default due to a legal relationship between the counterparty and the collateral supporting the transaction.

The European Bank takes particular care to ensure that wrong-way risk between collateral and exposures does not exist and/or is monitored and stress tested periodically.

## 9 Article 443 CRR II - Encumbered and unencumbered assets



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

The European Bank has a collateral agreement with Euroclear and Clearstream to cover uncommitted credit facilities. This includes the European Bank's various bond investments; these have been further pledged as collateral to Euroclear and Clearstream during 2024. The encumbered bonds also include those pledged under repo deals amounting to €0.6 billion and provided collateral for initial margin posted amounting to €0.06 billion. The European Bank is providing initial margin to BNY Mellon in the form of securities in the framework of the non-centrally cleared OTC derivatives. Overall, €3.5 billion of securities were pledged as at 31 December 2024.

The carrying and fair value of encumbered assets by type, based on median values, are as follows:

**Table 26: EU AE1 Encumbered and unencumbered assets**

| At 31 December 2024<br>(€m)                       | Carrying amount of encumbered assets |   | Fair value of encumbered assets |   | Carrying amount of unencumbered assets |                         | Fair value of unencumbered assets |                         |
|---|--------------------------------------|---|---------------------------------|---|--|-------------------------|-----------------------------------|-------------------------|
|   |                                      | of which notionally eligible EHQLA and HQLA |                                 | of which notionally eligible EHQLA and HQLA |  | of which EHQLA and HQLA |                                   | of which EHQLA and HQLA |
| <b>10 Assets of the reporting institution</b>     | <b>4,153</b>                         | <b>3,843</b>                                |                                 |   | <b>40,125</b>                          | <b>28,853</b>           |                                   |                         |
| 30 Equity instruments                             | —                                    | —   | —                               | —   | 4                                      | —                       | 4                                 | —                       |
| 40 Debt securities                                | 3,562                                | 3,485                                       | 3,555                           | 3,480                                       | 12,228                                 | 11,892                  | 12,215                            | 11,878                  |
| 50 of which: covered bonds                        | 151                                  | 151   | 151                             | 151   | 2,249                                  | 2,234                   | 2,249                             | 2,234                   |
| 60 of which: securitisations                      | —                                    | —   | —                               | —   | 139                                    | —                       | 139                               | —                       |
| 70 of which: issued by general governments        | 1,298                                | 1,298                                       | 1,298                           | 1,298                                       | 4,829                                  | 4,783                   | 4,824                             | 4,777                   |
| 80 of which: issued by financial corporations     | 2,276                                | 2,184                                       | 2,272                           | 2,180                                       | 7,519                                  | 7,170                   | 7,510                             | 7,161                   |
| 90 of which: issued by non-financial corporations | —                                    | —   | —                               | —   | 12                                     | 12                      | 12                                | 12                      |
| 120 Other assets                                  | 511                                  | 366   |                                 |   | 27,653                                 | 16,962                  |                                   |                         |

Note: HQLA (High Quality Liquid Assets) / EHQLA (Extremely High Quality Liquid Assets)

**Table 27: EU AE2 Collateral received and own debt securities issued**

| At 31 December 2024<br>(€m)  | Fair value of encumbered collateral received or own debt securities issued |   | Unencumbered  |                         |
|--|--|---|---|-------------------------|
|  |  | of which notionally eligible EHQLA and HQLA | Fair value of collateral received or own debt securities issued available for encumbrance | of which EHQLA and HQLA |
| <b>130 Collateral received by the disclosing institution</b>                   | —  | —   | <b>3,845</b>  | <b>3,664</b>            |
| 140 Loans on demand  | —  | —   | —   | —                       |
| 150 Equity instruments   | —  | —   | —   | —                       |
| 160 Debt securities  | —  | —   | 3,664   | 3,664                   |
| 170 of which: covered bonds  | —  | —   | —   | —                       |
| 180 of which: securitisations  | —  | —   | —   | —                       |
| 190 of which: issued by general governments                                    | —  | —   | 3,664   | 3,664                   |
| 200 of which: issued by financial corporations                                 | —  | —   | —   | —                       |
| 210 of which: issued by non-financial corporations                             | —  | —   | —   | —                       |
| 220 Loans and advances other than loans on demand                              | —  | —   | 181   | —                       |
| 230 Other collateral received  | —  | —   | —   | —                       |
| 240 Own debt securities issued other than own covered bonds or securitisations | —  | —   | —   | —                       |
| 241 Own covered bonds and securitisation issued and not yet pledged            | —  | —   | —   | —                       |
| <b>250 Total collateral received and debt securities issued</b>                | <b>4,178</b>   | <b>3,843</b>                                |   |                         |

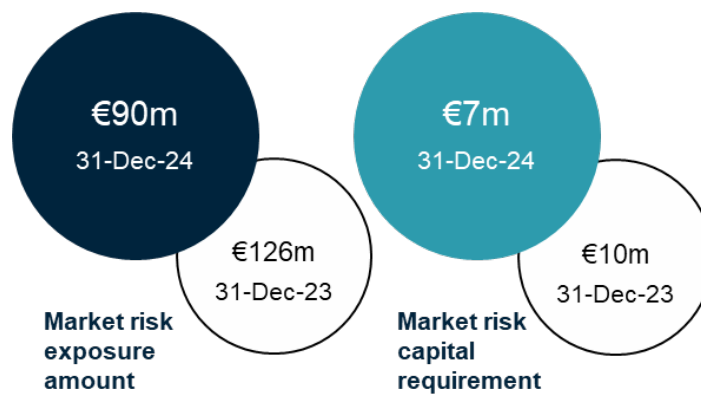
Table 28: EU AE3 Sources of encumbrance

| At 31 December 2024<br>(€m)                          | Matching liabilities,<br>contingent liabilities or<br>securities lent | Assets, collateral received<br>and own debt securities<br>issued other than covered<br>bonds and securitisations<br>encumbered |
|--|---|--|
| 10 Carrying amount of selected financial liabilities | 1,224   | 993  |

Table 29: EU AE4 Accompanying narrative information

|  |  |
|--|--|
| <b>General narrative information on asset encumbrance</b>  | <p>Disclosed amounts are based on median values derived from the four quarter end reporting points in the year. Exposure values reflect the carrying values of the European Bank's Financial Reporting ('FinRep'). There is only one notable difference in amounts pledged under applicable accounting frameworks and amounts considered encumbered, being a facility in place with the Bundesbank. The nature of this arrangement is such that securities pledged overnight for access to a credit facility remain unencumbered as long as the corresponding credit remains undrawn. As at the reporting date this value was €9.8 billion (2023: €4.6 billion).</p> <p>There is no difference in scope between asset encumbrance and liquidity.</p>   |
| <b>Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.</b> | <p>As at 31 December 2024, the carrying amount of the encumbered debt securities primarily relates to collateral pledged to Euroclear and Clearstream in respect of uncommitted credit facilities and initial margin posted. Similarly, the European bank had encumbered assets in relation to repurchase agreements throughout the year, approximating to €0.7 billion on a median basis. (2023: €0.35 billion). Unencumbered debt securities are primarily comprised of instruments issued by financial corporations and general governments.</p> <p>Other assets encumbered refer to monetary reserves, mainly placed with National Bank of Belgium, Centrale du Luxembourg and the Central Bank of Ireland, treated as encumbered assets as these cannot be not freely withdrawn by the European Bank. On a median basis this amounted to €366 million (2023: €314 million). Other assets also include cash collateral of €140 million on a median basis (2023: €289 million), largely stemming from variations in derivative related activity and default fund contributions.</p> <p>Similarly, other assets not encumbered refers primarily to cash balances and other demand deposits, and a mix of debt securities. Other loans and advances, derivative related balances and a comparatively smaller amount representing goodwill &amp; intangibles, tangible assets and misc accruals and prepayments make up the balance.</p> <p>Selected liabilities reportable under EU AE3, on a median basis, primarily relates to the European Bank's repurchase and derivative activities in the year with repo related agreements up €318 million. Partly offset by derivative related liabilities down €14 million.</p> <p>Further, in respect of over-collateralisation the European bank does not issue securitised investments or covered bonds. The European Bank does not have any off-balance sheet sources of encumbrance.</p> <p>The European Bank participates in transactions relating to the re-hypothecation of collateral obtained in repurchase transactions. It refers to the practice of financial institutions re-using collateral received in one transaction for another transaction. The activity is an integral component of a banking liquidity portfolio and allows the European Bank's Corporate Treasury to effectively utilise balances across a number of different entities and products.</p> |

## 10 Article 445 CRR II - Exposure to market risk



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

Market risk is defined as the risk arising from adverse change in financial markets due to factors such as prices, rates, implied volatilities, or correlations of market risk factors. Market risk factors include but are not limited to interest rates, foreign exchange rates, market liquidity, equity prices, credit spreads and issuer risk associated with the European Bank's trading portfolio and FX risk of the banking book.

Market risk is a systemic risk. movements in markets are beyond the control of the European Bank. The risk to the European Bank manifests on trading book portfolios and banking book portfolios.

The European Bank bears market risk through the trading book activity mainly in foreign exchange products. The Corporate Treasury FX swap activity, utilised to manage banking book FX position, is classified as held for trading from an accounting perspective.

More broadly than market risk scope as set forth by applicable regulation (i.e. trading book and FX on banking book), the European Bank is currently exposed to five types of market risk (a) currency risk, (b) Credit Valuation Adjustment ('CVA'), (c) interest rate risk, (d) credit spread risk and (e) pension risk.

- the European Bank's revenues are denominated in a mix of currencies whereas a high proportion of the European Bank's costs are denominated in Euro. Apart from the risk of currency mismatch between revenues and cost, the European Bank is not significantly exposed to this risk. Currency risk also comes from the FX position within the derivatives trading book;
- Credit Valuation Adjustment ('CVA') risk relates to the FX swaps used in the context of Treasury management and derivatives client activity in the trading book;
- Interest rate risk in the banking book ('IRRBB') refers to the current or prospective risk to the bank's earnings and capital arising from movements in interest rates that affect the European Bank's banking book positions and related repricing mismatches. The primary purpose management of IRRBB is to manage risks from interest rate movements by managing the exposure to volatility in, and optimizing the performance of, Earnings, including Net Interest Income ('NII'), and by limiting the volatility of the Economic Value of Equity ('EVE'). The interest rate risk in the trading book is not material.
- the securities portfolio bears interest rate risk and additional credit spread risk. For securities classified at fair value the impacts of market risk manifest in volatility of other comprehensive income; and,
- pension risk in the European Bank arises from the defined benefit pension plans offer to the employees. Defined benefit plans constitute a risk because the European Bank must compensate any shortfall in the fund's guaranteed pensionable amount. Only the Belgium and German plans may result in a liability for the European Bank.



## 10.1 Market risk management framework

The European Bank undertakes market risk for the trading book within the boundaries of the Risk Appetite approved by the Board of Directors and consistently with BNY's Risk Appetite as approved by the Board of Directors of The Bank of New York Mellon Corporation.

The European Bank manages market risk using a "three lines of defence" approach (i.e. by business units, Corporate Treasury within the first line of defence, by Treasury and Market Risk team in the second line of defence and by Internal Audit).

The European Bank personnel engaging in market risk-taking or exposure management activities must be explicitly authorised or mandated.

Market risk limits are set for market risk consistent with the European Bank's Risk Appetite and are jointly managed by the business units undertaking the risk and the Traded Market Risk function (respectively, the first and second lines of defence).

Market risk exposure is measured, monitored and analysed using both quantitative and qualitative methods by the Market Risk function.

The European Bank measures, monitors, and analyses market risk in a manner consistent with applicable law, regulations, and supervisory guidance.

The control framework elements addressing market risk limits include the following actions by the Market Risk Management function:

- monitoring of utilization of market risk limits on a daily basis;
- reporting of limit utilization and limit breaches;
- periodic limit reviews;
- coordinating with business data providers to ensure the completeness and accuracy of data that is the basis for market risk data.

Traded Market Risk function independently monitors daily compliance with limits. In case of limit breaches and depending on the level and type of limit that is breached, are escalated and notified to the Board of Directors or to the Executive Committee or to Senior Risk Management and Business Management levels in the organizational hierarchy.

**Table 30: EU MR1 Market risk under the standardised approach**

This table shows the components of the risk-weighted assets for market risk using the standardised approach. The European Bank did not have any Options as at 31 December 2024.

| At 31 December 2024<br>(€m) |   | RWEAs     |
|-----------------------------|---|-----------|
| <b>Outright products</b>    |   |           |
| 1                           | Interest rate risk (general and specific) | 44        |
| 2                           | Equity risk (general and specific)        | —         |
| 3                           | Foreign exchange risk                     | 46        |
| 4                           | Commodity risk                            | —         |
| <b>Options</b>              |   |           |
| 5                           | Simplified approach                       | —         |
| 6                           | Delta-plus approach                       | —         |
| 7                           | Scenario approach                         | —         |
| 8                           | Securitisation (specific risk)            | —         |
| <b>9</b>                    | <b>Total</b>                              | <b>90</b> |

The European Bank is expected to transition the calculation of its market risk to the new Alternative Standardised Approach framework once the requirement becomes binding in 2026. Market risk calculations under this new framework are reported but are not required to be disclosed presently.

## 10.2 Trading portfolios

The principal tools used to measure and control market risk, within BNY's trading portfolios are VaR and Stressed VaR. The Value at Risk ('VaR') of a trading portfolio is the maximum estimated loss that can arise with a specified probability (confidence level) in the portfolio over a specified time-period (holding period). The VaR model is historical simulation based. It takes market data changes from the previous 1000 trading days and observed correlation between risk factors, to model a wide range of plausible future scenarios for market price movements. The Group VaR model assumes a 99% confidence level and a 1-day holding period. The results of the VaR calculation are reported in the Groups base currency of US Dollars. The Stress VaR model follows the same approach as VaR, but takes into account a stress period deemed to be the most severe for the entire holding company. The choice of the stress period is reviewed on a periodic basis.

BNY's VaR models are subject to regular validation by the Market Risk Management Group to ensure that they continue to perform as expected and that assumptions used in model development are still appropriate. As part of the validation process, the potential weaknesses of the models are analysed using statistical techniques, such as back testing.

The Group establishes VaR limits to manage the size of our overall market exposure. The structure of VaR limits is subject to review and approval by the appropriate executive committee. VaR and Stressed VaR limits are allocated to trading portfolios. Exposures and limit utilizations are monitored daily and reported to both Group Market Risk and the European Bank's senior management. A summary of the trading book activity is provided to the European Bank's Executive Committee monthly and quarterly to the European Bank Board. Ad hoc reporting is also provided when required.

The following is a summary of the VaR and Stressed VaR position of the European Bank's trading portfolios as at 31 December 2024:

| USD millions           | 31-Dec-24 | 29-Dec-23 |
|------------------------|-----------|-----------|
| Value at Risk          | 0.013     | 0.185     |
| Stressed Value at Risk | 0.049     | 0.528     |

## 10.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Hedging strategies are used to ensure positions are maintained within established limits. In addition, the European Bank applies a monthly sell-off process in order to reduce foreign exchange exposure generated by the activity of the bank. This is done through foreign exchange from the currency into the base/functional currency of the entity.

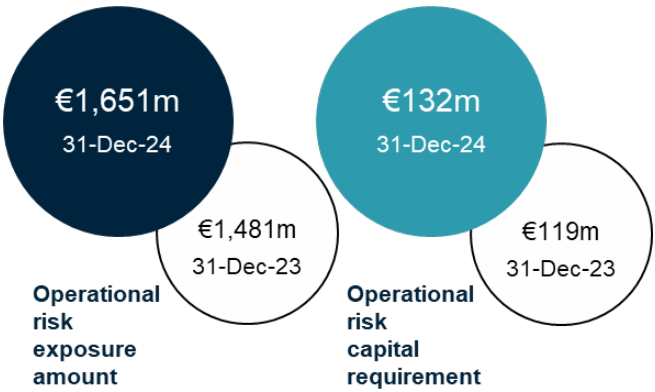
The European Bank is entering into FX Forward for "economic hedge" purposes. So, net exposures after economic hedging are not significant.

The European Bank also manages its liquidity by currency and ensures that the net position in each currency does not exceed internal limits.

## 10.4 Regulatory and Economic Capital requirements

Economic capital requirement for market risk, which covers not only regulatory market risk but also market risk in the banking book other than FX currency risk (e.g. credit spread risk, interest rate of the banking book and pension risk) resulted in an (unaudited) amount of €926 million (2023: € 731 million), versus the Pillar 1 calculation of €20million (2023: €18 million).

11 Article 446 CRR II - Operational risk management



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events (including legal risk but excluding strategic and reputational risk).

Operational risk may arise from errors in transaction processing, breaches of internal control systems and compliance requirements, internal or external fraud, damage to physical assets, and/or business disruption due to systems failures or other events. Operational risk can also arise from potential legal or regulatory actions as a consequence of non-compliance with regulatory requirements, prudent ethical standards or contractual obligations.

Given the European Bank’s role as a major custodian, processing and fiduciary service provider, the European Bank considers that operational risk is an important risk.

11.1 Operational risk management framework

The European Bank leverages the BNY Operational Risk Management Framework ('ORMF'). This is highlighted below.

Figure 3: Operational Risk Management Framework



The Operational Risk Management Framework ('ORMF') provides the processes and tools necessary to fulfil a strategy of managing risk through a culture of risk awareness, a clear governance structure, well-defined policies, procedures and reporting and suitable tools for reporting and monitoring to effectively identify, manage, mitigate, monitor and report the risks in an organised way to the appropriate governance bodies.

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The ORMF defines roles and responsibilities through the global policy, using the three Lines of Defence model as a foundation. Thus, responsibility for the management of Operational Risk sits first and foremost with the business and functions.

The European Bank uses the ORMF to capture, analyze and monitor its Operational Risks. The tools used to manage the Operational Risks of the business are mandated through individual Operational Risk Policies and are prescribed through the enterprise Operational Risk programme, assessment systems and related processes.

The Corporate Operational Risk Policies are reviewed and enhanced on an ongoing basis, and adopted by all businesses / Legal Entities including the European Bank. Operational Risk Officers oversee the activities undertaken in each of the business lines, with oversight from a Legal Entity point of view.

### **Management of operational risk**

The ORMF relies on a culture of risk awareness, a clear governance structure and on Operational Risk policies and procedures, which define the roles and responsibilities of the First, Second and Third line of defence. These policies and procedures complement each other to ensure that the operational risks of the business are effectively identified, managed, mitigated (where possible) and reported to the appropriate governance committees on a regular basis.

### **Risk appetite**

BNY defines risk appetite as the aggregate level of risk a company is willing to assume after considering topics such as its strategic business objectives and business plan, the major risks facing the European Bank and its risk capacity. The European Bank has, in line with the Enterprise risk policy for risk appetite, set a risk appetite statement which recognises the inherent nature of Operational risk and the reliance on the ORMF to mitigate it.

### **Risk control-self assessments ('RCSA')**

A comprehensive process for Business Groups, Corporate Staff, and Platforms to identify risks associated with key business processes, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls in place to mitigate that risk.

### **Operational risk events ('ORE')**

A standard for the capture, notification and reporting of Operational Risk Events. The collection of internal loss data provides information for assessing the European Bank's exposure to operational risk. Analysis of loss events provides insight into the root cause and information on whether a control weakness is isolated or potentially more systemic.

OREs are mapped to Basel operational risk event categories and the impact to the European Bank is identified. Information on operational risk event losses or gains exceeding \$10,000 (USD) are analyzed to understand root cause(s) and to identify improvements needed in order to reduce the recurrence and/or magnitude of future events. All OREs (over \$10,000) are reviewed for root cause and possible mitigating actions under the oversight of the RMC.

### **Key risk indicators ('KRI')**

Key risk metrics designed to monitor activities which could cause financial loss or reputation damage to the European Bank. Periodic and consistent monitoring of KRIs ensures that deviations from predetermined standards can be identified.

### **Line Of Business High Level Assessment ('HLA')**

The High Level Assessment is a qualitative assessment at the Business/Corporate Staff Group level. It is a consolidated review of detailed RCSA data that analyses the risk profile of the business, the quality of controls in place to mitigate risks and internal and external factors impacting the business.

The HLA is designed to ensure that Business/Corporate Staff and Risk Management identify, review and discuss the risks of the business including material operational risks on a regular basis. Being a Business Line exercise, the HLA does not provide specific information on legal entities. However, this is a useful source of information for the LERO who needs to form a view on the risks the Business Lines operating in the European Bank have identified.

### **Legal Entity Risk Identification ('LE Risk ID')**

Material risk identification for the Legal Entity is undertaken through the LE Risk ID process. The LE Risk ID is a qualitative assessment performed separately for the legal entity and utilises the applicable business level Risk ID as a key input to the assessment. The LE Risk ID is designed to ensure that the legal entities and Risk

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Management identify, review and discuss the identified risks on a regular basis. It enables current and emerging risks to be identified, discussed, addressed and elevated as appropriate.

### **Operational risk scenario analysis ('ORSA')**

Operational risk scenario analysis is used by the European Bank to identify and assess plausible, high impact, low probability Operational risk loss events using a combination of the Operational risk data and expert management judgement. Scenario analysis provides a broad perspective of risks faced globally based on the expertise of senior managers and risk managers and supports an understanding of how significant operational losses could occur. Scenario analysis also supports the calculation of Operational risk capital by using the output of scenario analysis (frequencies and severities) as an input for Operational Risk economic capital modelling.

### **Monitoring and reporting**

The European Bank utilises a global platform, Risk Management Platform (RMP) for monitoring and reporting operational risk.

Monitoring and reporting of operational risks occur within the business, Legal Entity and EMEA-region risk oversight functions, as well as decision-making forums such as business risk committees and the RMC.

Regional Committees such as the International Senior Risk and Control Committee also monitor and incorporate the material risks of the European Bank in forming its regional risk assessment.

### **Policies and procedures**

The European Bank utilises comprehensive policies and procedures designed to provide a sound operational environment. The Corporate Operational Risk Policies are reviewed and enhanced on an ongoing basis, and adopted by all businesses/Legal Entities including the European Bank.

### **Organisation and governance**

Within the European Bank, business risk partners oversee the activities undertaken in each of the business lines, with oversight from a Legal Entity point of view through the LERO. Besides business risk partners and LEROs other internal functions also ensure that processes are in place to support the sound operational risk management of the business, notably:

### **Technology risk management ('TRM')**

TRM is a 2<sup>nd</sup> Line of Defence group that provides oversight and challenge of the 1<sup>st</sup> line's management of technology risk. TRM works in partnership with BNY Mellon Businesses and Corporate Staff to help protect the European Bank and its clients from cyber and information risks.

### **Business continuity planning ('BCP')**

This function is responsible for the governance of planning for continued service in the face of external events, and utility or system outages or disruptions. The BCP function has clear escalation processes and plans available; Crisis Management Teams ('CMT') are in place to oversee any issue escalation, whilst the Communication Task Force ('CTF') is responsible for approved communication with employees, clients and other stakeholders. Operational staff (business plan owners) are responsible for identifying a business impact analysis, and maintaining a business continuity plan for their specialist area. These plans set out information such as recovery requirements, alternative sites, training and evacuation procedures.

### **Third party governance**

The European Bank uses outsourcing to support its daily business activities. The European Bank's Board of Directors retains the ultimate responsibility for any outsourcing arrangement and accordingly, ensures the establishment and maintenance of an adequate outsourcing framework covering all key components of the outsourcing life-cycle. To ensure appropriate oversight of outsourced activities, the Business/Business Partner Groups ensure that all outsourced activities are identified, assessed, approved and appropriately managed throughout the life of the outsourced relationship.

Decisions to control, transfer, accept or avoid risks are conducted through a combination of business and legal entity governance bodies in line with the hybrid organisation structure of BNY.

### **Regulatory and compliance risk management**

The European Bank Compliance Department is comprised of Compliance Officers based in Brussels, Frankfurt, Amsterdam, Dublin, Luxembourg, Amsterdam, Copenhagen, Wrocław and Milan. The Paris and Madrid Branches have dedicated compliance officers who are based in the head office. Dedicated Money Laundering Reporting Officers ('MLROs') and or AML compliance officers specifically focus on the management of money laundering / terrorist financing risks.

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As part of the second line of defence, the compliance department shares a joint responsibility with Legal, HR, Finance and Risk to implement policies as required in order to ensure that European Bank operates within the scope of its license and in compliance with applicable regulatory requirements.

The key responsibilities of the Compliance Department as part of the second line of defence are defined in the Compliance Mission Statement approved by the European Bank Board of Directors.

The Compliance Department is independent from any commercial or operational function of European Bank. The Compliance Department reports into the European Bank Chief Risk Officer and also reports into the European Bank governance bodies.

### 11.2 Capital resource requirement

As at the reporting date, economic capital requirements for operational risk (using an internal hybrid model) resulted in an amount of €616 million (2023: €650 million), versus the Pillar 1 calculation of €132 million (2023: €119 million). Restitution risk economic capital resulted in an amount of €402 million (2023: €368 million).

**Table 31: EU OR1 Operational risk own funds requirements and risk-weighted exposure amounts**

This table presents the European Bank's banking activities by approach along a three year period of calculated operational risk capital requirements:

| Banking activities<br><br>At 31 December 2024<br>(€m)  | Relevant indicator |        |           | Own funds requirements | Risk exposure amount |
|--|--------------------|--------|-----------|------------------------|----------------------|
|  | Year-3             | Year-2 | Last year |                        |                      |
| 1 Banking activities subject to basic indicator approach (BIA)                                 | —                  | —      | —         | —                      | —                    |
| 2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | 762                | 878    | 962       | 132                    | 1,651                |
| 3 Subject to TSA:  | 762                | 878    | 962       |                        |                      |
| 4 Subject to ASA:  | —                  | —      | —         |                        |                      |
| 5 Banking activities subject to advanced measurement approaches AMA                            | —                  | —      | —         | —                      | —                    |



## 12 Article 448 CRR II - Exposures to interest rate risk on positions not held in the trading book

Interest Rate Risk in the Banking Book ('IRRBB'), refers to the potential impact on the European Bank's financial condition (economic value of equity and net interest income) due to adverse movements in market interest rates. IRRBB arises from differences in the maturity or the timing of rate changes for banking book assets, liabilities and off-balance sheet items, as well as from changes in the slope of the yield curve, imperfect correlations in the adjustment of rates earned and paid on different instruments, and interest rate-related options embedded in bank products.

To effectively manage and assess IRRBB, the European Bank considers various factors, such as the composition and characteristics of their banking book, interest rate scenarios, and the potential impact on their financial performance, balance sheet, and regulatory capital base. By adopting a comprehensive approach to IRRBB management, banks can ensure their resilience to interest rate fluctuations and maintain their financial stability. The European Bank uses complementary features of the IRRBB measures to capture the complex nature of IRRBB over the short-term and long-term time horizons.

**Net Interest Income Perspective:** The Net Interest Income perspective focuses on the impact of interest rate changes on a firm's near term income. Net Interest Income ('NII') is the difference between total interest income and total interest expense. This is the traditional approach to interest rate risk assessment taken by many firms. Variation in NII is an important focal point for interest rate risk analysis because reduced NII or outright losses can threaten the financial stability of an institution by undermining its capital adequacy and by reducing market confidence. The European Bank also includes FX swap revenues for banking book currency positions in the net interest income perspective.

**Economic Value Perspective:** The economic value perspective represents an assessment of the present value of expected net cash flows, discounted to reflect market rates. As such, variation in market interest rates can affect the economic value of a firm's assets, liabilities, and Off-Balance Sheet positions. Thus, the sensitivity of a firm's economic value to fluctuations in interest rates is a particularly important consideration of shareholders, management, and supervisors alike. The economic value perspective provides a more comprehensive view of the potential long-term effects of changes in interest rates than is offered by the Net Interest Income perspective.

### 12.1 Identification and measurements

The European Bank maintains IRRBB measurement processes and systems to assess exposures relative to established risk tolerances. The European Bank's systems are commensurate with its size and complexity. Various models are used to facilitate the identification and measurement of IRRBB. When using models for these purposes, procedures are documented to confirm the understanding of underlying analytics, assumptions, and methodologies, to ensure that such systems and processes are incorporated appropriately in both the long-term and short-term management of IRRBB exposures. All models have been independently validated and approved for use by the Model Risk Management Group, and are periodically revalidated in accordance with a schedule established.

The European Bank uses both NII and economic value-based measurement methods to assess its IRRBB profile. The IRRBB measurement system is designed to be sufficiently robust to capture all material on and off-balance sheet positions and incorporate a standard set of interest rate stress scenarios for ongoing internal management and to identify and quantify the IRRBB exposure.

IRRBB modelling includes behavioural models which capture customer behaviours or other optionality in banking book products.

**NII Sensitivity metrics** - the change in NII is a measure of the variance in forecasted NII from a base scenario across various interest rate hypothetical scenarios over pre-defined time periods e.g. one year and up to 3 years. NII measured across future time periods is affected in aggregate by current position run-off and forecasted balance and off-balance sheet items. Forecasted NII is dependent upon forecast assumptions including projected interest rates, balance changes, market spreads, deposit rate sensitivity, and prepayment behaviour of loans and securities. These assumptions are developed on the basis of historical analysis and management's expectations of future business activity and are subject to a robust governance process.

**Economic Value of Equity ('EVE') Sensitivity metric** - This is a Net Present Value ('NPV') based measure of the cash flows of the balance sheet. EVE sensitivity is a spot metric which measures the variance in economic value of equity from a Base Case Scenario across various hypothetical scenarios. It provides a spot contractual run-off view, based on scheduled and unscheduled payments and behaviourally modelled deposit attrition. It assumes no new business onboarding and no reinvestment of maturing positions. EVE is calculated by aggregating discounted future cash flows over the life of each individual balance sheet position (with embedded optionality adequately captured).



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**Basis Risk metrics** - These metrics are part of the NII and EVE measurement approaches and help measure the European Bank's exposure to basis risk mismatch and sensitivity of its net interest margin to basis risk.

**Capital Sensitivity metrics** - The degree to which changes in interest rates could impact the capital position of the entity are calculated and monitored as part of the bank's holistic IRRBB framework. The changes in EVE and in the market value of instruments are produced on a monthly basis and assessed relative to capital. Additionally, Value at Risk ('VaR') is used to determine IRRBB Economic Capital requirements.

EVE and NII Supervisory shock scenarios are part of the IRRBB limit framework.

### 12.2 Scenarios and risks tested

Interest rates can generally be decomposed into two components: the risk-free rate and a credit spread. IRRBB includes exposures associated with fluctuations in the risk-free rate as well as the credit spread.

A credit spread is the difference in yield between a risk free security (debt) and a debt security with the same maturity but of lesser credit quality.

Corporate Treasury simulates the below set of rate shock scenarios designed to capture both the short-term and long-term effect of various IRRBB risks, including risks idiosyncratic to the European Bank's business model, and risks inherent in planned business strategies impacting the balance sheet.

Due to rounding there may be immaterial variations between Pillar 3 disclosed in millions and supervisory reporting submitted in units.

Simulations include the scenarios and selected descriptions as follows:

| Scenarios  | Risk Type <sup>1</sup>                  | NII Sensitivity <sup>2</sup> | EVE Sensitivity |
|--|---|------------------------------|-----------------|
| Base (Most expected interest rate scenario)                  | Level of interest Rates                 | X                            | X               |
| Parallel Rate Shocks: ± 100bps, ± 200bps, ± 300bps           | Yield Curve Risk, Price Risk (Gap Risk) | X                            | X               |
| Main rates: ± 10bps over risk free rates                     | Basis Risk                              | X                            |                 |
| Main rates: ± 25bps over risk free rates                     | Basis Risk                              |                              | X               |
| USD Rates ± 100bps (all other currencies unchanged)          |   | X                            | X               |
| EUR Rates ± 100bps (all other currencies unchanged)          | Currency Risk (Gap Risk)                | X                            | X               |
| GBP Rates ± 100bps (all other currencies unchanged)          |   | X                            | X               |
| ± 100bps, Steepener and Flatteners                           | Yield Curve Risk, Price Risk (Gap Risk) |                              | X               |
| Gradual Ramp scenarios                                       | Yield Curve Risk, Price Risk (Gap Risk) | X                            |                 |
| BCBS Steepener   |   |                              | X               |
| BCBS Flatteners  |   |                              | X               |
| BCBS Short Rate Up   |   |                              | X               |
| BCBS Short Rate Down   | Yield Curve Risk, Price Risk (Gap Risk) |                              | X               |
| BCBS Up  |   | X                            | X               |
| BCBS Down  |   | X                            | X               |
| <b>Balance Sheet</b>   |   |                              |                 |
| Dynamic (New Business Activity Included)                     |   | X                            |                 |
| Static (Current Position Maintained Across Forecast Horizon) |   | X                            |                 |
| Run-off Balance Sheet Assumption                             |   |                              | X               |

<sup>1</sup> Repricing Risk, Option Risk and Client / Product Behaviour Risk are embedded in all the listed scenarios.

<sup>2</sup> NII Sensitivity IRRBB Board Risk Appetite Limits are based on a 12 month forecast horizon.

| Term   | Definition  |
|--|---|
| Parallel Rate Shocks   | All term-points on every modelled interest rate curve and indexes are increased or decreased simultaneously by the same amount.   |
| Ramp Rate Shocks   | All term-points on every modelled interest rate curve and indexes are increased or decreased in equal quarterly increments over the first 12 months of the forecast. There are several scenarios (increments) used to enable more in-depth analysis of potential risks and remediation plans for those risks. |
| Main Bank rates ± 10bps or +/-25 bps over risk free rates,     | Main Central Bank and Overnight risk free rates modelled under an up and down move across EUR, GBP and USD while other rates remain constant.   |
| USD, EUR, GBP Rates ±100bp, All Other Currency Rates Unchanged | All term-points on every modelled CCY interest rate curve and indexes are increased or decreased simultaneously by 100 basis points.  |

### 12.3 IRRBB management and hedging

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The client's deposits and their related implicit maturity leave the European Bank with IRRBB exposures on its balance sheet, which is referred to as the structural balance sheet.

The European Bank invests the cash provided by client deposits to manage the structural balance sheet. Through investments in securities and money market instruments, the European Bank is able to manage and hedge its IRRBB exposures and maintain a source of contingent liquidity. The European Bank can further change its interest rate profile and manage asset and liabilities duration gap through purchases or sales of fixed rate assets and / or the use of derivatives.

**Derivatives** - The European Bank may use derivative instruments, interest rate swaps, to mitigate IRRBB exposures and foreign exchange derivatives to optimise cash management. The European Bank shall maintain effective process for managing IRRBB commensurate with its activities and level of risk approved by senior management and the Board. The European Bank's hedging strategies are designed to manage income and EVE volatility.

The European Bank's Corporate Treasury Execution desk may use approved derivative instruments to manage IRRBB. The use of derivatives for these purposes may include management of NII and EVE risk sensitivity, and management of the securities investment portfolio.

### 12.4 Risk management and mitigation techniques

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Given the structural nature of IRRBB, the European Bank maintains a control framework to ensure that positions that exceed calibrated thresholds receive prompt management attention. This framework, comprised of IRRBB Early Warning Thresholds ('EWT') and Board and ExCo Risk Appetite limits, permits management to identify IRRBB exposures, initiate discussions about risk and take appropriate actions. When designing limit and EWTs, the European Bank establishes thresholds that are commensurate with the capital level and risk profile of the entity. The European Bank's IRRBB metrics are produced on a monthly basis due to the relatively stable nature of banking book risk profile that is primarily driven by the customer deposits and securities portfolio.

The European Bank's Board and ExCo (or the Risk Committee of the Board) shall receive IRRBB reporting in case of any significant concerns or breaches to Board established IRRBB risk appetite limits. ExCo and the European Bank's ALCO is provided with the latest IRRBB report covering the previous month end IRRBB metrics reported against limits and EWTs.

IRRBB monitoring and reporting is designed to facilitate clear understanding of the IRRBB tolerance limits and of the approach to manage the effect of IRRBB on earnings and capital adequacy. IRRBB reports provide aggregate information and supporting detail to enable consumers of information to assess the sensitivity of the European Bank to changes in market rates and important assumptions underlying the metrics used. Exceeding any Board and ExCo risk appetite limit requires the European Bank to undertake corrective action designed to bring the metric into compliance, and is automatically a reportable item to the Board (or a committee of the Board), the ExCo and the ALCO.

In instances where IRRBB exposures breach or are projected to breach limits or exceed EWT, the European Bank's Treasurer supported by the European Bank's Corporate Treasury Team and working in conjunction with lines of business, Corporate Treasury, and Treasury Risk may (in the case of EWTs or must (in the case of Board Risk Appetite Limits) mitigate risk through one or more remediation actions. In such cases, remediation strategies shall be developed and communicated to ExCo or/and the Board depending on limits/ EWTs levels. Remediation may include balance sheet alteration, hedging, or both.

Movements in credit spreads impact the economic value of the investment portfolio held by the European Bank and accounted under the banking book category. As of 31 December 2024 there are no other material asset or liabilities items subject to banking book credit spread risk other than within the investment portfolio.

In 2023 a new European Bank Credit Spread Risk of the Banking Book Policy was implemented and approved by the Board of Directors. Credit spread risks on the investment portfolio is monitored and reported on a daily basis with dedicated limits set in terms of credit spread sensitivity to 1 basis point and weekly stress test shocks assuming a set of different and severe scenarios. Credit Spread limits based on stress shocks are set at the Board of Director and Executive Committee's levels.

Furthermore, mark to market limits are in place either on the investment portfolio securities classified within fair value through other comprehensive income and on investment portfolio securities classified at amortised cost to monitor, on a daily basis, investment portfolio potential unrealised losses.

**Table 32: EU IRRBB1 Interest rate risks of non-trading book activities**

This table shows the economic value of equity and net interest income sensitivities for the European Bank by interest scenario as well as the average and longest repricing maturity of non-maturity deposits.

| Supervisory shock scenarios<br>(€000s) | Changes of the economic value of equity |           | Changes of the net interest income |           |
|--|---|-----------|------------------------------------|-----------|
|  | 31-Dec-24                               | 31-Dec-23 | 31-Dec-24                          | 31-Dec-23 |
| 1 Parallel up                          | (153,638)                               | 132,017   | (29,492)                           | 25,070    |
| 2 Parallel down                        | (148,334)                               | (329,333) | (45,152)                           | (140,120) |
| 3 Steepener                            | 59,222                                  | 58,714    |                                    |           |
| 4 Flattener                            | (272,826)                               | (85,145)  |                                    |           |
| 5 Short rates up                       | (277,386)                               | (4,640)   |                                    |           |
| 6 Short rates down                     | 3,939                                   | 46,174    |                                    |           |

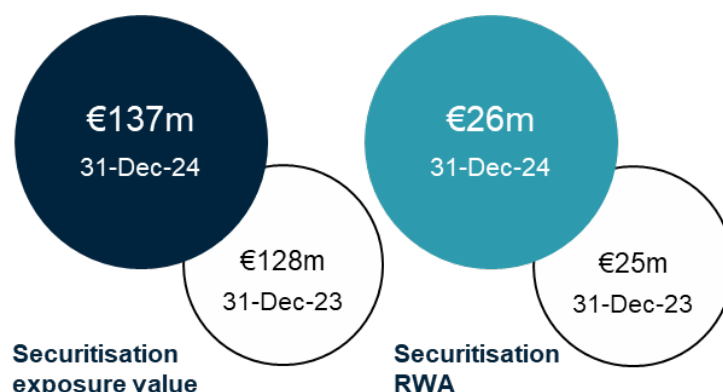
Modelling of deposit cashflows under different interest rate scenarios are reflective of internal calibration and historical data. Deposit cash flows are a function of repricing characteristics, interest rate and customer run off assumption.

The average repricing tenor of non-maturity deposits is 3 years with longest repricing maturity at 10 years.

The worst case EVE sensitivity has reduced year on year and reflects sensitivity under a short rates up scenario rather than a falling interest rate scenario as per the previous year. The EVE sensitivity is driven by combination of longer asset duration and dynamic deposit modelling assumptions. The reduction in overall sensitivity reflects management actions to protect the bank from falling interest rates, reducing the duration mismatch between assets and liabilities.

NII sensitivity has reduced year on year, sensitivity reflects management actions to mitigate the risks from margin compression in a falling interest rate environment based on the latest deposit beta assumptions and balance sheet composition. Modelling assumptions are updated on a regular basis reflecting the market environment, changes in customer behaviour and risk management activities.

## 13 Article 449 CRR II - Exposures to securitisation positions



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

A securitisation is a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics:

- payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and,
- the subordination of tranches determines the distribution of losses during the on-going life of the transaction or scheme.

The European Bank accounts for securitisation investments in accordance with recognition, measurement and impairment standards set in IFRS 9, and follows the European Bank's multi-GAAP general accounting policies for investment securities. The major difference between a securitisation compared to a medium term loan note ('MTN') is linked to the repayment structure.

The daily amortisation is similar for both securities. However, for a securitisation the principal is amortised as well, while an MTN would see amortisation on the premium only. The principal of a securitisation would reduce on coupon date.

### 13.1 Securitisation risk management framework

The European Bank invests in securitised products, within tightly defined limits, to expand and diversify its securities portfolio. The use of securitised investments is also expected to have a beneficial influence on profitability. The European Bank acts only as investor in traditional Simple, Transparent and Standardised ('STS') and non-STS securitisation instruments, which means a securitisation involving the economic transfer of the exposures being securitised, it did not invest in re-securitisation assets at the reporting date. For completeness, the European Bank does not securitise assets, only invests in senior tranches of residential mortgage backed securities ('RMBS') and senior tranches of collateralized loan obligations ('CLO'). These investments are within the list of approved asset types and governed by a dedicated risk framework, which is applied for securitised asset. Equally, the European Bank does not utilise any Securitisation Special Purpose Entities ('SSPE') in its investments.

The European Bank has pre-trade risk management controls in place. Due diligence is performed for each investment, considering the EU Securitizations Regulation' requirements for institutional investors. Investments are checked against a limit framework considering conservative criteria, including low concentration within an issue, list of approved issuers / CLO managers, preference for STS issuances, low issuer concentration, investments in countries with a perceived strong mortgage market, and liquidity levels, limits on market risk exposures. Further, pre-investment stress-test scenarios per structure product sector have been established. Treasury is allowed to invest only in securities with no resultant principal write-downs applying the stressed prepayment, default and loss severity rates. This assessment demonstrates the bonds' credit strength and endorses the appropriate purchase of the security in the European Bank's Investment Portfolio. The investments' collateral pool performances are monitored on regular basis.

External credit agencies, Moody's Investors Service, Fitch, and Standard & Poor's are used to assess the credit ratings of all its securitised investments which in turn drive the risk-weighted exposure calculations under the external-ratings based approach.

## The Bank of New York Mellon SA/NV (the 'European Bank')

**Table 33: EU-SEC1 Securitisation exposures in the non-trading book**

This table shows the European Bank's securitisation exposures in the banking book. The European Bank does not originate or sponsor securitisation assets and acts solely as an investor in third party retail securitisations (residential mortgages) and is subject to the risks inherent to such an investment type.

| At 31 December 2024<br><br>(€m) |                        | Institution acts as originator |                 |                 |           |           |   | Institution acts as sponsor |         |   |   | Institution acts as investor |         |   |     |
|---------------------------------|------------------------|--------------------------------|-----------------|-----------------|-----------|-----------|---|-----------------------------|---------|---|---|------------------------------|---------|---|-----|
|                                 |                        | Traditional                    |                 |                 |           | Synthetic |   | Traditional                 |         |   |   | Traditional                  |         |   |     |
|                                 |                        | STS                            |                 | Non-STS         |           |           |   | STS                         | Non-STS |   |   |                              |         |   |     |
|                                 |                        | of which<br>SRT                | of which<br>SRT | of which<br>SRT | Sub-total |           |   |                             |         |   |   | STS                          | Non-STS |   |     |
| 1                               | Total exposures        | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | 137                          | 0       | — | 137 |
| 2                               | Retail                 | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | 137                          | —       | — | 137 |
| 3                               | Residential mortgage   | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | 137                          | —       | — | 137 |
| 4                               | credit card            | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 5                               | other retail exposures | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 6                               | re-securitisation      | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 7                               | Wholesale (total)      | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 8                               | loans to corporates    | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 9                               | commercial mortgage    | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 10                              | lease and receivables  | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 11                              | other wholesale        | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |
| 12                              | re-securitisation      | —                              | —               | —               | —         | —         | — | —                           | —       | — | — | —                            | —       | — | —   |

Note: There is no significant risk transfer in the European Bank's securitisation assets as investor.

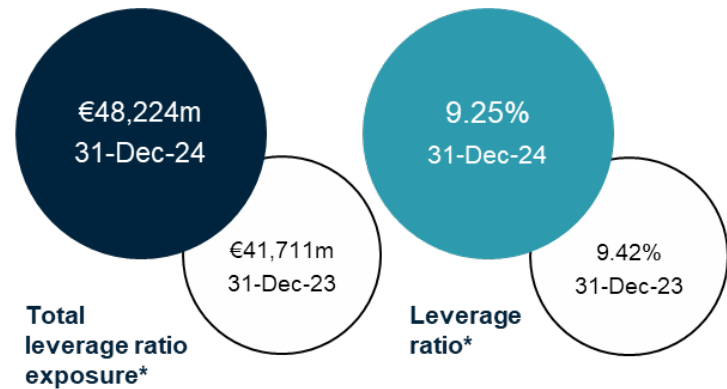
The European Bank's exposures result from investment in RMBS's originating from the Netherlands and EU CLOs.

**Table 34: EU-SEC4 Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor**

This table shows the securitisation exposures in the banking book, as well as the regulatory approaches used to determine exposure values, risk weighted assets and the associated capital requirements.

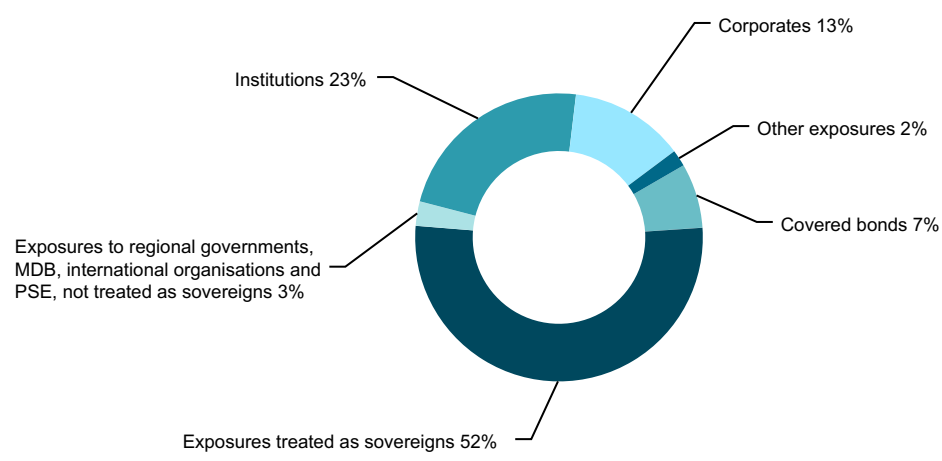
|                              | At 31 December 2024<br>(€m) | Exposure values (by RW bands/deductions) |                   |                    |                          |                         | Exposure values (by regulatory approach) |                                    |        |                         | RWEA (by regulatory approach) |                                    |        |                         | Capital charge after cap |                                    |        |                         |
|------------------------------|-----------------------------|--|-------------------|--------------------|--------------------------|-------------------------|--|------------------------------------|--------|-------------------------|-------------------------------|------------------------------------|--------|-------------------------|--------------------------|------------------------------------|--------|-------------------------|
|                              |                             | ≤20% RW                                  | >20% to<br>50% RW | >50% to<br>100% RW | >100%<br>to<br><1250% RW | 1250% RW/<br>deductions | SEC-<br>IRBA                             | SEC-<br>ERBA<br>(including<br>IAA) | SEC-SA | 1250% RW/<br>deductions | SEC-<br>IRBA                  | SEC-<br>ERBA<br>(including<br>IAA) | SEC-SA | 1250% RW/<br>deductions | SEC-<br>IRBA             | SEC-<br>ERBA<br>(including<br>IAA) | SEC-SA | 1250% RW/<br>deductions |
| 1 Total exposures            |                             | 137                                      | —                 | —                  | —                        | —                       | —  | 137                                | —      | —                       | —                             | 26                                 | —      | —                       | —                        | 2                                  | —      | —                       |
| 2 Traditional securitisation |                             | 137                                      | —                 | —                  | —                        | —                       | —  | 137                                | —      | —                       | —                             | 26                                 | —      | —                       | —                        | 2                                  | —      | —                       |
| 3 Securitisation             |                             | 137                                      | —                 | —                  | —                        | —                       | —  | 137                                | —      | —                       | —                             | 26                                 | —      | —                       | —                        | 2                                  | —      | —                       |
| 4 Retail underlying          |                             | 137                                      | —                 | —                  | —                        | —                       | —  | 137                                | —      | —                       | —                             | 26                                 | —      | —                       | —                        | 2                                  | —      | —                       |
| 5 Of which STS               |                             | 137                                      | —                 | —                  | —                        | —                       | —  | 137                                | —      | —                       | —                             | 26                                 | —      | —                       | —                        | 2                                  | —      | —                       |
| 6 Wholesale                  |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 7 Of which STS               |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 8 Re-securitisation          |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 9 Synthetic securitisation   |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 10 Securitisation            |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 11 Retail underlying         |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 12 Wholesale                 |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |
| 13 Re-securitisation         |                             | —  | —                 | —                  | —                        | —                       | —  | —                                  | —      | —                       | —                             | —                                  | —      | —                       | —                        | —                                  | —      | —                       |

14 Article 451 CRR II - Leverage ratio



Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

CRR II banking book leverage ratio exposures at 31 December 2024 \*



\* Excluding derivatives, SFTs and exempted exposures.

The leverage ratio is defined as the capital measure (the numerator) divided by the total exposure measure (the denominator), with this ratio expressed as a percentage:

$$\text{Leverage ratio} = \frac{\text{Tier 1 capital}}{\text{Leverage exposure measure}}$$

The leverage ratio is calculated in accordance with the requirements of article 429(1) of CRR II. The capital measure for the leverage ratio is the Tier 1 capital of the risk-based capital framework. Total exposure measure is the sum of the exposure values in accordance with article 429(4) of CRR II, and outlined in table LR2 on the following page.

The European Bank monitors its leverage ratio in accordance with EBA regulatory limits and reports accordingly. The thresholds for reporting excessive leverage in SREP were exceeded in 2024: securities financing transactions ('SFTs') exposure over the total leverage ratio exposure measure exceeded the 8% threshold, and Derivatives exposure over the total leverage ratio exposure measure remained below 8%. Excessive leverage is also monitored against the risk appetite limit and the early warning threshold of the Leverage ratio.

The European Bank's leverage ratio calculations under the standardised approach as of 31 December 2024 are presented on the following page. The European Bank is required to maintain a minimum leverage ratio of 3.0% of Tier 1 capital relative to its total exposure measure. This ratio is binding on the European Bank.



**Table 35: EU LR1 Summary reconciliation of accounting assets and leverage ratio exposures**

This table shows the European Bank's summary reconciliation of accounting assets and leverage ratio exposures. Cash pooling adjustments primarily relate to €4.2 billion of cash placements and deposits which are subject to netting agreements on the balance sheet but which are grossed for the purposes of calculating the leverage exposure measure. Other adjustments are largely represented by cash variation margin on derivatives of around €0.3 billion.

| At 31 December 2024<br>(€m)  |               |
|--|---------------|
| <b>1 Total assets as per published financial statements</b>  | <b>43,982</b> |
| 2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation   | —             |
| 3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)   | —             |
| 4 (Adjustment for temporary exemption of exposures to central banks (if applicable))   | —             |
| 5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR) | —             |
| 6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting  | —             |
| 7 Adjustment for eligible cash pooling transactions  | 4,167         |
| 8 Adjustment for derivative financial instruments  | 486           |
| 9 Adjustment for securities financing transactions (SFTs)  | 23            |
| 10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)  | 7             |
| 11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)  | (14)          |
| EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)   | —             |
| EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)   | —             |
| 12 Other adjustments   | (427)         |
| <b>13 Total exposure measure</b>   | <b>48,224</b> |

**Table 36: EU LR2 Leverage ratio common disclosure**

| Regulatory leverage ratio exposures<br>(€m)  |  | 31-Dec-24     | 31-Dec-23     |
|--|--|---------------|---------------|
| <b>On-balance sheet exposures (excluding derivatives and SFTs)</b>   |  |               |               |
| 1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)   |  | 41,152        | 40,793        |
| 2 Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework |  | —             | —             |
| 3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)  |  | (336)         | (251)         |
| 4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)                               |  | —             | —             |
| 5 (General credit risk adjustments to on-balance sheet items)  |  | —             | —             |
| 6 (Asset amounts deducted in determining Tier 1 capital)   |  | (96)          | (82)          |
| <b>7 Total on-balance sheet exposures (excluding derivatives and SFTs)</b>   |  | <b>40,720</b> | <b>40,460</b> |
| <b>Derivative exposures</b>  |  |               |               |
| 8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)                                |  | 370           | 126           |
| EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach                                  |  | —             | —             |
| 9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions   |  | 940           | 651           |
| EU-9a Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach                          |  | —             | —             |
| EU-9b Exposure determined under Original Exposure Method   |  | —             | —             |
| 10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)   |  | —             | —             |
| EU-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)   |  | —             | —             |
| EU-10b (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)   |  | —             | —             |
| 11 Adjusted effective notional amount of written credit derivatives  |  | —             | —             |
| 12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)  |  | —             | —             |
| <b>13 Total derivatives exposures</b>  |  | <b>1,310</b>  | <b>777</b>    |
| <b>Securities financing transaction (SFT) exposures</b>  |  |               |               |
| 14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions                                     |  | 6,164         | 537           |
| 15 (Netted amounts of cash payables and cash receivables of gross SFT assets)  |  | —             | (71)          |
| 16 Counterparty credit risk exposure for SFT assets  |  | 23            | —             |
| EU-16a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR                                |  | —             | —             |
| 17 Agent transaction exposures   |  | —             | —             |
| EU-17a (Exempted CCP leg of client-cleared SFT exposure)   |  | —             | —             |
| <b>18 Total securities financing transaction exposures</b>   |  | <b>6,187</b>  | <b>466</b>    |
| <b>Other off-balance sheet exposures</b>   |  |               |               |
| 19 Off-balance sheet exposures at gross notional amount  |  | 36            | 40            |
| 20 (Adjustments for conversion to credit equivalent amounts)   |  | (29)          | (32)          |
| 21 (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)           |  | —             | —             |
| <b>22 Off-balance sheet exposures</b>  |  | <b>7</b>      | <b>8</b>      |

# The Bank of New York Mellon SA/NV (the 'European Bank')

| Regulatory leverage ratio exposures<br>(€m)                       |   | 31-Dec-24       | 31-Dec-23       |
|---|---|-----------------|-----------------|
| <b>Excluded exposures</b>   |   |                 |                 |
| EU-22a  | (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)  | —               | —               |
| EU-22b  | (Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))   | —               | —               |
| EU-22c  | (Excluded exposures of public development banks (or units) - Public sector investments)   | —               | —               |
| EU-22d  | (Excluded exposures of public development banks (or units) - Promotional loans)   | —               | —               |
| EU-22e  | (Excluded passing-through promotional loan exposures by non-public development banks (or units))  | —               | —               |
| EU-22f  | (Excluded guaranteed parts of exposures arising from export credits)  | —               | —               |
| EU-22g  | (Excluded excess collateral deposited at triparty agents)   | —               | —               |
| EU-22h  | (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)   | —               | —               |
| EU-22i  | (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)  | —               | —               |
| EU-22j  | (Reduction of the exposure value of pre-financing or intermediate loans)  | —               | —               |
| EU-22k  | <b>(Total exempted exposures)</b>   | —               | —               |
| <b>Capital and total exposure measure</b>                         |   |                 |                 |
| 23  | <b>Tier 1 capital</b>   | <b>4,460</b>    | <b>3,929</b>    |
| 24  | <b>Total exposure measure</b>   | <b>48,224</b>   | <b>41,711</b>   |
| <b>Leverage ratio</b>   |   |                 |                 |
| 25  | Leverage ratio (%)  | 9.25 %          | 9.42 %          |
| EU-25   | Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)   | 9.25 %          | 9.42 %          |
| 25a   | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)  | 9.25 %          | 9.42 %          |
| 26  | Regulatory minimum leverage ratio requirement (%)   | 3.00 %          | 3.00 %          |
| EU-26a  | Additional own funds requirements to address the risk of excessive leverage (%)   | — %             | — %             |
| EU-26b  | of which: to be made up of CET1 capital   | — %             | — %             |
| 27  | Leverage ratio buffer requirement (%)   | — %             | — %             |
| EU-27a  | Overall leverage ratio requirement (%)  | 3.00 %          | 3.00 %          |
| <b>Choice on transitional arrangements and relevant exposures</b> |   |                 |                 |
| EU-27b  | Choice on transitional arrangements for the definition of the capital measure   | Fully phased-in | Fully phased-in |
| <b>Disclosure of mean values</b>                                  |   |                 |                 |
| 28  | Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables  | 5,483           | 90              |
| 29  | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables   | 6,164           | 466             |
| 30  | Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 47,543          | 41,336          |
| 30a   | Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 47,543          | 41,336          |
| 31  | Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)         | 9.38 %          | 9.51 %          |
| 31a   | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)         | 9.38 %          | 9.51 %          |

The leverage ratio has marginally decreased relative to the prior period due to growth in the European Bank's Tier 1 capital, alongside a proportionally higher variation in the total exposure measure. Overall, the numerator, Tier 1 capital, increased by 13.6% largely due to movements in unrealised losses and the inclusion of profits for the year. The denominator, total exposures, increased proportionally more at 15.6% largely due to higher SFT activity, resulting in the overall marginal decrease in the ratio.

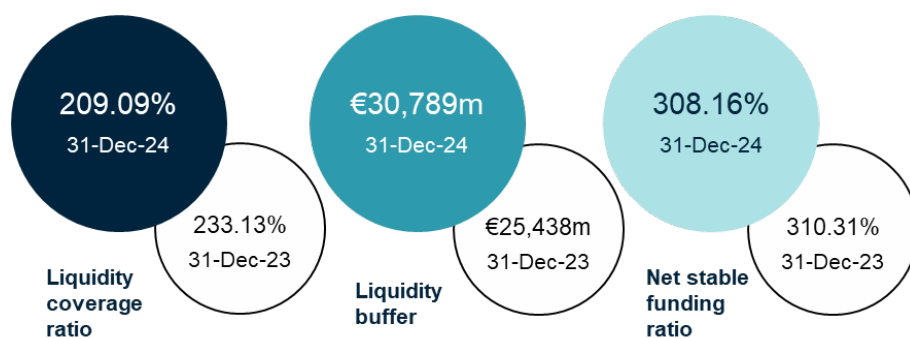
**Table 37: EU LR3 Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

This table shows the composition of on-balance sheet exposures excluding derivatives and exempted exposures.

| At 31 December 2024<br>(€m) |  |               |
|-----------------------------|--|---------------|
| EU-1                        | <b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b> | <b>40,815</b> |
| EU-2                        | Trading book exposures   | —             |
| EU-3                        | Banking book exposures, of which:  | 40,815        |
| EU-4                        | Covered bonds  | 2,964         |
| EU-5                        | Exposures treated as sovereigns  | 21,374        |
| EU-6                        | Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns   | 1,119         |
| EU-7                        | Institutions   | 9,334         |
| EU-8                        | Secured by mortgages of immovable properties   | —             |
| EU-9                        | Retail exposures   | —             |
| EU-10                       | Corporates   | 5,261         |
| EU-11                       | Exposures in default   | —             |
| EU-12                       | Other exposures (eg equity, securitisations, and other non-credit obligation assets)                     | 763           |

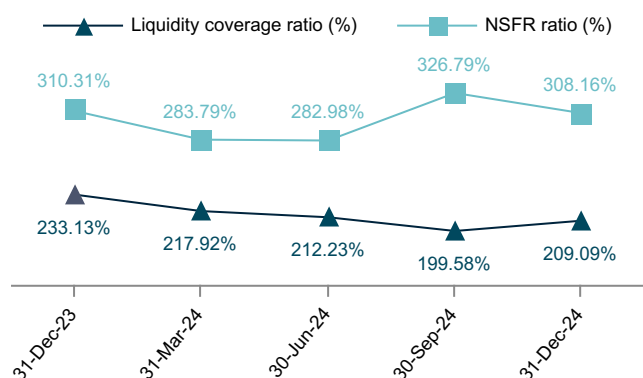
The Board is committed to ensuring that the European Bank is well capitalised at all times. The level of regulatory capital held by the European Bank is managed to levels in excess of current regulatory requirements and subject to risk appetite levels approved by the Board. Leverage ratio requirements are monitored as part of the regulatory reporting process and shall not fall below the internal (risk appetite) limits as measured on a quarter end basis. Note that the European Bank is subject to a leverage ratio minimum requirement of 3.00%. The leverage ratio is reported internally on a regular basis for monitoring purposes and a full calculation of exposure and capital is performed quarterly per the COREP process.

## 15 Article 451a CRR II - Liquidity requirements

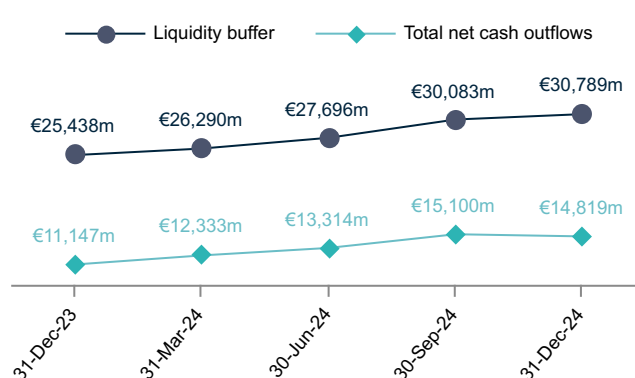


Note: The comparatives are at a consolidated level whereas the current disclosure is at an individual level. There were no material differences in scope between consolidated and individual level.

### Liquidity ratios\*



### Liquidity metrics\*



\* LCR reflects the total weighted values (average) over a trailing twelve month period.

### 15.1 Liquidity risk profile

The European Bank defines liquidity risk as the risk arising from an inability to access funding, convert assets to cash quickly and efficiently, or to roll over or issue new debt, especially during periods of market stress, at a reasonable cost in order to meet its short-term (up to one year) obligations. Liquidity risk includes the inability to access funding sources or manage fluctuations in funding levels.

The European Bank's overall approach to liquidity management is to ensure that sources of liquidity are sufficient in amount and diversity such that changes in funding requirements can be accommodated routinely without material adverse impact on earnings, capital, daily operations, or the financial condition of the European Bank.

The European Bank seeks to ensure that the overall liquidity risk that it undertakes stays within its risk appetite. In managing the balance sheet, appropriate consideration is given to balancing the competing needs of maintaining sufficient levels of liquidity and complying with applicable regulations and supervisory expectations while optimizing the balance sheet. The European Bank maintains ample liquidity buffers in the form of cash at central bank and highly liquid assets for changes in deposit funding or deposit concentration. Apart from operational client overdrafts, the European Bank does not extend term loans to clients and therefore funding assets is not a significant use of liquidity. While sizeable overdrafts can periodically appear on the European Bank's balance sheet, large deposits offset these amounts.

The goal of the European Bank's liquidity management is to ensure that all liquidity risks are defined, understood, and effectively managed through well-designed policies and controls. In this context, the European Bank has established a robust liquidity risk management framework that is fully integrated into its risk management processes. The European Bank has an embedded set of processes that cover the identification, measurement, monitoring, control and mitigation of liquidity risk. Processes are supported by IT platforms, management information systems and an organizational structure that includes independent control functions.

The European Bank has a management reporting and escalation framework in place where risks are communicated to senior management and oversight committees through periodical reporting and circulation of committee meeting minutes, including a defined escalation process, as set forth within the European bank Contingency Funding Plan, in case of exceptions to internal triggers, regulatory breaches or emergency situation.

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The liquidity risk management framework, is prepared in accordance with the guidelines set forth by the regulators, corporate standards, and encompasses the unique structure and characteristics of the European Bank. Regulatory reporting is performed by the Finance function in line with home/host regulatory requirements. Written and approved policies that define the liquidity risk appetite and tolerance, strategy, principles and includes reporting requirements to appropriate management levels. The European Bank has the following policies and guidelines for managing liquidity and funding risk in place that are updated at least annually:

- BNY European Bank Liquidity Addendum;
- BNY European Bank Contingency Funding Plan;
- BNY European Bank Intraday Liquidity Framework; and,
- Master Finance SLD and Corporate Treasury.

With the approval of the European Bank's ILAAP and Liquidity Appetite Statement ('LAS'), management declares the adequacy of its liquidity risk management framework. Based on the liquidity risk management self-assessment requirements outlined in the supervisory expectations for ILAAP, the European Bank believes to be adequately compliant with the key principles defined around liquidity management. The European Bank believes itself to be compliant with its own and BNY Group policies and therefore considers that the liquidity management process in place is adequate.

### 15.2 Reporting and measurement

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Execution of transactions for day-to-day liquidity management is performed by the European Bank's Corporate Treasury. The European Bank Finance team provides information on capital and liquidity positions to the European Bank's Corporate Treasury to ensure the management of capital and liquidity ratios within internal risk appetite and regulatory limits.

The Liquidity Coverage Ratio ('LCR') is calculated according to the regulatory formula assessing the liquid assets, weighted according to the regulatory factors, as a fraction of the combination of inflows of assets and outflows of liabilities, each weighted according to regulatory factors over a 30 calendar day time horizon.

The Net Stable Funding Ratio ('NSFR') measures the stability of the funding profile over a one-year time horizon by relating the Bank's Available Stable Funding ('ASF') to its Required Stable Funding ('RSF').

Both LCR and NSFR risk appetites are based on a management approved surplus against regulatory minimums.

The European Bank's LCR and NSFR remained significantly above the 100% regulatory limits, in addition the liquidity surplus remained well above the internally set risk limits.

### 15.3 Mitigation

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The European Bank's Liquidity Addenda provides the framework for identifying, measuring, monitoring, and managing liquidity risk for the European Bank. This document has been prepared in accordance with the BNY Liquidity Policy and regulatory guidelines taking into account the capital structure, risk profile, complexity, activities and size of the European Bank.

The European Bank has direct access to the ECB liquidity facilities via the Bundesbank which enables enhanced monetisation capabilities with reduced operational risk. Collateral pre-positioned at the Bundesbank remains unencumbered at the disclosure date.

### 15.4 Structure, Organisation and Interaction

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The European Bank has a governance structure in place commensurate with the range of its activities and its liquidity profile. This includes oversight committees (including the ALCO, Executive Committee and Board) that are responsible for review and approval of the liquidity management strategy, policies and practices and that ensures that senior management effectively implements and controls these elements.

### 15.5 Liquidity stress testing

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The European Bank conducts liquidity stress testing ('LST') as an internal measure, under a currency specific model, to assess its ability to meet cash needs under management-defined assumptions in various stress scenarios over time horizons up to one year. The purpose of LST is to:

- measure and ensure solvency of the Bank during periods of liquidity stress;

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- protect the European Bank franchise as an ongoing business;
- assess any potential liquidity vulnerabilities;
- limits are set on internal LST metric as well as Regulatory (LCR, NSFR) metrics.

European Bank tests the robustness of its intraday liquidity through a stress testing program. The goal of the intraday liquidity stress testing (ILST) is to evaluate the European Bank's ability to meet its payment, clearing and settlement obligations on a timely basis under stressed conditions and to identify any potential vulnerabilities that can be addressed in a proactive manner. Intraday Liquidity Management is performed irrespective of the results from the Intraday Liquidity Stress Tests. The Intraday Liquidity Stress Tests are performed as supplemental analysis and is reported in the European Bank ALCO on a monthly basis.

Quantitative LCR and NSFR information in accordance with Article 451a CRR can be found on the following pages. On this basis, LCR metrics are disclosed on an average basis for a trailing twelve month period for each disclosure point. Conversely, NSFR metrics are disclosed on a point in time basis.

**Table 38: EU LIQ1 Quantitative information of LCR**

Unweighted metrics represent the European Bank's assets and liabilities, on and off-balance sheet, whilst the weighted equivalent represents the same balances after the application of prescribed weightings

|                                   | Individual<br>(€m)  | Total unweighted value (average) |              |              |              | Total weighted value (average) |                 |                 |                 |
|-----------------------------------|---|----------------------------------|--------------|--------------|--------------|--------------------------------|-----------------|-----------------|-----------------|
|                                   |   | 31-Dec-24                        | 30-Sep-24    | 30-Jun-24    | 31-Mar-24    | 31-Dec-24                      | 30-Sep-24       | 30-Jun-24       | 31-Mar-24       |
| EU-1a                             | Quarter ending on   |                                  |              |              |              |                                |                 |                 |                 |
| EU-1b                             | Number of data points used in the calculation of averages   | 12                               | 12           | 12           | 12           | 12                             | 12              | 12              | 12              |
| <b>HIGH-QUALITY LIQUID ASSETS</b> |   |                                  |              |              |              |                                |                 |                 |                 |
| 1                                 | Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61  |                                  |              |              |              | 30,789                         | 30,083          | 27,696          | 26,290          |
| <b>CASH – OUTFLOWS</b>            |   |                                  |              |              |              |                                |                 |                 |                 |
| 2                                 | Retail deposits and deposits from small business customers, of which:   |                                  |              |              |              |                                |                 |                 |                 |
| 3                                 | Stable deposits   | —                                | —            | —            | —            | —                              | —               | —               | —               |
| 4                                 | Less stable deposits  | —                                | —            | —            | —            | —                              | —               | —               | —               |
| 5                                 | Unsecured wholesale funding   | 36,637                           | 36,091       | 34,412       | 33,083       | 21,100                         | 21,513          | 20,309          | 19,318          |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks   | 20,608                           | 19,330       | 18,724       | 18,307       | 5,152                          | 4,833           | 4,681           | 4,577           |
| 7                                 | Non-operational deposits (all counterparties)   | 16,029                           | 16,761       | 15,688       | 14,776       | 15,948                         | 16,680          | 15,628          | 14,741          |
| 8                                 | Unsecured debt  | —                                | —            | —            | —            | —                              | —               | —               | —               |
| 9                                 | Secured wholesale funding   |                                  |              |              |              | 8                              | 3               | 2               | —               |
| 10                                | Additional requirements   | 448                              | 470          | 461          | 483          | 441                            | 464             | 455             | 477             |
| 11                                | Outflows related to derivative exposures and other collateral requirements  | 448                              | 470          | 461          | 483          | 441                            | 464             | 455             | 477             |
| 12                                | Outflows related to loss of funding on debt products  | —                                | —            | —            | —            | —                              | —               | —               | —               |
| 13                                | Credit and liquidity facilities   | —                                | —            | —            | —            | —                              | —               | —               | —               |
| 14                                | Other contractual funding obligations   | 196                              | 211          | 226          | 244          | 7                              | 5               | 4               | 4               |
| 15                                | Other contingent funding obligations  | 298                              | 380          | 435          | 482          | 73                             | 97              | 110             | 115             |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>  |                                  |              |              |              | <b>21,629</b>                  | <b>22,082</b>   | <b>20,880</b>   | <b>19,914</b>   |
| <b>CASH – INFLOWS</b>             |   |                                  |              |              |              |                                |                 |                 |                 |
| 17                                | Secured lending (e.g. reverse repos)  | 2,877                            | 1,691        | 660          | 133          | —                              | —               | —               | —               |
| 18                                | Inflows from fully performing exposures   | 6,695                            | 6,845        | 7,417        | 7,383        | 6,694                          | 6,844           | 7,417           | 7,382           |
| 19                                | Other cash inflows  | 277                              | 313          | 340          | 418          | 116                            | 138             | 149             | 199             |
| EU 19a                            | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) |                                  |              |              |              | —                              | —               | —               | —               |
| EU 19b                            | (Excess inflows from a related specialised credit institution)  |                                  |              |              |              | —                              | —               | —               | —               |
| 20                                | <b>TOTAL CASH INFLOWS</b>   | <b>9,849</b>                     | <b>8,849</b> | <b>8,417</b> | <b>7,934</b> | <b>6,810</b>                   | <b>6,982</b>    | <b>7,566</b>    | <b>7,581</b>    |
| EU 20a                            | Fully exempt inflows  | —                                | —            | —            | —            | —                              | —               | —               | —               |
| EU 20b                            | Inflows subject to 90% cap  | —                                | —            | —            | —            | —                              | —               | —               | —               |
| EU 20c                            | Inflows subject to 75% cap  | 9,849                            | 8,849        | 8,417        | 7,934        | 6,810                          | 6,982           | 7,566           | 7,581           |
| <b>TOTAL ADJUSTED VALUE</b>       |   |                                  |              |              |              |                                |                 |                 |                 |
| 21                                | <b>LIQUIDITY BUFFER</b>   |                                  |              |              |              | <b>30,789</b>                  | <b>30,083</b>   | <b>27,696</b>   | <b>26,290</b>   |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>  |                                  |              |              |              | <b>14,819</b>                  | <b>15,100</b>   | <b>13,314</b>   | <b>12,333</b>   |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |                                  |              |              |              | <b>209.09 %</b>                | <b>199.58 %</b> | <b>212.23 %</b> | <b>217.92 %</b> |



Table 39: EU LIQB Qualitative information on LCR which complements template EU LIQ1

|  |  |
|--|--|
| <b>Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time</b>                            | At the end of December 2024, based on a weighted average over 12 monthly reporting periods, the Company's LCR was 209.09%, up 10% points on the previous quarter. This substantially exceeded internal and regulatory minimum requirements. The main drivers of the December 2024 LCR, based on a weighted average over 12 months, included lower inflows from fully performing exposures, down €0.17 billion or 2% approximately. Similarly, outflows decreased on average by €0.45 billion or 2% approximately, with decreases in non-operational deposits by financial customers partially offset by increases in operational deposits. Overall, on a weighted average over 12 months, this decreased the denominator of LCR by 2% whilst in contrast the numerator was up 2%, via the liquidity buffer.  |
| <b>Explanations on the changes in the LCR over time</b>  | Please see the graphs on page 76 for a visualisation of the Company's LCR over time, based on a weighted average over 12 months at each reporting date in accordance with Article 451a(2). On this basis, the Company's LCR has been comfortably above regulatory minimums and is higher than the average LCR for O-SII's of 168% <sup>1</sup> . It is driven primarily by progressively higher net outflows over the year, up approximately €3.67 billion or 33% points, over a 12 month weighted average period. This is complemented by a relative increase in the liquidity buffer of approximately €5.35 billion, or 21% points. Overall, central bank placements remain the primary constituent of the liquidity buffer though over the course of 2024 balance sheet management activities have seen a gradual rebalancing of central bank placements and central government assets. |
| <b>Explanations on the actual concentration of funding sources</b>   | Liquidity and concentration risk is appropriately managed and diversified according to internal policies and regulatory limits. The European Bank has procedures in place which require both a daily and a monthly analysis of the composition and variation of HQLA, plus the inflows and the outflows. Please see the text on pages 36 and 76 for more information. As of the disclosure date, levels of concentration risk were within internal limits with funding by the top 10 counterparties originating from unsecured wholesale funding, namely intragroup counterparties and a range of financial customers, with the latter having a weighted average residual maturities of approximately 1 day.   |
| <b>High-level description of the composition of the institution's liquidity buffer.</b>  | The liquidity buffer is primarily composed of Level 1 assets. Notably, reserves at central banks represent the majority of the buffer at the disclosure date, trending on average around 55% of the buffer over a 12 month period after considering the effect of balance sheet management activities noted previously. Diversification in the buffer is achieved through investments in Level 1 debt instruments such as government and regional/local bonds, public sector and supranational entities, but also government backed credit institutions and extremely high quality covered bonds. Exposure to Level 2 assets is notably lower, namely in the form of high quality covered bonds stemming from third countries.   |
| <b>Derivative exposures and potential collateral calls</b>   | Derivative exposures in the European Bank's LCR are considered on a net basis where possible. Subsequent liquidity outflows and inflows are present which are categorised accordingly.   |
| <b>Currency mismatch in the LCR</b>  | The European Bank's significant currencies at the disclosure date largely show a consistent surplus between the liquidity buffer and net outflows for EUR and USD. GBP is slightly above EBA averages. On an average basis over 12 months the LCR per significant currency remains above or similar to EBA averages <sup>1</sup> .   |
| <b>Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile</b> | There are no other items in the LCR calculation not captured in the LCR disclosure template at the reporting date.   |

<sup>1</sup> EBA Report On Liquidity Measures Under Article 509(1)



Table 40: EU LIQ2 Net Stable Funding Ratio

| At 31 December 2024<br>(€m)          |   | Unweighted value by residual maturity |            |                   |       | Weighted value |
|--------------------------------------|---|---------------------------------------|------------|-------------------|-------|----------------|
|                                      |   | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr |                |
| Available stable funding (ASF) Items |   |                                       |            |                   |       |                |
| 1                                    | Capital items and instruments   | 4,556                                 | —          | —                 | —     | 4,556          |
| 2                                    | Own funds   | 4,556                                 | —          | —                 | —     | 4,556          |
| 3                                    | Other capital instruments   |                                       | —          | —                 | —     | —              |
| 4                                    | Retail deposits   |                                       | —          | —                 | —     | —              |
| 5                                    | Stable deposits   |                                       | —          | —                 | —     | —              |
| 6                                    | Less stable deposits  |                                       | —          | —                 | —     | —              |
| 7                                    | Wholesale funding:  |                                       | 36,918     | 6                 | 1,000 | 12,659         |
| 8                                    | Operational deposits  |                                       | 23,244     | —                 | —     | 11,622         |
| 9                                    | Other wholesale funding   |                                       | 13,674     | 6                 | 1,000 | 1,037          |
| 10                                   | Interdependent liabilities  |                                       | —          | —                 | —     | —              |
| 11                                   | Other liabilities:  | —                                     | 471        | —                 | —     | 0              |
| 12                                   | NSFR derivative liabilities   | —                                     |            |                   |       |                |
| 13                                   | All other liabilities and capital instruments not included in the above categories  |                                       | 471        | —                 | —     | 0              |
| 14                                   | Total available stable funding (ASF)  |                                       |            |                   |       | 17,215         |
| Required stable funding (RSF) Items  |   |                                       |            |                   |       |                |
| 15                                   | Total high-quality liquid assets (HQLA)   |                                       |            |                   |       | 3,417          |
| EU-15a                               | Assets encumbered for a residual maturity of one year or more in a cover pool   |                                       | —          | —                 | —     | —              |
| 16                                   | Deposits held at other financial institutions for operational purposes  |                                       | —          | —                 | —     | —              |
| 17                                   | Performing loans and securities:  |                                       | 11,750     | 1                 | 748   | 1,279          |
| 18                                   | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |                                       | 6,164      | —                 | 0     | —              |
| 19                                   | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |                                       | 5,580      | 1                 | 482   | 1,041          |
| 20                                   | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:              |                                       | 6          | —                 | —     | 3              |
| 21                                   | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | 6          | —                 | —     | 3              |
| 22                                   | Performing residential mortgages, of which:   |                                       | —          | —                 | —     | —              |
| 23                                   | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | —          | —                 | —     | —              |
| 24                                   | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | —          | —                 | 266   | 235            |
| 25                                   | Interdependent assets   |                                       | —          | —                 | —     | —              |
| 26                                   | Other assets:   |                                       | 953        | 0                 | 717   | 890            |
| 27                                   | Physical traded commodities   |                                       |            |                   | —     | —              |
| 28                                   | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   |                                       | —          | —                 | 57    | 48             |
| 29                                   | NSFR derivative assets  |                                       | 160        |                   |       | 160            |
| 30                                   | NSFR derivative liabilities before deduction of variation margin posted   |                                       | 448        |                   |       | 22             |
| 31                                   | All other assets not included in the above categories   |                                       | 345        | —                 | 660   | 660            |
| 32                                   | Off-balance sheet items   |                                       | —          | —                 | —     | —              |
| 33                                   | Total RSF   |                                       |            |                   |       | 5,586          |
| 34                                   | Net Stable Funding Ratio (%)  |                                       |            |                   |       | 308.16 %       |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

The decrease in the NSFR ratio from the previous quarter end (30 September 2024: 326.79%) is primarily driven by proportionally higher percentage increases in RSF than ASF, both up €0.89 billion and €1.87 billion respectively. ASF drivers included year-end profit at 31 December 2024 and higher operational deposits in line with LCR movements. RSF was largely influenced by increases in intercompany placements and encumbered securities, alongside higher derivative related activity.

The European Bank's NSFR ratio remains well above the regulatory limit of 100%.

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| At 30 September 2024<br>(€m)  | Unweighted value by residual maturity |            |                      |       | Weighted<br>value |
|---|---------------------------------------|------------|----------------------|-------|-------------------|
|   | No maturity                           | < 6 months | 6 months to<br>< 1yr | ≥ 1yr |                   |
| Available stable funding (ASF) Items  |                                       |            |                      |       |                   |
| 1 Capital items and instruments   | 4,164                                 | —          | —                    | —     | 4,164             |
| 2 Own funds   | 4,164                                 | —          | —                    | —     | 4,164             |
| 3 Other capital instruments   |                                       | —          | —                    | —     | —                 |
| 4 Retail deposits   |                                       | —          | —                    | —     | —                 |
| 5 Stable deposits   |                                       | —          | —                    | —     | —                 |
| 6 Less stable deposits  |                                       | —          | —                    | —     | —                 |
| 7 Wholesale funding:  |                                       | 37,368     | 2                    | 1,000 | 11,184            |
| 8 Operational deposits  |                                       | 20,209     | —                    | —     | 10,105            |
| 9 Other wholesale funding   |                                       | 17,159     | 2                    | 1,000 | 1,079             |
| 10 Interdependent liabilities   |                                       | —          | —                    | —     | —                 |
| 11 Other liabilities:   | 86                                    | 872        | —                    | —     | 0                 |
| 12 NSFR derivative liabilities  | 86                                    |            |                      |       |                   |
| All other liabilities and capital instruments not included in the above categories  |                                       | 872        | —                    | —     | 0                 |
| 14 Total available stable funding (ASF)   |                                       |            |                      |       | 15,348            |
| Required stable funding (RSF) Items   |                                       |            |                      |       |                   |
| 15 Total high-quality liquid assets (HQLA)  |                                       |            |                      |       | 3,094             |
| EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool  |                                       | —          | —                    | —     | —                 |
| 16 Deposits held at other financial institutions for operational purposes   |                                       | —          | —                    | —     | —                 |
| 17 Performing loans and securities:   |                                       | 10,833     | 60                   | 242   | 886               |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                 |                                       | 4,466      | —                    | —     | —                 |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions       |                                       | 6,365      | 60                   | —     | 666               |
| 20 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:           |                                       | 2          | —                    | —     | 1                 |
| 21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk   |                                       | 2          | —                    | —     | 1                 |
| 22 Performing residential mortgages, of which:  |                                       | —          | —                    | —     | —                 |
| 23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk   |                                       | —          | —                    | —     | —                 |
| Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | —          | —                    | 242   | 219               |
| 24 Interdependent assets  |                                       | —          | —                    | —     | —                 |
| 26 Other assets:  |                                       | 640        | 0                    | 715   | 717               |
| 27 Physical traded commodities  |                                       |            |                      | —     | —                 |
| 28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs  |                                       | —          | —                    | 56    | 48                |
| 29 NSFR derivative assets   |                                       | —          |                      |       | 0                 |
| 30 NSFR derivative liabilities before deduction of variation margin posted  |                                       | 200        |                      |       | 10                |
| 31 All other assets not included in the above categories  |                                       | 440        | —                    | 659   | 659               |
| 32 Off-balance sheet items  |                                       | —          | —                    | —     | —                 |
| 33 Total RSF  |                                       |            |                      |       | 4,697             |
| 34 Net Stable Funding Ratio (%)   |                                       |            |                      |       | 326.79 %          |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

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| At 30 June 2024<br>(€m)  | Unweighted value by residual maturity |            |                      |       | Weighted<br>value |
|--|---------------------------------------|------------|----------------------|-------|-------------------|
|  | No maturity                           | < 6 months | 6 months to<br>< 1yr | ≥ 1yr |                   |
| Available stable funding (ASF) Items   |                                       |            |                      |       |                   |
| 1 Capital items and instruments  | 4,011                                 | —          | —                    | —     | 4,011             |
| 2 Own funds  | 4,011                                 | —          | —                    | —     | 4,011             |
| 3 Other capital instruments  |                                       | —          | —                    | —     | —                 |
| 4 Retail deposits  |                                       | —          | —                    | —     | —                 |
| 5 Stable deposits  |                                       | —          | —                    | —     | —                 |
| 6 Less stable deposits   |                                       | —          | —                    | —     | —                 |
| 7 Wholesale funding:   |                                       | 41,391     | 4                    | 1,007 | 11,230            |
| 8 Operational deposits   |                                       | 20,147     | —                    | —     | 10,073            |
| 9 Other wholesale funding  |                                       | 21,244     | 4                    | 1,007 | 1,157             |
| 10 Interdependent liabilities  |                                       | —          | —                    | —     | —                 |
| 11 Other liabilities:  | —                                     | 904        | —                    | —     | 0                 |
| 12 NSFR derivative liabilities   | —                                     |            |                      |       |                   |
| All other liabilities and capital instruments not included in the above categories   |                                       | 904        | —                    | —     | 0                 |
| 14 Total available stable funding (ASF)  |                                       |            |                      |       | 15,241            |
| Required stable funding (RSF) Items  |                                       |            |                      |       |                   |
| 15 Total high-quality liquid assets (HQLA)   |                                       |            |                      |       | 3,236             |
| EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool   |                                       | —          | —                    | —     | —                 |
| 16 Deposits held at other financial institutions for operational purposes  |                                       | —          | —                    | —     | —                 |
| 17 Performing loans and securities:  |                                       | 11,913     | 24                   | 238   | 1,223             |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |                                       | 2,056      | —                    | —     | —                 |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |                                       | 9,846      | 12                   | —     | 991               |
| 20 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:              |                                       | 2          | —                    | —     | 1                 |
| 21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | 2          | —                    | —     | 1                 |
| 22 Performing residential mortgages, of which:   |                                       | —          | —                    | —     | —                 |
| 23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | —          | —                    | —     | —                 |
| 24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | 9          | 12                   | 238   | 231               |
| 25 Interdependent assets   |                                       | —          | —                    | —     | —                 |
| 26 Other assets:   |                                       | 625        | 0                    | 908   | 927               |
| 27 Physical traded commodities   |                                       |            |                      | —     | —                 |
| 28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   |                                       | —          | —                    | 65    | 55                |
| 29 NSFR derivative assets  |                                       | 21         |                      |       | 21                |
| 30 NSFR derivative liabilities before deduction of variation margin posted   |                                       | 161        |                      |       | 8                 |
| 31 All other assets not included in the above categories   |                                       | 443        | —                    | 843   | 843               |
| 32 Off-balance sheet items   |                                       | —          | —                    | —     | —                 |
| 33 Total RSF   |                                       |            |                      |       | 5,386             |
| 34 Net Stable Funding Ratio (%)  |                                       |            |                      |       | 282.98 %          |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

## The Bank of New York Mellon SA/NV (the 'European Bank')

| At 31 March 2024<br>(€m)   | Unweighted value by residual maturity |            |                      |       | Weighted<br>value |
|--|---------------------------------------|------------|----------------------|-------|-------------------|
|  | No maturity                           | < 6 months | 6 months to<br>< 1yr | ≥ 1yr |                   |
| Available stable funding (ASF) Items   |                                       |            |                      |       |                   |
| 1 Capital items and instruments  | 3,996                                 | —          | —                    | —     | 3,996             |
| 2 Own funds  | 3,996                                 | —          | —                    | —     | 3,996             |
| 3 Other capital instruments  |                                       | —          | —                    | —     | —                 |
| 4 Retail deposits  |                                       | —          | —                    | —     | —                 |
| 5 Stable deposits  |                                       | —          | —                    | —     | —                 |
| 6 Less stable deposits   |                                       | —          | —                    | —     | —                 |
| 7 Wholesale funding:   |                                       | 37,379     | 3                    | 1,008 | 10,337            |
| 8 Operational deposits   |                                       | 18,583     | —                    | —     | 9,291             |
| 9 Other wholesale funding  |                                       | 18,796     | 3                    | 1,008 | 1,046             |
| 10 Interdependent liabilities  |                                       | —          | —                    | —     | —                 |
| 11 Other liabilities:  | —                                     | 560        | —                    | —     | 0                 |
| 12 NSFR derivative liabilities   | —                                     |            |                      |       |                   |
| All other liabilities and capital instruments not included in the above categories   |                                       | 560        | —                    | —     | 0                 |
| 14 Total available stable funding (ASF)  |                                       |            |                      |       | 14,333            |
| Required stable funding (RSF) Items  |                                       |            |                      |       |                   |
| 15 Total high-quality liquid assets (HQLA)   |                                       |            |                      |       | 3,235             |
| EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool   |                                       | —          | —                    | —     | —                 |
| 16 Deposits held at other financial institutions for operational purposes  |                                       | —          | —                    | —     | —                 |
| 17 Performing loans and securities:  |                                       | 8,240      | 13                   | 168   | 973               |
| 18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut                                    |                                       | 462        | —                    | —     | —                 |
| 19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions          |                                       | 7,718      | 1                    | —     | 773               |
| 20 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:              |                                       | 29         | —                    | —     | 14                |
| 21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | 29         | —                    | —     | 14                |
| 22 Performing residential mortgages, of which:   |                                       | —          | —                    | —     | —                 |
| 23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk  |                                       | —          | —                    | —     | —                 |
| 24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products |                                       | 31         | 12                   | 168   | 186               |
| 25 Interdependent assets   |                                       | —          | —                    | —     | —                 |
| 26 Other assets:   |                                       | 552        | 0                    | 802   | 843               |
| 27 Physical traded commodities   |                                       |            |                      | —     | —                 |
| 28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   |                                       | —          | —                    | 58    | 49                |
| 29 NSFR derivative assets  |                                       | 43         |                      |       | 43                |
| 30 NSFR derivative liabilities before deduction of variation margin posted   |                                       | 134        |                      |       | 7                 |
| 31 All other assets not included in the above categories   |                                       | 375        | —                    | 744   | 744               |
| 32 Off-balance sheet items   |                                       | —          | —                    | —     | —                 |
| 33 Total RSF   |                                       |            |                      |       | 5,051             |
| 34 Net Stable Funding Ratio (%)  |                                       |            |                      |       | 283.79 %          |

Note: Due to rounding there may be immaterial variations between Pillar 3 and regulatory submissions.

### 16 Article 451b CRR III - Disclosure of crypto-asset exposures and related activities

In accordance with the transitional provisions of CRR Article 501d(2) for the disclosure of crypto assets the European Bank has no exposure as at the 31 December 2024.

The following template is therefore not disclosed:

- EU CAE1 - Exposures to crypto-assets

## 17 Climate and environmental related disclosures

Discussion of the European Bank's approach to management of Climate and Environmental risks can be found in detail within the separate FY 2024 BNY European Bank Sustainability Statement disclosure to satisfy the Corporate Sustainability Reporting Directive ('CSRD'). The following section provides indication of the key risk metrics used to measure Climate and Environmental risks.

### Metrics and targets

#### Metrics used by the organisation to assess climate and environmental-related risks and opportunities

As described in the European Bank's CSRD disclosure, monitoring and reporting are primarily focused on risks that could emerge based on identification of financial exposures with a potentially higher vulnerability to physical and transitional risks across various time horizons, in line with analysis and metrics produced at Group Level. We define more highly vulnerable sectors<sup>1</sup> based on the potential impact of carbon emissions, climate change vulnerability and carbon footprint from business activity. In producing the KRIs used to monitor potential climate and environmental risks described in Table 1 below, we use both actual and estimated data. There are a number of challenges associated with the production of KRIs due to a number of limitations relating to geographic, sector and counterparty data. Accordingly, the results include a number of assumptions, extrapolations, or aggregation at subsector levels. We continue to enhance data, measurement capabilities and assessment methodologies to improve climate risk and environmental reporting.

| Table 1: Risk Measurement for Key Risks |  |   |   |
|---|--|---|---|
| Risk Type                               | Definitions  | Physical and Transition Risk Examples   | Key Metrics   |
| Strategic Risk                          | The risk arising from adverse business decisions, poor implementation of business decisions or lack of responsiveness to changes in the financial industry and operating environment. Strategic and/or business risks may also arise from the acceptance of new businesses, the introduction or modification of products, strategic finance and risk management decisions, business process changes, complex transactions, acquisitions/divestitures/ joint ventures and major capital expenditures/ investments and deviations from revenue and/or expense targets. | Impact on operational resilience through physical events, in turn impacting ability to deliver on strategic objectives<br>Ability to deliver on existing strategy and maintain profitability as part of climate transition.<br>Adverse publicity from interactions with clients, activities or vendors who themselves attract negative attention<br>Failure to keep pace with changes in client demands for products that incorporate climate-related considerations.<br>Loss of business due to failure to meet investor and client expectations around climate risk considerations<br>Inability to attract or retain staff, or impacts on client relationships, due to a failure to maintain a suitable climate-related strategy. | Value of revenue derived from clients in industries with high carbon- weighted intensities.   |
| Market Risk                             | The potential loss in value for the European Bank financial portfolio caused by adverse movements in market prices of Foreign Exchanges, fixed income and equity assets, credit spreads, commodities and liabilities accounted for under fair value and equivalent methods.  | Losses driven by changes in market risk factors from systemic market changes in case of natural disasters or climate related events.<br>Losses driven by changes in market risk factors from systemic market changes in case of changes in market perception of future profitability for underlying issuers of positions held on balance sheet .  | Trading book fair value and Available for Sale Investment Portfolio market stress loss based on a designated NGFS climate scenario.   |
| Liquidity Risk                          | The risk that the European Bank cannot meet its cash and collateral obligations at a reasonable cost for both expected and unexpected cash flows, without adversely affecting daily operations or financial conditions. Liquidity risk can arise from cash flow mismatches, market constraints from the inability to convert assets to cash, the inability to raise cash in the markets, deposit run-off or contingent liquidity events.   | Changes in value of corporate bonds within the portfolio of assets held by the European Bank to support liquidity management whose valuations may be impacted by physical risk events.<br>Outflows of cash due to client demands following physical risk events.  | Stress impact assessment on liquidity metrics based on climate scenarios in ICAAP.<br>Scenarios have been considered in the European Bank's ILAAP from a liquidity perspective  |
| Operational Risk                        | The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. .  | Additional operational losses as a result of increased severity of physical disruption events.<br>Losses due to resilience implications of physical impacts on internal, inter-affiliate or other third-party failures.<br>Litigation and/or loss of business resulting from a failure to achieve stated objectives, misreporting or fiduciary requirements/ expectations.<br>Failure to identify, manage or understand regulatory requirements leading to non- compliance with applicable regulation. Losses from sudden policy or regulatory changes that impact markets.   | Number and € value of losses associated with operational risk events recorded due to weather related causes.<br>Number of incidents recorded due to weather related causes where no loss or impact is recorded but used to provide an indication of trend in noted incidents and hence potential risk, which are reported through enterprise resiliency reporting monthly.<br>Number or third parties with higher risk physical and reputation risks. |

<sup>1</sup> More highly vulnerable sectors include Oil & Gas; Utilities; Automotive; Air, Water and Ground transportation; Chemicals; Metal and Mining; Construction, Real Estate, Manufacturing, Pharmaceutical, rubber and plastic products, Insurance.

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|             |   |   |   |
|-------------|---|---|---|
| Credit Risk | The risk of loss if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk is present in the majority of our assets, but primarily concentrated in the loan and securities books, as well as foreign exchange and off-balance- sheet exposures, | <p>Key vulnerabilities due to both physical and transitional risks may exist in relation to exposures to:</p> <p>Direct credit provision or the purchase of assets issued by corporates operating in industries or geographies vulnerable to structural change or physical risk events.</p> <p>Impacts on collateral valuations due to physical events, or changes in market demands.</p> <p>Holding of corporate bonds within the own portfolio of assets to support liquidity management, whose valuations may be impacted by physical or transitional risks.</p> | Value and percentage of in scope portfolio in high climate sensitive sectors. |
|-------------|---|---|---|

As described above, monitoring and reporting are primarily focused on risks that could emerge based on identification of on-balance sheet exposures with a potentially higher risk to physical and transitional risks across time horizon, in line with analysis and metrics produced at Group Level – tailored for EB as described above

We define higher risk sectors<sup>1</sup> based on the potential impact on carbon emissions, climate change vulnerability and carbon footprint from business activity. In producing the KRIs described above we use both actual and estimated data. There are a number of challenges associated with the production of KRIs due to a number of limitations relating to geographic, sector and counterparty data. Accordingly, the results include a number of assumptions, extrapolations, or aggregation at subsector levels. We continue to enhance data, measurement capabilities and assessment methodologies to improve climate and environmental risk reporting.

Aggregate levels of risk are relatively very low. The European Bank's exposure in sectors or geographies that are marginally more likely to be impacted by climate change represents. 0.47% of total credit exposure, as detailed in table 2 below:

<sup>1</sup> Higher risk sectors include Oil & Gas; Utilities; Automotive; Air, Water and Ground transportation; Chemicals; Metal and Mining; Construction, Real Estate, Manufacturing, Pharmaceutical, rubber and plastic products, Insurance.

**Table 2: Climate KRI's - potential sources of exposure as of 31 December 2024**

|   | Q4 2024             | Q4 2023             | Q4 2022             |
|---|---------------------|---------------------|---------------------|
| Total Assets from Balance sheet (in €000s)  | € 43,980,283        | € 39,658,893        | € 40,333,643        |
| Total LE Exposures to Higher and Moderate Sectors ( <i>Credit + Investment Portfolios</i> ) | 0.47%               | 0.65%               | 0.40%               |
| <b>Credit Risk (Loans and Unfunded commitments)</b>   |                     |                     |                     |
| Exposures to Higher and Moderate risk sectors   | 0.00%               | 0.01%               | 0.00%               |
| - of which Higher risk  | 0.00%               | 0.00%               | 0.00%               |
| - of which Moderate risk  | 0.00%               | 0.01%               | 0.00%               |
| Sovereign exposures to Higher and Moderate risk countries                                   | 0.00%               | 0.07%               | 0.00%               |
| - of which Higher risk  | 0.00%               | 0.02%               | 0.00%               |
| - of which Moderate risk  | 0.00%               | 0.05%               | 0.00%               |
| <b>Credit Risk (Investment portfolio)</b>   |                     |                     |                     |
| Exposures to Higher and Moderate risk sectors (Corporate Bonds)                             | 0.30%               | 0.34%               | 0.03%               |
| - of which Higher risk  | 0.03%               | 0.03%               | 0.03%               |
| - of which Moderate risk  | 0.27%               | 0.31%               | 0.00%               |
| Sovereign exposures to Higher and Moderate risk countries                                   | 0.16%               | 0.23%               | 0.37%               |
| - of which Higher risk  | 0.00%               | 0.83%               | 0.15%               |
| - of which Moderate risk  | 0.16%               | 0.23%               | 0.22%               |
| <b>Operational Risk</b>   |                     |                     |                     |
| Number of weather-related events recorded   | 0                   | 0                   | 0                   |
| Losses from weather related events  | €0                  | €0                  | €0                  |
| Number of Vendors rated Higher and Moderate Risk *  | 1 High / 3 Moderate | 4 High / 3 Moderate | 4 High / 2 Moderate |
| <b>Strategic Risk</b>   |                     |                     |                     |
| Revenue derived from clients in Higher/Moderate risk industries (% Total revenue)           | 3.15%               | 4.83%               | N/A                 |

\*Level of risk after considering the vendor's resilience (Physical Location Risk + Resilience). Count of vendors may vary following the revision of Inherent Risk Profiles of the vendors connected to relevant engagements.

Prior years included a metric defined as a WACI, which is a measure intended to capture the exposure to higher carbon intensive related assets. Since the EB has no financing activities, nor holds direct exposure to financial assets related to corporate issuers (which existed at the time the WACI was introduced), the WACI no longer provides an actionable measure that can support EBs risk management or climate strategy objectives. As a result, the WACI has been discontinued as a climate risk related metric.

The European Bank's exposure in sectors or geographies that are marginally more likely to be impacted by environmental risks represents 0.03% of total Credit Exposure (Table 3 and 4). Exposure across Environmental risks is not additive, an exposure to higher and moderate sector can appear in the equivalent metrics across climate, natural capital and Pollution & Waste KRIs.

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Natural Capital (Table 3) includes assessment of Environmental Risks arising from Biodiversity, Land use, raw material sourcing, water stress. pollution & Waste (Table 4) includes assessment of the following Environmental risks: Electronic Waste, Packaging Material & Waste, Toxic Emissions & Waste.

**Table 3. Natural Capital KRI's (Biodiversity, Land Use, Raw Material Sourcing, Water Stress) - potential sources of exposure as of 31 December 2024**

|  | Q4 2024      | Q4 2023      |
|--|--------------|--------------|
| Total LE Exposure (in €000s)   | € 43,980,283 | € 39,658,893 |
| Total LE Exposures to High and Moderate Sectors ( <i>Credit + Investment Portfolios</i> ) (in €000s) | 0.03%        | 0.03%        |
| <b>Credit Risk (Loans and Unfunded commitments)</b>  |              |              |
| Exposures to Higher and Moderate risk sectors  | 0.00%        | 0.00%        |
| - of which <i>Higher risk</i>  | 0.00%        | 0.00%        |
| - of which <i>Moderate risk</i>  | 0.00%        | 0.00%        |
| <b>Credit Risk (Investment portfolio)</b>  |              |              |
| Exposures to Higher and Moderate risk sectors (Corporate Bonds)                                      | 0.03%        | 0.03%        |
| - of which <i>Higher risk</i>  | 0.00%        | 0.00%        |
| - of which <i>Moderate risk</i>  | 0.03%        | 0.03%        |

**Table 4: Pollution & Waste KRI's by risk type (Electronic Waste, Packaging Material & Waste, Toxic Emissions & Waste)- potential sources of exposure as of 31 December 2024**

|  | Q4 2024      | Q4 2023      |
|--|--------------|--------------|
| Total LE Exposure (in €000s)   | € 43,980,283 | € 39,658,893 |
| Total LE Exposures to High and Moderate Sectors ( <i>Credit + Investment Portfolios</i> ) (in €000s) | 0.03%        | 0.03%        |
| <b>Credit Risk (Loans and Unfunded commitments)</b>  |              |              |
| Exposures to Higher and Moderate risk sectors  | 0.00%        | 0.00%        |
| - of which <i>Higher risk</i>  | 0.00%        | 0.00%        |
| - of which <i>Moderate risk</i>  | 0.00%        | 0.00%        |
| <b>Credit Risk (Investment portfolio)</b>  |              |              |
| Exposures to Higher and Moderate risk sectors (Corporate Bonds)                                      | 0.03%        | 0.03%        |
| - of which <i>Higher risk</i>  | 0.00%        | 0.00%        |
| - of which <i>Moderate risk</i>  | 0.03%        | 0.03%        |

The metrics described above continue to evidence low overall impacts from climate and environmental risk drivers, relative to other drivers of risk.

For non-financial risks:

- No operational losses relating to climate risk has occurred during 2024.
- Based on our ongoing assessment of vendor risk, we have identified a small number of our critical vendors who provide services from locations that may be subject to higher climate related vulnerabilities, but operate with appropriate controls to minimise any risk to resilience. Our vendor due diligence and risk management processes continue to be enhanced to capture climate and broader ESG related implications. We continue to monitor our vendor population and apply enhanced due diligence and appropriate decision-making as required.
- No climate-related strategic or reputational events had an observed material impact on the European Bank's financial performance during 2024.

For financial risks:

- Credit risk-generating assets in sectors at higher risk of physical and/or transition risks make up less than 1 % of total European Bank assets. Exposure levels remain contained and no specific evolution of our Climate and Environmental risk profile since Q 4 2022
- Liquidity risk scenarios are estimated as part of the liquidity risk identification process .No dedicated climate related scenarios material to liquidity risk have been identified.

The European Bank has defined climate and environmental-related risks as risk drivers impacting the majority of the Group's risks outlined in its Risk Appetite Statement. The Risk Appetite Statement incorporates a dedicated section requiring all staff to ensure that climate & environmental risk impacts are considered within ongoing risk assessment across all risk types.

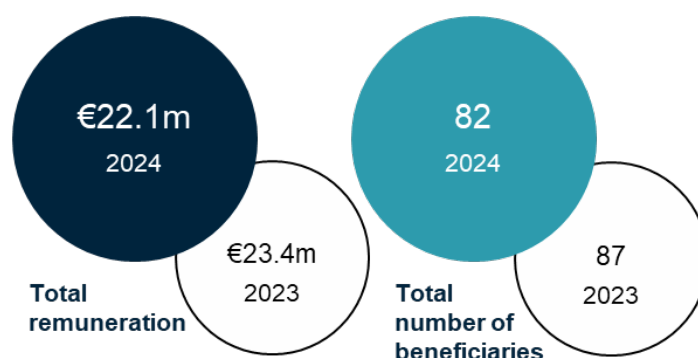
As we consider climate and environmental related risks as risk drivers, no specific thresholds are set for risks other than a concentration credit risk limit set to prevent excessive on balance sheet exposures to sectors or geographies that may be subject to higher climate risk.



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For all other risk types, the current approach to the setting of the risk appetite does not involve the setting of limits and associated thresholds against any risk drivers, including climate & environmental risk. As a potential cause of adverse events, a climate or environmental related event could lead to an increase in risk that may increase the chance of a limit breach across any risk category, financial or non-financial. On that basis, ensuring that risk concentrations are minimised, and risk is accepted, monitored, and managed is key to the framework. As a result, limits are in place at the risk category level and capture the impacts of all risk drivers, including climate & environmental risks.

## 18 Article 450 CRR II - Remuneration policy



### 18.1 Governance

The Board is responsible for the remuneration policy and its application within the European Bank, including its branches and subsidiaries ('the Covered Entities'). The Board ensures that variable remuneration plans and the awards paid in execution of them do not jeopardise a sound capital base and are in line with the European Bank's risk appetite and long-term strategy. It is assisted in this by the Remuneration Committee ('RemCo') and the Risk Committee ('RiskCee') of the Board. The RemCo advises the Board on the remuneration policy (after input from the RiskCee). The RemCo also reviews annually the list of staff that have a material impact on the risk profile of the European Bank ('Identified Staff' or 'MRTs'), and their variable compensation awards, and any ex-post risk adjustment to be applied, before submitting the proposals to the Board (in session with the non-executive directors only) for approval.

All RemCo members are non-executive directors of the Board. Corporate Secretary provides the RemCo secretarial duties.

The Board meets at least quarterly and approves the year-end compensation awards of its regulated staff members. The RemCo met ten times during 2024 (including three joint sessions with the RiskCee), whilst other committees listed in the remuneration policy<sup>2</sup> met a total of nine times during the year. Awards in instruments are made in the form of shares in The Bank of New York Mellon Corporation ('BNY'). These shares are listed on the New York Stock exchange under ticker "BK". Deferred shares are made in the form of Restricted Share Units, transferable into BK shares at vesting. These grants also require the approval of the Human Resources and Compensation Committee ('HRCC') of BNY, since it functions as the remuneration committee of the ultimate shareholder of the European Bank.

### 18.2 Aligning pay with performance

BNY's compensation philosophy is to offer a total compensation opportunity that supports its Pillars & Principles. BNY offers a total rewards program that is externally competitive, internally equitable (gender neutral), and tied both to employee contributions and company success. The company monitors its gender pay gap.

BNY pays for performance, both at the individual and corporate level. Individual and team contributions are valued and rewarded based on how both contribute to business results. In support of this philosophy, variable compensation is used as a means of recognising performance.

Through BNY's compensation philosophy and principles, BNY aligns the interests of its employees and shareholders by encouraging actions that contribute to superior financial performance and long-term shareholder value, by rewarding success; and by ensuring that incentive compensation arrangements do not encourage employees to take unnecessary and excessive risks that threaten the value of BNY or benefit individual employees at the expense of shareholders or other stakeholders. The compensation structure is comprised of an appropriate mix of fixed and variable compensation that is paid over time. The aim is to ensure that both fixed and variable compensation are consistent with business and market practice, fixed compensation is sufficient to provide for a fully flexible variable compensation program, and variable compensation is in the form of annual and/or long-term incentives, and, where appropriate, granted over equity to align employee remuneration with that of shareholder growth.

<sup>2</sup> HRCC, COC & ICRC

### 18.3 Fixed remuneration

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Fixed remuneration is composed of (i) salary, (ii) any additional non-performance related amounts paid as a result of contractual obligations or applicable law, or as a result of market practice, including role-based allowances, and (iii) any benefits in kind which are awarded as a result of the job rather than the performance within the job. A small number of employees are eligible to receive a role-based allowance. It is a fixed cash allowance that is permanent, predetermined, non-discretionary and non-revocable unless there is a change in the employee's role.

The fixed remuneration of an employee is determined by the job performed, its level of complexity and responsibility, and the remuneration paid in the market for that type of job. It is set, for all staff, at a rate to be at all times sufficient to provide for full flexibility with regards to any variable remuneration element, including a zero variable remuneration.

Employees who act as non-executive directors of one or more BNY legal entities are not remunerated for their mandate as a director. Independent directors of the European Bank only receive fixed remuneration.

### 18.4 Variable compensation funding and risk adjustment

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All staff, including MRTs employed by or seconded to the Covered Entities, are eligible to receive variable remuneration, in application of variable compensation plans in existence in the European Bank or in BNY. Variable compensation plans are designed to reward performance at both the corporate, business line (if the individual belongs to a business line) and individual level and/or to retain staff. Such variable compensation consists of both cash and equity (including deferred components). The Board and the RiskCee ensure that no variable compensation plan encourages risk taking at a level not acceptable for the risk profile of the European Bank.

The criteria for determining variable compensation reflect individual, business line and corporate performance, as applicable, and are determined on the basis of financial and non-financial factors, both currently and over a longer period of time.

On an exceptional basis and for new hires under the Early Career Program, the European Bank may grant guaranteed variable remuneration, limited only to the first year of employment. For Senior Managers, guaranteed variable remuneration needs to be approved by the RemCo.

For MRTs, severance payments provided for the early termination of employment contract will be considered as variable remuneration and hence be considered for the calculations of the maximum leverage ratios and for the application of the regulatory deferral rules, unless the severance payment is mandated under statutory law or mandatory following a decision of court or the severance payment is calculated through an appropriate predefined generic formula laid down in a company arrangement legally applicable to the individual or is due in application of a non-competition clause up to the amount of fixed remuneration which would have been paid for the non-competition period, if the MRT had still been employed.

The European Bank makes use of the robust performance appraisal process in place at BNY to document an individual's performance. The performance management program (PMP) of the Company includes goal plans on Power Our Culture, Embodying a Strong Risk Culture, and Results-Based goals. For selected staff members, the process also includes an assessment of the individual's performance against an environmental/climate goal to foster the Bank's Environmental, Social, and Governance ('ESG') strategy.

Categories of staff whose professional activities have a material impact on its risk profile ('MRTs') are requested to include in their performance appraisal process one or more "goals" related to their role in the legal entity. MRTs are also assessed, as all staff members are, against feedback on results-based goals and principles (BNY's corporate goals include: Embodying a Strong Risk Culture and Power our Culture). For MRTs, the performance related to the risk and control aspects of their job is assessed through the Risk Culture Summary Scorecard ('RCSS'), which provides a systematic, detailed and documented process for assessing MRTs' risk performance in five categories, i.e., Operational Risk, Reputational Risk, Risk Exposures, Compliance and Audit. This process allows the control functions of the European Bank to provide more detailed input (to the RiskCee and RemCo) in respect of behavior or incidents that occur within the responsibility of the job holder. Three cases were discussed in 2024 which ultimately resulted in a reduced PMP rating and an ex-ante adjustment of variable compensation for performance year 2024 for one individual (the two others having left the European Bank).

## 18.5 Ratio between fixed and variable pay

MRTs of the European Bank are restricted to a maximum variable remuneration of the greater of €50,000 and 100% of fixed remuneration, or 50% of fixed remuneration, in line with the Belgian Banking Law.

## 18.6 Deferral policy and vesting criteria

Awards under variable compensation plans will be subject to deferral of a certain part of the award (deferred component consists of restricted share units), depending on the level of the individual and the amount of the award ('Corporate Deferral Rules').

If the recipient is a MRT in receipt of variable remuneration exceeding €50,000 and if it represents more than one third of the individual's total annual remuneration, the Corporate Deferral Rules are superseded by the payout and deferral requirements set out by the provisions below ('Regulatory Deferral Rules').

The variable remuneration of MRTs whose total variable remuneration exceeds €50,000 and if it represents more than one third of the individual's total annual remuneration, is subject to the following rules:

- At least 40% of variable remuneration is deferred for at least 4 years (increasing to 60% where the MRT is an Executive Director of the Bank and/or a MRT in receipt of a particularly high variable amount – exceeding EUR 200,000<sup>1</sup>);
- for senior managers (Executive Committee members of the Bank, Branch & Deputy Branch managers and Heads of subsidiaries, Head of Treasury, Chief Information Officer and selected Heads of Material Business Units) the deferral period is 5 years; and,
- At least 50% of variable remuneration should be delivered in shares or equivalent instruments (once these instruments have been vested to the individual these will be subject to a further one year holding period before being delivered to the MRT).

To meet this requirement, the European Bank will therefore deliver incentives to MRTs (excluding Executive Directors of the Bank and/or MRTs in receipt of a particularly high variable amount for which a 60% deferral of variable remuneration would apply) as follows below:

|                     | Up Front (60%)   | Deferred (40%)   |
|---------------------|--|--|
| <b>Cash (30%)</b>   | <b>Cash Award (30%):</b> Variable remuneration in respect of the applicable performance year that will be paid to the employee in cash in the January payroll the following year, subject to the usual deductions of income tax and applicable social security contributions. <sup>2</sup> | <b>Deferred Equity (40%):</b> Variable remuneration in respect of the applicable performance year that will be provided to the employee in restricted stock units ("RSUs") (the precise mechanism for delivery will be determined, at the sole discretion of BNY). The deferred equity will vest as follows: <ul style="list-style-type: none"> <li>For MRTs who are Senior Managers - 5 equal annual instalments starting upon the first anniversary of the award</li> <li>For other MRTs - 4 equal annual instalments starting upon the first anniversary of the award</li> </ul> For all MRTs each tranche of vested equity will be subject to a 1 year retention period post vesting before it may be sold (referred to in the charts below as the "point of availability"). |
| <b>Equity (70%)</b> | <b>Instant Vest Equity (30%):</b> Variable remuneration in respect of the applicable performance year that will be provided to the employee in BNY stock which vests on the grant date and is subject to a 1 year retention period before it can be sold.                                  |  |

All equity awards will be subject to the applicable rules of the BNY long term incentive plan under which they are delivered and the General Incentive Plan Terms and Conditions. All awards are subject to terms and conditions that provide for forfeiture (malus) or clawback in certain circumstances to ensure effective current and future risk adjustments (see section 16.4) are taken into account. The Board may decide to apply forfeiture or malus to unvested deferred awards or clawback to already vested awards in the event of the individual being responsible or taking part in practices that resulted in substantial losses for the Bank, the Bank or the business unit in which the individual works suffering a material downturn in its financial performance, the individual not complying with the applicable standards of professionalism and trustworthiness or the individual participating in a special mechanism with the purpose or consequence to facilitate tax fraud by third parties.

<sup>1</sup> Indexed annually on the 31st of December on the basis of the Belgian health index.

<sup>2</sup> Certain local payroll processing schedules resulted in a February incentive payment date (Denmark, Germany, Ireland, Luxembourg, Netherlands).

## 18.7 Variable remuneration of control function staff

The variable compensation awarded to control function staff (e.g. audit, legal, risk and compliance) is dependent on performance that is assessed according to the achievement of objectives specific to their functional role that is independent of the activities they oversee. Remuneration is benchmarked against the market level and funded independently of individual business line results and adjusted based on BNY's overall annual financial performance.

Control functions typically receive a lower portion of their total compensation as variable.

## 18.8 Quantitative disclosures

The tables on the following pages provide details of the aggregate remuneration of senior management and MRTs for the European Bank for the year ended 31 December 2024.

For completeness, this group of staff is limited to those considered to be primarily regulated due to their activities under the European Bank. The remuneration amounts are presented on a gross basis, regardless of the time spent by BNY staff in respect of the European Bank to reflect the full reporting period.

**Table 41: EU REM1 - Remuneration awarded for the financial year**

This table shows the total aggregate remuneration<sup>3,4</sup> awarded to MRTs for 2024.

| At 31 December 2024<br>(€000s) |   | MB<br>Supervisory<br>function | MB<br>Management<br>function | Other senior<br>management | Other<br>identified staff |
|--------------------------------|---|-------------------------------|------------------------------|----------------------------|---------------------------|
| 1                              | Number of identified staff  | 9                             | 4                            | 33                         | 36                        |
| 2                              | Total fixed remuneration  | 575                           | 2,513                        | 7,443                      | 7,037                     |
| 3                              | Of which: cash-based  | 575                           | 2,513                        | 7,443                      | 7,037                     |
| EU-4a                          | Fixed remuneration  | —                             | —                            | —                          | —                         |
|                                | Of which: shares or equivalent ownership interests                    | —                             | —                            | —                          | —                         |
| 5                              | Of which: share-linked instruments or equivalent non-cash instruments | —                             | —                            | —                          | —                         |
| EU-5x                          | Of which: other instruments   | —                             | —                            | —                          | —                         |
| 7                              | Of which: other forms   | —                             | —                            | —                          | —                         |
| 9                              | Number of identified staff  | —                             | 4                            | 27                         | 30                        |
| 10                             | Total variable remuneration   | —                             | 788                          | 1,970                      | 1,735                     |
| 11                             | Of which: cash-based  | —                             | 158                          | 755                        | 805                       |
| 12                             | Of which: deferred  | —                             | —                            | —                          | —                         |
| EU-13a                         | Of which: shares or equivalent ownership interests                    | —                             | 630                          | 1,215                      | 930                       |
| EU-14a                         | Of which: deferred  | —                             | 473                          | 698                        | 580                       |
| EU-13b                         | Variable remuneration   | —                             | —                            | —                          | —                         |
| EU-14b                         | Of which: share-linked instruments or equivalent non-cash instruments | —                             | —                            | —                          | —                         |
| EU-14b                         | Of which: deferred  | —                             | —                            | —                          | —                         |
| EU-14x                         | Of which: other instruments   | —                             | —                            | —                          | —                         |
| EU-14y                         | Of which: deferred  | —                             | —                            | —                          | —                         |
| 15                             | Of which: other forms   | —                             | —                            | —                          | —                         |
| 16                             | Of which: deferred  | —                             | —                            | —                          | —                         |
| 17                             | Total remuneration  | 575                           | 3,301                        | 9,413                      | 8,772                     |

**Table 42: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

This table on the following page shows any special payments made to MRTs for 2024.

<sup>3</sup> Includes base salary and other cash allowances, plus any incentive awarded for full year 2024. Pension contribution is not included.

<sup>4</sup> Includes remuneration of independent non-executive directors who are compensated by the European Bank. Remuneration of non-executive directors are not included in the scope as they are not compensated by the European Bank for the role.

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| At 31 December 2024<br>(€000s)  | MB<br>Supervisory<br>function | MB<br>Management<br>function | Other senior<br>management | Other<br>identified staff |
|---|-------------------------------|------------------------------|----------------------------|---------------------------|
| <b>Guaranteed variable remuneration awards</b>  |                               |                              |                            |                           |
| 1 Guaranteed variable remuneration awards - Number of identified staff  | —                             | —                            | 1                          | —                         |
| 2 Guaranteed variable remuneration awards - Total amount  | —                             | —                            | 81                         | —                         |
| 3 Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap | —                             | —                            | —                          | —                         |
| <b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>                            |                               |                              |                            |                           |
| 4 Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff    | —                             | —                            | —                          | —                         |
| 5 Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount                  | —                             | —                            | —                          | —                         |
| <b>Severance payments awarded during the financial year</b>   |                               |                              |                            |                           |
| 6 Severance payments awarded during the financial year - Number of identified staff   | —                             | —                            | 1                          | 5                         |
| 7 Severance payments awarded during the financial year - Total amount   | —                             | —                            | 311                        | 3,104                     |
| 8 Of which paid during the financial year   | —                             | —                            | 311                        | 3,104                     |
| 9 Of which deferred   | —                             | —                            | —                          | —                         |
| 10 Of which severance payments paid during the financial year, that are not taken into account in the bonus cap                     | —                             | —                            | —                          | —                         |
| 11 Of which highest payment that has been awarded to a single person  | —                             | —                            | 311                        | 1,830                     |

**Table 44: EU REM4 - Remuneration of 1 million EUR or more per year**

| At 31 December 2024<br>(€s)     | Identified staff that are high earners<br>as set out in Article 450(i) CRR |
|---------------------------------|--|
| 1 1,000,000 to below 1,500,000  | 1  |
| 2 1,500,000 to below 2,000,000  | 1  |
| 3 2,000,000 to below 2,500,000  | 1  |
| 4 2,500,000 to below 3,000,000  | —  |
| 5 3,000,000 to below 3,500,000  | —  |
| 6 3,500,000 to below 4,000,000  | —  |
| 7 4,000,000 to below 4,500,000  | —  |
| 8 4,500,000 to below 5,000,000  | —  |
| 9 5,000,000 to below 6,000,000  | —  |
| 10 6,000,000 to below 7,000,000 | —  |
| 11 7,000,000 to below 8,000,000 | —  |

**Table 45: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

| At 31 December 2024<br>(€000s)                  | Management body remuneration <sup>6</sup> |                              |             | Business areas        |                   |                     |                        |       |       | Independent<br>internal<br>control<br>functions | All other | Total     |
|---|---|------------------------------|-------------|-----------------------|-------------------|---------------------|------------------------|-------|-------|---|-----------|-----------|
|   | MB<br>Supervisory<br>function             | MB<br>Management<br>function | Total<br>MB | Investment<br>banking | Retail<br>banking | Asset<br>management | Corporate<br>functions |       |       |   |           |           |
| 1 <b>Total number of identified staff</b>       |   |                              |             |                       |                   |                     |                        |       |       |   |           | <b>82</b> |
| 2 Of which: members of the MB                   | 9   | 4                            | 13          |                       |                   |                     |                        |       |       |   |           |           |
| 3 Of which: other senior management             |   |                              |             | 23                    | —                 | —                   | 1                      | —     | 9     |   |           |           |
| 4 Of which: other identified staff              |   |                              |             | 4                     | —                 | —                   | 8                      | 22    | 2     |   |           |           |
| 5 <b>Total remuneration of identified staff</b> | 575                                       | 3,301                        | 3,876       | 9,055                 | —                 | —                   | 2,197                  | 4,076 | 2,857 |   |           |           |
| 6 Of which: variable remuneration               | —   | 788                          | 788         | 1,948                 | —                 | —                   | 418                    | 718   | 621   |   |           |           |
| 7 Of which: fixed remuneration                  | 575                                       | 2,513                        | 3,088       | 7,107                 | —                 | —                   | 1,779                  | 3,358 | 2,236 |   |           |           |

<sup>6</sup> Includes remuneration of independent non-executive directors who are compensated by the European Bank. Remuneration of non-executive directors are not included in the scope as they are not compensated by the European Bank for the role.

**Table 43: EU REM3 - Deferred remuneration**

This table shows the total deferred remuneration<sup>5</sup> for MRTs outstanding from previous years.

| Deferred and retained remuneration<br>At 31 December 2024<br>(€000s) | Total amount of<br>deferred<br>remuneration<br>awarded for<br>previous<br>performance<br>periods | Of which due to<br>vest in the<br>financial year | Of which vesting<br>in subsequent<br>financial years | Amount of<br>performance<br>adjustment made<br>in the financial<br>year to deferred<br>remuneration that<br>was due to vest in<br>the financial year | Amount of<br>performance<br>adjustment made<br>in the financial<br>year to deferred<br>remuneration that<br>was due to vest in<br>future<br>performance<br>years | Total amount of<br>adjustment during<br>the financial year<br>due to ex post<br>implicit<br>adjustments<br>(i.e. changes of<br>value of deferred<br>remuneration due<br>to the changes of<br>prices of<br>instruments) | Total amount of<br>deferred<br>remuneration<br>awarded before<br>the financial year<br>actually paid out<br>in the financial<br>year | Total of amount of<br>deferred<br>remuneration<br>awarded for<br>previous<br>performance<br>period that has<br>vested but is<br>subject to<br>retention periods |
|--|--|--|--|--|--|--|--|---|
| 1 <b>MB Supervisory function</b>                                     | —  | —  | —  | —  | —  | —  | —  | —   |
| 2 Cash-based   | —  | —  | —  | —  | —  | —  | —  | —   |
| 3 Shares or equivalent ownership interests                           | —  | —  | —  | —  | —  | —  | —  | —   |
| 4 Share-linked instruments or equivalent non-cash instruments        | —  | —  | —  | —  | —  | —  | —  | —   |
| 5 Other instruments  | —  | —  | —  | —  | —  | —  | —  | —   |
| 6 Other forms  | —  | —  | —  | —  | —  | —  | —  | —   |
| 7 <b>MB Management function</b>                                      | <b>1,881</b>   | <b>469</b>                                       | <b>1,412</b>   | —  | —  | —  | <b>469</b>   | <b>336</b>  |
| 8 Cash-based   | 163  | 77   | 86   | —  | —  | —  | 77   | —   |
| 9 Shares or equivalent ownership interests                           | 1,718  | 392  | 1,326  | —  | —  | —  | 392  | 336   |
| 10 Share-linked instruments or equivalent non-cash instruments       | —  | —  | —  | —  | —  | —  | —  | —   |
| 11 Other instruments   | —  | —  | —  | —  | —  | —  | —  | —   |
| 12 Other forms   | —  | —  | —  | —  | —  | —  | —  | —   |
| 13 <b>Other senior management</b>                                    | <b>3,718</b>   | <b>1,196</b>                                     | <b>2,522</b>   | —  | —  | —  | <b>1,196</b>   | <b>877</b>  |
| 14 Cash-based  | 324  | 134  | 190  | —  | —  | —  | 134  | —   |
| 15 Shares or equivalent ownership interests                          | 3,394  | 1,062  | 2,332  | —  | —  | —  | 1,062  | 877   |
| 16 Share-linked instruments or equivalent non-cash instruments       | —  | —  | —  | —  | —  | —  | —  | —   |
| 17 Other instruments   | —  | —  | —  | —  | —  | —  | —  | —   |
| 18 Other forms   | —  | —  | —  | —  | —  | —  | —  | —   |
| 19 <b>Other identified staff</b>                                     | <b>2,577</b>   | <b>780</b>                                       | <b>1,797</b>   | —  | —  | —  | <b>780</b>   | <b>580</b>  |
| 20 Cash-based  | 215  | 100  | 115  | —  | —  | —  | 100  | —   |
| 21 Shares or equivalent ownership interests                          | 2,362  | 680  | 1,682  | —  | —  | —  | 680  | 580   |
| 22 Share-linked instruments or equivalent non-cash instruments       | —  | —  | —  | —  | —  | —  | —  | —   |
| 23 Other instruments   | —  | —  | —  | —  | —  | —  | —  | —   |
| 24 Other forms   | —  | —  | —  | —  | —  | —  | —  | —   |
| 25 <b>Total amount</b>   | <b>8,176</b>   | <b>2,445</b>                                     | <b>5,731</b>   | —  | —  | —  | <b>2,445</b>   | <b>1,793</b>  |

Note: There were no adjustments made to deferred remuneration and no adjustments due to ex post implicit adjustments in the year.

<sup>5</sup> Includes total vested cash and equity. Equity portion is valued as at the date the award vested.



## Restitution risk

Restitution Risk relates to the obligation under regulation (AIFMD/UCITS V) or under commercial contract to reimburse the client for the value of Financial Instruments held in custody where those assets have been lost at or by a sub-custodian (within the BNY custody network or directed sub custody appointments including prime-brokers where liability has not been discharged). The European Bank's strategy is to implement a policy of robust controls and processes to mitigate against restitution risk.

Restitution risk is the risk that the European Bank is willing to take because it is directly related to the business it wants to offer to our clients. The risk is governed by a robust BNY process for both selecting and overseeing sub-custodians, as well keeping clients informed during cases of heightened risk

The main impact on the European Bank is in the role of depositary, and the liability to reconstitute the value of financial instruments held in custody that are lost by the depositary and/ or its delegates. The main source of Restitution Risk for the European Bank is through the depositary business performed by Asset Servicing for its fund clients. Most typically, Restitution liability would be expected to manifest as a result of a combined operational risk and insolvency event. However, the matter is very much a theoretical consideration as no event has manifested in the market place.

## Strategic risk

Strategic risk is defined as the risk arising from the flawed design, decision or implementation of a business strategy, and potential disruption to business strategy by external factors and/or internal decisions.

The European Bank has a moderate appetite for Strategic risk. By its nature, our business model creates client concentration within the financial services industry and exposure to capital markets performance, globally. We understand and have an appetite to assume these risks. However, we seek to ensure that our industry concentration and capital markets exposure is prudent and directly relates to supporting our business activity and strategy.

The Board is committed to ensuring that strategic initiatives giving rise to significant change in the business organization or operations must be effectively managed, using corporate standard project management methodology.

## Group risk

Group risk is the risk that the financial position of the European Bank may be adversely affected by its relationships (financial and non-financial) with other entities within BNY or by risks that may affect the whole of BNY.

The European Bank, as a member of the BNY Group, operates in alignment with the Group's business interests, while at the same time maintaining its independence, particularly with respect to operating within a governance framework which protects the interests of the entity's clients.

The European Bank's management has considered several possible scenarios where these services may be affected, these include IT services outage and other business continuity issues. Although these will cause operational issues they are not expected to have a significant cost impact and are therefore not modelled, but are included in the scenarios as part of operational risk assessment and in the liquidity stress testing.

## Model risk

Model risk refers to the potential loss arising from incorrectly designing/using a model or stress conditions that invalidate the assumptions of a model.

Model risk can result in material financial loss, inaccurate financial or regulatory reporting, misaligned business strategies or damage to the reputation of the European Bank or BNY as a whole.

## The Bank of New York Mellon SA/NV (the 'European Bank')

The European Bank uses models in its risk management framework and business operations. All models have been assessed in line with the relevant corporate policies and model risk management framework wherein the individual model is categorised into one of three tiers based on materiality, complexity, and level of reliance. The tiers determine the controls applicable to the model classes. The Enterprise Model Risk Committee oversees model risk management at the enterprise level and approves the overall framework and standards, which are applicable across the organisation. The Model Risk Management Group, based in the US, retain ultimate responsibility for overall model governance.

Model Risk Management Governance has responsibility for the governance of inventory and provides a mechanism to report on models to key stakeholders.

BNY internal audit provides independent reviews of compliance with the corporate model validation policy.

## Appendix 2 - Glossary of terms

The following acronyms are a range of terms which may be used in BNY EMEA Pillar 3 disclosures:

| Acronym   | Description   | Acronym | Description                                     |
|-----------|---|---------|---|
| ABS       | Asset-Backed Securities   | COOC    | CASS Operational Oversight Committee            |
| ACPR      | Autorite de Controle Prudentiel et de Resolution  | COREP   | Common Reporting                                |
| AFR       | Available Financial Resources   | CQS     | Credit Quality Steps                            |
| AIF       | Alternative Investment Fund   | CRD     | Capital Requirements Directive                  |
| ALCO      | Asset and Liability Committee   | CRM     | Credit Risk Mitigation                          |
| ALM       | Asset Liability Management  | CROC    | Credit Risk Oversight Committee                 |
| AML       | Anti-Money Laundering   | CRR     | Capital Requirements Regulation                 |
| AS        | Asset Servicing   | CSD     | Client Service Delivery                         |
| AT1       | Additional Tier 1   | CSSF    | Commission de Surveillance du Secteur Financier |
| AUC       | Assets Under Custody  | CSTC    | Capital and Stress Testing Committee            |
| BAC       | Business Acceptance Committee   | CT      | Corporate Trust                                 |
| BAU       | Business as usual   | CTS     | Client Technology Solutions                     |
| BaFin     | Federal Financial Supervisory Authority / Bundesanstalt für Finanzdienstleistungsaufsicht | DB      | Deutsche Bank                                   |
| BDAS      | Broker-Dealer and Advisory Services   | DNB     | De Nederlandsche Bank                           |
| BDF       | Banque De France  | DVP     | Delivery versus Payment                         |
| BEMCO     | Belgium Management Council  | EAD     | Exposure at default                             |
| BI        | Banca D'Italia  | EC      | European Commission                             |
| BNY       | The Bank of New York Mellon Corporation   | ECL     | Expected Credit Losses                          |
| BNY SA/NV | The Bank of New York Mellon SA/NV   | ECAP    | Economic Capital                                |
| BNY TDUKL | BNY Mellon Trust & Depositary (UK) Limited  | ECB     | European Central Bank                           |
| BNYIFC    | BNY International Financing Corporation   | ECM     | Embedded Control Management                     |
| BRC       | Business Risk Committee   | EEC     | EMEA Executive Committee                        |
| CASS      | Client Asset Sourcebook Rules   | EHQLA   | Extremely High Quality Liquid Assets            |
| CBI       | Central Bank of Ireland   | EMEA    | Europe, Middle East and Africa                  |
| CCF       | Credit Conversion Factor  | ERGC    | EMEA Remuneration Governance Committee          |
| CEO       | Chief Executive Officer   | ESRMC   | EMEA Senior Risk Management Committee           |
| CEF       | Critical Economic Function  | EU      | European Union                                  |
| CET1      | Common Equity Tier 1  | EUR     | Euro  |
| CGB       | CASS Governance Body  | EWI     | Early Warning Indicators                        |
| CIS       | Collective Investment Scheme  | ExCo    | Executive Committee                             |
| CMA       | Capital Market Authority  | FCA     | Financial Conduct Authority                     |
| COC       | Compensation Oversight Committee  | FMUs    | Financial market utilities                      |
|           |   | FRS     | Financial Reporting Standard                    |
|           |   | FSMA    | Financial Services and Markets Authority        |

## The Bank of New York Mellon SA/NV (the 'European Bank')

| Acronym            | Description  |
|--------------------|--|
| FX                 | Foreign Exchange   |
| G-SIFI             | Global Systemically Important Financial Institution      |
| GCA                | Global Custody Agreement                                 |
| GSP                | Global Securities Processing                             |
| HQLA               | High Quality Liquid Assets                               |
| HRCC               | Human Resources Compensation Committee                   |
| IAS                | International Accounting Standards                       |
| IASB               | International Accounting Standards Board                 |
| ICA                | Internal Capital Assessment                              |
| ICAAP              | Internal Capital Adequacy Assessment Process             |
| ICRC               | Incentive Compensation Review Committee                  |
| IFRS               | International Financial Reporting Standards              |
| ILAAP              | Internal Liquidity Adequacy Assessment Process           |
| ILG                | Individual Liquidity Guidance                            |
| IRRBB              | Interest Rate Risk on Banking Book                       |
| IMMS               | International Money Management System                    |
| ISDA               | International Swaps and Derivatives Association          |
| ISM                | Investment Services and Markets                          |
| IT                 | Information Technology                                   |
| KRI                | Key Risk Indicator                                       |
| KYC                | Know your customer                                       |
| LCR                | Liquidity Coverage Ratio                                 |
| LERO               | Legal Entity Risk Officer                                |
| LOB                | Line of Business   |
| LOD                | Line of Defence  |
| MiFID II           | Markets in Financial Instruments Directive II            |
| MNA                | Master netting agreements                                |
| MRMG               | Model Risk Management Group                              |
| MRT                | Material Risk Taker                                      |
| NAV                | Net Asset Value  |
| NBB                | National Bank of Belgium                                 |
| Nomination & ESGCo | Nomination and Environmental Social Governance Committee |
| NSFR               | Net Stable Funding Ratio                                 |
| O-SII              | Other systemically important institution                 |
| OCI                | Other Comprehensive Income                               |
| OEICs              | Open-ended Investment Companies                          |
| ORMF               | Operational Risk Management Framework                    |
| ORSA               | Operational Risk Scenario Analysis                       |
| P/L                | Profit and Loss  |
| PFE                | Potential Future Exposure                                |
| PRA                | Prudential Regulatory Authority                          |
| RAS                | Risk Appetite Statement                                  |
| RCoB               | Risk Committee of the Board                              |
| RCSA               | Risk and Control Self-Assessment                         |
| RM                 | Risk Manager   |
| RMC                | Risk Management Committee                                |

| Acronym | Description   |
|---------|---|
| RMP     | Risk Management Platform  |
| RRP     | Recovery and Resolution Planning                                  |
| RW      | Risk-weight   |
| RWA     | Risk Weighted Assets  |
| SA      | Standardised Approach   |
| SFT     | Security Financing Transaction                                    |
| SLD     | Service Level Description   |
| SREP    | Supervisory review and evaluation process                         |
| SRO     | Senior Risk Officer   |
| T&D     | Trust & Depositary  |
| T1 / T2 | Tier 1 / Tier 2   |
| TCR     | Total Capital Requirements  |
| TRC     | Technology Risk Committee   |
| TLAC    | Total Loss-Absorbing Capacity                                     |
| UCITS   | Undertakings for Collective Investment in Transferable Securities |
| VaR     | Value-at-Risk   |

The following terms may be used in this document:

**Ad valorem:** Method for charging fees according to the value of goods and services, instead of by a fixed rate, or by weight or quantity. Latin for [according] to value

**Basel III:** The capital reforms and introduction of a global liquidity standard proposed by the Basel Committee on Banking Supervision ('BCBS') in 2020

**BIPRU:** Prudential sourcebook for banks, building societies and investment firms

**Brexit:** The United Kingdom's referendum decision to leave the EU

**CRD V:** On 27 June 2013, the European Commission first published, through the Official Journal of the European Union, its legislation for a Capital Requirements Directive ('CRD') and Capital Requirements Regulation ('CRR'), which together form the CRD package. The package implements the Basel III reforms in addition to the inclusion of new proposals on sanctions for non-compliance with prudential rules, corporate governance and remuneration. The latest iteration, CRD V & CRR II, applies from 28 June 2021 onwards, with certain requirements set to be phased in

**Capital Requirements Directive ('CRD'):** A capital adequacy legislative package issued by the European Commission and adopted by EU member states

**Capital Requirements Regulation ('CRR'):** Regulation that is directly applicable to anyone in the European Union and is not transposed into national law

**Common Equity Tier 1 capital:** The highest quality form of regulatory capital under Basel III comprising common shares issued and related share premium, retained earnings and other reserves excluding the cash flow hedging reserve, less specified regulatory adjustments

**Core Tier 1 capital:** Called-up share capital and eligible reserves plus equity non-controlling interests, less intangible assets and other regulatory deductions

**Credit risk mitigation ('CRM'):** A technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection

**Derivatives:** A derivative is a financial instrument that derives its value from one or more underlying assets, for example bonds or currencies

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**Exposure:** A claim, contingent claim or position which carries a risk of financial loss

**Exposure at default ('EAD'):** The amount expected to be outstanding, after any credit risk mitigation, if and when a counterparty defaults. EAD reflects drawn balances as well as allowance for undrawn amounts of commitments and contingent exposures over a one-year time horizon

**Financial Conduct Authority ('FCA'):** The Financial Conduct Authority regulates the conduct of financial firms and, for certain firms, prudential standards in the UK. It has a strategic objective to ensure that the relevant markets function well

**Risk Identification ('Risk ID'):** An assessment of the quality of controls in place to mitigate risk and residual risk. Residual risk is assessed as high, moderate to high, moderate, moderate to low and low with direction anticipated

**Investment Firms Directive ('IFD'):** A capital adequacy legislative package issued by the European Commission and adopted by EU member states calibrated to Investment Firms

**Investment Firms Regulation ('IFR'):** Regulation that is directly applicable to anyone in the European Union in respect of the application of IFD

**Institutions:** Under the Standardised Approach, institutions are classified as credit institutions or investment firms

**Internal Capital Adequacy Assessment Process ('ICAAP'):** The group's own assessment of the levels of capital that it needs to hold through an examination of its risk profile from regulatory and economic capital viewpoints

**ISDA Master Agreement:** A document that outlines the terms applied to a derivatives transaction between two parties. Once the two parties have agreed to the standard terms, they do not have to renegotiate each time a new transaction is entered into

**Key Risk Indicator ('KRI'):** Key Risk Indicators are used by business lines to evaluate control effectiveness and residual risk within a business process

**Master Netting Agreement:** An agreement between two counterparties that have multiple contracts with each other that provides for the net settlement of all contracts through a single payment in the event of default or termination of any one contract

**Pillar 3:** The part of Basel III that sets out information banks must disclose about their risks, the amount of capital required to absorb them and their approach to risk management. The aim is to encourage market discipline and improve the information made available to the market

**Prudential Regulation Authority ('PRA'):** The statutory body responsible for the prudential supervision of banks, building societies, credit unions, insurers and major investment firms in the UK. The PRA is a subsidiary of the Bank of England

**Residual maturity:** The period outstanding from the reporting date to the maturity or end date of an exposure

**Risk appetite:** A definition of the types and quantum of risks to which the firm wishes to be exposed

**Risk and Control Self-Assessment ('RCSA'):** Risk and Control Self-Assessment is used by business lines to identify risks associated with their key business processes and to complete a detailed assessment of the risk and associated controls

**Risk Governance Framework:** The risk governance framework has been developed in conjunction with BNY requirements. Key elements of the framework are:

- Formal governance committees, with mandates and defined attendees
- Clearly defined escalation processes, both informally (management lines) and formally (governance committees, board, etc.)
- A clear business as usual process for identification, management and control of risks
- Regular reporting of risk issues

**Risk Management Committee ('RMC'):** A committee which meets monthly to provide governance on risk related items arising from the business of the group

**Risk-weighted Assets ('RWA'):** Assets that are adjusted for their associated risks using weightings established in accordance with CRD V requirements

**Standardised Approach ('SA'):** Method used to calculate credit risk capital requirements using the Basel III, CRD V, CRR II model supplied by the BCBS. The SA model uses external credit assessment institution ratings and supervisory risk weights supplied by external credit assessment agencies

**Tier 2 capital:** A component of regulatory capital under Basel III, mainly comprising qualifying subordinated loan capital, related non-controlling interests and eligible collective impairment allowances

**Value-at-Risk ('VaR'):** A measure of the potential loss at a specified confidence level from adverse market movements in an ordinary market environment

### Appendix 3 - CRR II references

| CRR II ref.   | Requirement summary   | Compliance ref. applicable at 31 December 2024   | Page ref. |
|---|---|--|-----------|
| Scope of disclosure requirements                      |   |  |           |
| 431 (1)   | Institutions shall publish Pillar 3 disclosures.  | 1.3 Article 433/434 CRR II - Frequency, scope and means of disclosures   | 5         |
| 431 (2)   | Firms with permission to use specific operational risk methodologies must disclose operational risk information.  | N/A  | N/A       |
| 431 (3)   | The management body shall adopt formal policies to comply with the disclosure requirements. At least one member of the management body shall attest in writing.   | Attestation Statement  | 3         |
| 431 (4)   | Quantitative disclosures shall be accompanied by a qualitative narrative that may be necessary in order for the users of that information to understand the quantitative disclosures.   | Qualitative narrative included where necessary.  | N/A       |
| 431 (5)   | Explanation of ratings decision upon request.   | N/A  | N/A       |
| Non-material, proprietary or confidential information |   |  |           |
| 432 (1)   | Institutions may omit disclosures if the information is not regarded as material (except Articles 435(2)(c), 437 and 450).  | 1.2 Article 432 CRR II - Non-material, proprietary or confidential information   | 5         |
| 432 (2)   | Institutions may omit information that is proprietary or confidential if certain conditions are respected (except Articles 437 and 450).  |  |           |
| 432 (3)   | Where 432(1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed.  |  |           |
| Frequency of disclosure                               |   |  |           |
| 433   | Institutions shall publish the disclosures required at least on an annual basis, on the same date of the publication of the financial statements. Semi-annual and quarterly disclosures shall be published on the same date as the financial reports for the period where applicable. | 1.3 Article 433/434 CRR II - Frequency, scope and means of disclosures   | 5         |
| 433 (a)   | Large institutions shall disclose the information outlined in this article on an annual, semi-annual and quarterly basis as applicable.   | N/A  | N/A       |
| 433 (b)   | Small and non-complex institutions shall disclose the information outlined in this article on an annual and semi-annual basis as applicable.  |  |           |
| 433 (c)   | Institutions that are not subject to Article 433(a) or 433(b) shall disclose the information outlined in this article on an annual and semi-annual basis as applicable.   |  |           |
| Means of disclosure                                   |   |  |           |
| 434 (1)   | Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location.   | 1.3 Article 433/434 CRR II - Frequency, scope and means of disclosures   | 5         |
| 434 (2)   | Institutions shall make available on their website an archive of the information required to be disclosed in accordance with this Part.   | 1.3 Article 433/434 CRR II - Frequency, scope and means of disclosures   | 5         |
| Risk management objectives and policies               |   |  |           |
| 435 (1)   | Institutions shall disclose their risk management objectives and policies.  | 4 Article 435 CRR II - Risk management objectives and policies   | 25        |
| 435 (1) (a)   | Strategies and processes to manage those categories of risks.   | 4.1 Risk objectives  | 26        |
| 435 (1) (b)   | Structure and organisation of the risk management function.   | 4.2 Risk governance  | 26        |
| 435 (1) (c)   | Scope and nature of risk reporting and measurement systems.   | 4.1 - 4.9  | 26        |
| 435 (1) (d)   | Policies for hedging and mitigating risk.   | 4.3 - 4.9  | 33        |
| 435 (1) (e)   | Approved declaration on the adequacy of risk management arrangements.   | 1 Article 431 CRR II - Disclosure requirements and policies  | 4         |
| 435 (1) (f)   | Approved risk statement describing the overall risk profile associated with business strategy.  | Risk statement   | 25        |
| 435 (2) (a)   | Number of directorships held by directors.  | 4.2 Risk governance  | 27        |
| 435 (2) (b)   | Recruitment policy of Board members, their experience and expertise.  | 4.2 Risk governance  | 27        |
| 435 (2) (c)   | Policy on diversity of Board membership and results against targets.  | 4.2 Risk governance  | 27        |
| 435 (2) (d)   | Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.   | 4.2.2 Legal Entity Risk Management   | 27        |
| 435 (2) (e)   | Description of information flow on risk to Board.   |  |           |
| Scope of application                                  |   |  |           |
| 436 (a)   | The name of the institution to which this Regulation applies.   | Executive summary  | 3         |
| 436 (b)   | A reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation.                                    | N/A - There are no differences in scope.   | N/A       |
| 436 (c)   | A breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation broken down by type of risk.  | Table 4: EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories | 16        |
| 436 (d)   | A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation, and the exposure amount used for regulatory purposes.  | Table 5: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements  | 18        |
| 436 (e)   | For exposures from the trading book and the non-trading book adjusted in accordance with Article 34 and Article 105, a breakdown of the constituent elements of an institution's prudent valuation adjustment, by types of risk.  | Table 6: EU PV1 - Prudent valuation adjustments (PVA)  | 18        |
| 436 (f)   | Current or expected material impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries.   | N/A - No impediment exists.  | N/A       |



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|---|---|---|-----|
| 436 (g)   | Aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of those subsidiaries.   | All entities in scope of consolidation are appropriately capitalised.   | N/A |
| 436 (h)   | Where applicable, the circumstance under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.  | N/A   | N/A |
| Own funds   |   |   |     |
| 437 (a)   | Full reconciliation of Common Equity Tier 1 (CET1) items.   | Table 3: EU CC2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements   | 16  |
| 437 (b)   | Description of the main features of the CET1 and Additional Tier 1 and Tier 2 instruments.  | Table 7: EU CCA Main features of regulatory own funds instruments and eligible liabilities instruments  | 19  |
| 437 (c)   | Full terms and conditions of all CET1, Additional Tier 1 and Tier 2 instruments.  | Appendix 4 - Capital instruments terms and conditions   | 104 |
| 437 (d) (i)<br>437 (d) (ii)<br>437 (d) (iii)              | Each prudent filter applied.<br>Each deduction made.<br>Items not deducted.   | Table 2: EU CC1 Composition of regulatory own funds   | 13  |
| 437 (e)   | Description of all restrictions applied to the calculation of Own Funds.  | N/A - No restrictions apply.  | N/A |
| 437 (f)   | Explanation of the basis of calculating capital ratios using elements of Own Funds.   | N/A - Capital ratios are calculated in accordance with CRR II.  | N/A |
| Own funds and eligible liabilities                        |   |   |     |
| 437a (a)  | Institutions that are subject to Article 92a or 92b shall disclose the composition of their own funds and eligible liabilities, their maturity and their main features.   | Table 8: EU ILAC Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs                    | 20  |
| 437a (b)  | The ranking of eligible liabilities in the creditor hierarchy.  | Table 9: EU TLAC2 Creditor ranking - Entity that is not a resolution entity   | 21  |
| 437a (c)  | The total amount of each issuance of eligible liabilities instruments.  | Table 8: EU ILAC Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs                    | 20  |
| 437a (d)  | The total amount of excluded liabilities.   |   |     |
| Own funds requirements and risk weighted exposure amounts |   |   |     |
| 438 (a)   | Summary of institution's approach to assessing adequacy of capital levels.  | 3 Article 438 CRR II - Own funds requirements and risk-weighted exposure amounts  | 22  |
| 438 (b)   | The amount of the additional own funds requirements based on the supervisory review process.  | Table 1: EU KM1 Key metrics template  | 10  |
| 438 (c)   | Result of ICAAP on demand from authorities.   | N/A   | N/A |
| 438 (d)   | The total risk-weighted exposure amount and the corresponding total own funds requirement.  | Table 10: EU OV1 Overview of total risk exposure amounts  | 23  |
| 438 (e)   | The on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending.  | N/A   | N/A |
| 438 (f)   | The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds.                             | N/A   | N/A |
| 438 (g)   | The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.   | N/A   | N/A |
| 438 (h)   | The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations. | N/A   | N/A |
| Exposure to counterparty credit risk (CCR)                |   |   |     |
| 439 (a)   | Description of process to assign internal capital and credit limits to CCR exposures.   | 5.5 Governance  | 41  |
| 439 (b)   | Discussion of process to secure collateral and establishing reserves.   | 7.2 Collateral valuation and management   | 51  |
| 439 (c)   | Discussion of management of wrong-way exposures.  | 8.2 Wrong-way risk  | 55  |
| 439 (d)   | Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.   | 7.2 Collateral valuation and management   | 51  |
|   |   | 8.2 Wrong-way risk  | 55  |
|   |   | N/A - A credit downgrade of the European Bank and the associated margining required will be dealt with in line with the contractual agreement in place with the counterparties. | N/A |
| 439 (e)   | The amount of segregated and unsegregated collateral received and posted.   | Table 23: EU CCR5 Composition of collateral for CCR exposures   | 54  |
| 439 (f)   | Exposure values before and after the effect of the credit risk mitigation of derivative transactions.   | Table 21: EU CCR1 Analysis of CCR exposure by approach  | 53  |
| 439 (g)   | Exposure values before and after the effect of the credit risk mitigation of securities financing transactions.   |   |     |
| 439 (h)   | The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge.  | Table 25: EU CCR2 Transactions subject to own funds requirements for CVA risk   | 55  |
| 439 (i)   | Exposure value to central counterparties and the associated risk exposures.   | Table 24: EU CCR8 Exposures to CCPs   | 55  |
| 439 (j)   | The notional amount and fair value of credit derivative transactions.   | N/A   | N/A |
| 439 (k)   | Estimate of alpha, if applicable.   | N/A   | N/A |
| 439 (l)   | Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452.  | Table 22: EU CCR3 Standardised approach – CCR exposures by regulatory exposure class and risk weights   | 54  |
| 439 (m)   | For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business  | Table 21: EU CCR1 Analysis of CCR exposure by approach  | 53  |

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| <b>Countercyclical capital buffers</b>  |   |  |     |
| 440 (a)   | Geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposure   | Table 16: EU CCYB1 Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer                                  | 47  |
| 440 (b)   | Amount of the institution specific countercyclical capital buffer.  | Table 17: EU CCYB2 Amount of institution-specific countercyclical capital buffer   | 47  |
| <b>Indicators of global systemic importance</b>                                     |   |  |     |
| 441   | Disclosure of the indicators of global systemic importance.   | N/A  | N/A |
| <b>Credit risk adjustments</b>  |   |  |     |
| 442 (a)   | Disclosure of bank's scope and definitions of past due and impaired.  | 5.7 Analysis of past due and impaired exposures  | 41  |
| 442 (b)   | Approaches for calculating specific and general credit risk adjustments.  |  |     |
| 442 (c)   | Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures.  | 5.6 Analysis of credit risk  | 41  |
| 442 (d)   | An ageing analysis of accounting past due exposures.  | N/A  | N/A |
| 442 (e)   | The gross carrying amounts of both defaulted and non-defaulted exposures.   | Table 12: EU CQ4 Quality of non-performing exposures by geography  | 44  |
| 442 (f)   | Changes in the gross amount of defaulted on- and off-balance-sheet exposures.   | Table 15: EU CR1 Performing and non-performing exposures and related provisions  | 46  |
| 442 (g)   | The breakdown of loans and debt securities by residual maturity.  | Table 13: EU CR1-A Maturity of exposures   | 44  |
| <b>Unencumbered assets</b>  |   |  |     |
| 443   | Institutions shall disclose information concerning their encumbered and unencumbered assets.  | 9 Article 443 CRR II - Encumbered and unencumbered assets  | 56  |
| <b>Use of ECAs</b>  |   |  |     |
| 444 (a)   | Names of the ECAs used in the calculation of Standardised Approach RWAs, and reasons for any changes.   | 6 Article 444 CRR II - Use of the Standardised Approach  | 48  |
| 444 (b)   | Exposure classes associated with each ECAI.   |  |     |
| 444 (c)   | Explanation of the process for translating external ratings into credit quality steps.  | N/A - Translation and mapping is as per the guidance in Articles 135-141 of CRR II.  | N/A |
| 444 (d)   | Mapping of external rating to credit quality steps.   |  |     |
| 444 (e)   | Exposure value pre and post-credit risk mitigation, by credit quality step.   | Table 19: EU CR5 Standardised approach   | 50  |
| <b>Exposure to market risk</b>  |   |  |     |
| 445   | Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.   | 10 Article 445 CRR II - Exposure to market risk  | 58  |
| <b>Operational risk management</b>  |   |  |     |
| 446 (a)   | The approaches for the assessment of own funds requirements for operation risk that the institution qualifies for.  | 11 Article 446 CRR II - Operational risk management  | 61  |
| 446 (b)   | A description of the methodology set out in Article 312(2), including a discussion of the relevant internal and external factors considered in the institution's advanced measurement approach. | N/A  | N/A |
| 446 (c)   | In the case of partial use, the scope and coverage of the different methodologies used.   | N/A  | N/A |
| <b>Key metrics</b>  |   |  |     |
| 447 (a)   | Composition of own funds and own funds requirements.  | Table 1: EU KM1 Key metrics template   | 10  |
| 447 (b)   | The total risk exposure amount.   |  |     |
| 447 (c)   | Amount and composition of additional own funds.   |  |     |
| 447 (d)   | Combined buffer requirement which the institutions are required to hold.  |  |     |
| 447 (e)   | Leverage ratio and the total exposure measure.  |  |     |
| 447 (f) (i)   | Twelve months averages of the liquidity coverage ratio for each quarter.  |  |     |
| 447 (f) (ii)  | Twelve months averages of total liquid assets for each quarter.   |  |     |
| 447 (f) (iii)   | Twelve months averages of the liquidity outflows, inflows and net liquidity outflows for each quarter.  |  |     |
| 447 (g) (i)   | The net stable funding ratio at the end of each quarter   |  |     |
| 447 (g) (ii)  | The available stable funding at the end of each quarter   |  |     |
| 447 (g) (iii)   | The required stable funding at the end of each quarter  |  |     |
| 447 (h)   | Own funds and eligible liabilities ratios and their components, numerator and denominator   | Table 8: EU ILAC Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs | 20  |
| <b>Exposure to interest rate risk on positions not included in the trading book</b> |   |  |     |
| 448 (1) (a)   | The changes in the economic value of equity calculated under supervisory shock scenarios.   | Table 32: EU IRRBB1 Interest rate risks of non-trading book activities   | 68  |
| 448 (1) (b)   | The changes in the net interest income calculated under supervisory shock scenarios.  |  |     |
| 448 (1) (c)   | A description of key modelling and parametric assumptions.  | N/A - Tests reflect the scenarios outlined in CRD V Article 98.5a  | N/A |
| 448 (1) (d)   | An explanation of the significance of the risk measures.  | 12 Article 448 CRR II - Exposures to interest rate risk on positions not held in the trading book  | 65  |
| 448 (1) (e) (i)   | A description of the specific risk measures that are used to evaluate changes economic value of equity and net interest income.   |  |     |
| 448 (1) (e) (ii)  | A description of the key modelling and parametric assumptions used where they differ from the provisions of Article 448(1)(c).  | 12.1 Identification and measurements   | 65  |



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| 448 (1) (e) (iii)   | A description of the interest rate shock scenarios used to estimate the interest rate risk   | 12.2 Scenarios and risks tested  | 66  |
| 448 (1) (e) (iv)  | The effect of hedges against interest rate risks.  | 12.3 IRRBB management and hedging  | 67  |
| 448 (1) (e) (v)   | An outline of how often the evaluation of the interest rate risk occurs.   | 12.4 Risk management and mitigation techniques   | 67  |
| 448 (1) (f)   | The description of the overall risk management and mitigation strategies.  | 12.3 IRRBB management and hedging  | 67  |
| 448 (1) (g)   | Average and longest repricing maturity assigned to non-maturity deposits.  | Table 32: EU IRRBB1 Interest rate risks of non-trading book activities   | 68  |
| 448 (2)   | By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 shall not apply to institutions that use the standardised methodology or the simplified standardised methodology. | N/A  | N/A |
| <b>Exposures to securitisation positions</b>  |  |  |     |
| 449 (a)   | A description of the institution's securitisation and re-securitisation activities including risk management and investment objectives, their role and whether the institution uses STS, and the extent of credit risk transfers to third parties    | 13 Article 449 CRR II - Exposures to securitisation positions  | 69  |
| 449 (b)   | The type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions                              |  |     |
| 449 (b) (i)   | The risk retained in own-originated transactions   | N/A  | N/A |
| 449 (b) (ii)  | The risk incurred in relation to transactions originated by third parties  |  |     |
| 449 (c)   | Their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities.  | 13.1 Securitisation risk management framework  | 69  |
| 449 (d)   | A list of SSPEs, with a description of their types of exposures to those SSPEs, including derivative contracts:  | N/A  | N/A |
| 449 (d) (i)   | SSPEs which acquire exposures originated by the institutions.  | N/A  | N/A |
| 449 (d) (ii)  | SSPEs sponsored by the institutions.   | N/A  | N/A |
| 449 (d) (iii)   | SSPEs and other legal entities for which the institutions provide securitisation-related services  | N/A  | N/A |
| 449 (d) (iv)  | SSPEs included in the institutions' regulatory scope of consolidation;   | N/A  | N/A |
| 449 (e)   | A list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three   | N/A  | N/A |
| 449 (f)   | A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions.  | N/A  | N/A |
| 449 (g)   | A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.   | 13 Article 449 CRR II - Exposures to securitisation positions  | 69  |
| 449 (h)   | The names of the ECALs used for securitisations and the types of exposure for which each agency is used.   | 13.1 Securitisation risk management framework  | 69  |
| 449 (i)   | Where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three.   | N/A  | N/A |
| 449 (j)   | Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures.   | Table 33: EU-SEC1 Securitisation exposures in the non-trading book   | 70  |
| 449 (k) (i)   | For the non-trading book activities, the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches.                     | N/A  | N/A |
| 449 (k) (ii)  | The aggregate amount of securitisation positions where institutions act as investor and the associated risk weighted assets and capital requirements by regulatory approaches.   | Table 34: EU-SEC4 Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor             | 71  |
| 449 (l)   | For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type.                        | N/A  | N/A |
| <b>Environmental, social and governance risks (ESG risks)</b>   |  |  |     |
| 449a  | Large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, shall disclose information on ESG risks, including physical risks and transition risks.                                      | 17 Climate and environmental related disclosures   | 84  |
| <b>Remuneration policy</b>  |  |  |     |
| 450 (1) (a)   | Information concerning the decision-making process used for determining the remuneration policy.   | 18.1 Governance  | 88  |
| 450 (1) (b)   | Information about the link between pay of the staff and their performance.   | 18.2 Aligning pay with performance   | 88  |
| 450 (1) (c)   | Important design characteristics of the remuneration system.   | 18.1 Governance  | 88  |
| 450 (1) (d)   | The ratios between fixed and variable remuneration.  | 18.5 Ratio between fixed and variable pay  | 90  |
| 450 (1) (e)   | Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based.   |  |     |
| 450 (1) (f)   | Main parameters and rationale for any variable component scheme and any other non-cash benefits.   | 18.6 Deferral policy and vesting criteria  | 90  |
| 450 (1) (g)   | Aggregate quantitative information on remuneration by business area.   | Table 45: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) | 92  |
| 450 (1) (h)<br>450 (1) (h) (i)<br>450 (1) (h) (ii)<br>450 (1) (h) (iii)<br>450 (1) (h) (iv)<br>450 (1) (h) (v)<br>450 (1) (h) (vi) 450<br>(1) (h) (vii) | Aggregate quantitative information on remuneration, broken down by senior staff management and members of staff whose actions have a material impact on the risk profile   | 18.8 Quantitative disclosures  | 91  |

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|  |  |   |     |
|--|--|---|-----|
| 450 (1) (i)  | Number of individuals that have been remunerated EUR 1 million or more per financial year.   | Table 44: EU REM4 - Remuneration of 1 million EUR or more per year                        | 92  |
| 450 (1) (j)  | Upon demand from the relevant Member State or competent authority, the total remuneration for each member of management or senior management.  | N/A   | N/A |
| 450 (1) (k)  | Information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU.  | N/A   | N/A |
| 450 (2)  | For large institutions, quantitative information on the remuneration of the collective management body shall be made available to the public, differentiating between executive and non-executive members.                               | N/A   | N/A |
| <b>Leverage ratio</b>  |  |   |     |
| 451 (1) (a)  | Leverage ratio.  | Table 36: EU LR2 Leverage ratio common disclosure   | 73  |
| 451 (1) (b)  | Breakdown of total exposure measure.   | Table 35: EU LR1 Summary reconciliation of accounting assets and leverage ratio exposures | 73  |
| 451 (1) (c)  | Where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7);   | Table 36: EU LR2 Leverage ratio common disclosure   | 73  |
| 451 (1) (d)  | Description of the process used to manage the risk of excessive leverage.  | N/A   | N/A |
| 451 (1) (e)  | Description of the factors that had an impact on the leverage ratio.   | Table 36: EU LR2 Leverage ratio common disclosure   | 73  |
| 451 (2)  | Public development credit institutions shall disclose the leverage ratio without the adjustment to the total exposure measure.   | N/A   | N/A |
| 451 (3)  | Large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).   | Table 36: EU LR2 Leverage ratio common disclosure   | 73  |
| <b>Liquidity requirements</b>                                      |  |   |     |
| 451a (1)   | Disclose information on liquidity coverage ratio, net stable funding ratio and liquidity risk management.  | 15 Article 451a CRR II - Liquidity requirements   | 76  |
| 451a (2) (a)   | The average of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.  | Table 38: EU LIQ1 Quantitative information of LCR   | 78  |
| 451a (2) (b)   | The average of total liquid assets based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer.                |   |     |
| 451a (2) (c)   | The averages of liquidity outflows, inflows and net liquidity outflows, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition. |   |     |
| 451a (3) (a)   | Quarter-end figures of the net stable funding ratio for each quarter of the relevant disclosure period.  | Table 40: EU LIQ2 Net Stable Funding Ratio  | 80  |
| 451a (3) (b)   | An overview of the amount of available stable funding.   |   |     |
| 451a (3) (c)   | An overview of the amount of required stable funding.  |   |     |
| 451a (4)   | Disclosure of the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor liquidity risk.  | 15 Article 451a CRR II - Liquidity requirements   | 76  |
| <b>Disclosure of crypto-asset exposures and related activities</b> |  |   |     |
| 451b (1)   | Institutions shall disclose the following information on crypto-assets and crypto-asset services as well as any other activities related to crypto-assets:   | 16 Article 451b CRR III - Disclosure of crypto-asset exposures and related activities     | 83  |
| 451b (1) (a)   | The direct and indirect exposure amounts in relation to crypto-assets, including the gross long and short components of net exposures;   | N/A   | N/A |
| 451b (1) (b)   | The total risk exposure amount for operational risk  |   |     |
| 451b (1) (c)   | The accounting classification for crypto-asset exposures   |   |     |
| 451b (1) (d)   | A description of the business activities related to crypto-assets and their impact on the risk profile of the institution.   | 16 Article 451b CRR III - Disclosure of crypto-asset exposures and related activities     | 83  |
| 451b (1) (e)   | a specific description of their risk management policies related to crypto-asset exposures and crypto-asset services   |   |     |
| 451b (2)   | Institutions shall not apply the exception laid down in Article 432 for the purposes of the disclosure requirements laid down in paragraph 1 of this Article.  | N/A   | N/A |
| <b>Use of the IRB approach to credit risk</b>                      |  |   |     |
| 452 (a)  | The competent authority's permission of the approach.  | N/A   | N/A |
| 452 (b)  | The mechanisms for rating systems at the different stages of development, controls and change.   | N/A   | N/A |
| 452 (c)  | For each exposure class referred to in Article 147, the percentage of the total exposure value subject to the Standardised Approach or to the IRB approach.  | N/A   | N/A |
| 452 (d)  | The role of the functions involved in the development, approval and subsequent changes of the credit risk models.  | N/A   | N/A |
| 452 (e)  | The scope and main content of the reporting related to credit risk models.   | N/A   | N/A |
| 452 (f)  | A description of the internal ratings process by exposure class, including the number of key models used and a brief discussion of the main differences between the models.  | N/A   | N/A |
| 452 (g)  | As applicable, information relating to each exposure class referred to in Article 147.   | N/A   | N/A |
| 452 (h)  | Institutions' estimates of PDs against the actual default rate for each class over a longer period.  | N/A   | N/A |

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| <i>Use of credit risk mitigation techniques</i>                       |   |  |     |
|---|---|--|-----|
| 453 (a)   | Use of on- and off-balance sheet netting.   | 7.1 Netting  | 51  |
| 453 (b)   | How collateral valuation is managed.  | 7.2 Collateral valuation and management  | 51  |
| 453 (c)   | Description of types of collateral used.  |  |     |
| 453 (d)   | Types of guarantor and credit derivative counterparty, and their creditworthiness.  | N/A - BNY Mellon's EMEA entities do not enter into credit derivative transactions                    | N/A |
| 453 (e)   | Disclosure of market or credit risk concentrations within risk mitigation exposures.  | 7.4 Credit concentration risk  | 52  |
| 453 (f)   | Under either the Standardised or IRB approach, disclose the exposure value not covered by any eligible credit protection and the total exposure valued covered by eligible credit protection.   | Table 20: EU CR3 CRM techniques overview: Disclosure of the use of credit risk mitigation techniques | 52  |
| 453 (g)   | Conversion factors and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect.   | Table 18: EU CR4 Standardised approach – Credit risk exposure and CRM effects                        | 49  |
| 453 (h)   | Under the Standardised approach, the on- and off-balance-sheet exposure value by exposure class before and after conversion factors and any associated credit risk mitigation.  |  |     |
| 453 (i)   | Under the Standardised approach, the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying conversion factors and credit risk mitigation, for each exposure class. |  |     |
| 453 (j)   | For risk-weighted exposure amounts under the IRB approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives.   | N/A  | N/A |
| <i>Use of the Advanced Measurement Approaches to operational risk</i> |   |  |     |
| 454   | Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.   | N/A<br>Pillar 1 : standardised approach<br>Pillar 2 : self-assessment approach                       | N/A |
| <i>Use of internal market risk models</i>                             |   |  |     |
| 455   | Institutions calculating their capital requirements using internal market risk models.  | N/A  | N/A |

## **Appendix 4 - Capital instruments terms and conditions**

This is a translation from French to English, for your information only. In case of discrepancy between the French and the English versions, only the French version shall be valid.

"The Bank of New York Mellon"  
Public Limited Liability Company  
Rue Montoyer, number 46 at 1000 Brussels

VAT BE 0806.743.159 RLE Brussels

**INCORPORATION:** deed executed by the undersigned Notary on thirty September two thousand and eight, published in extract form in the Annexes to the Belgian Official Gazette of the following nine October under number 20081009/160324.

**MODIFICATION OF THE ARTICLES OF ASSOCIATION:** deed executed by Mr Bertrand Nerinx, associated Notary on twenty seven April two thousand and nine, published in extract form in the Annexes to the Belgian Official Gazette the following eight May under number 2009-05-08/0065306.

**MODIFICATION OF THE ARTICLES OF ASSOCIATION:** deed realizing a capital increase executed by Mr Bertrand Nerinx, associated Notary on thirty September two thousand and nine (opening of the meeting) and on first October two thousand and nine (closing of the meeting), published in extract form in the Annexes to the Belgian Official Gazette of twelve October 2009 under number 2009-10-12/0142895.

**MODIFICATION OF THE ARTICLES OF ASSOCIATION:** deed executed by Mr Bertrand Nerinx, associated Notary in Brussels on second December two thousand eleven, published in extract form in the Annexes to the Belgian Official Gazette the following twenty-two December under number 2011-12-22/0191941.

**MODIFICATION OF THE ARTICLES OF ASSOCIATION:** deed executed by Mr Bertrand Nerinx, associated Notary in Brussels on 31 January 2013, realizing a capital increase as result of the merger by acquisition of "The Bank of New York Mellon (Ireland) Limited", the modifications of the Articles of Association being effective as of 1 February 2013, in the process of being published.

**MODIFICATION OF THE ARTICLES OF ASSOCIATION:** deed executed by Mr Bertrand Nerinx, associated Notary in Brussels on 24 March 2017, realizing a capital increase as result of the merger by acquisition of "The Bank of New York Mellon (Luxembourg) S.A.", the modifications of the Articles of Association being effective as of 1 April 2017, in the process of being published.

### **COORDINATED VERSION OF THE ARTICLES OF ASSOCIATION**

#### **TITLE ONE - LEGAL FORM**

##### **ARTICLE 1 - NAME**

The company is incorporated under the legal form of a public limited liability company ("société anonyme"). It is named "The Bank of New York Mellon".

In all written documents issued by the company, the name must be preceded or followed immediately by the words "société anonyme" or the initials "SA".

##### **ARTICLE 2 - REGISTERED OFFICE**

The registered office of the company is established at 1000 Brussels, Rue Montoyer, number 46.

The registered office may be transferred to any other location in the Region of Brussels Capital or in the French speaking region by simple decision of the board of directors, which is fully empowered to have a deed executed to enact the modification to the articles of association resulting therefrom.

The company may, by simple decision of the board of directors, establish administrative offices, branches and agencies in Belgium or abroad.

##### **ARTICLE 3 - PURPOSE**

Subject to the authorization as a Belgian credit institution being obtained from the Banking, Finance and Insurance Commission (CBFA), the purpose of the company is the carrying out of all banking and savings activities pursuant to Article 3 § 2 of the Law of 22 March 1993 on the legal status and supervision of credit institutions, and more particularly to receive deposits in cash, financial instruments and other assets, to extend credits in any form whatsoever, to conclude any transactions relating to currencies, financial instruments and precious metals, to provide all financial and administrative services, as well as to hold interests in other companies and to carry out all other financial, movable and immovable transactions which directly or indirectly relate to its purpose or facilitate its achievement.

##### **ARTICLE 4 - TERM**

The company is incorporated for an indefinite term.

It can be dissolved by decision of the shareholders' meeting deciding under the conditions required for the modification of the articles of association.

#### **TITLE TWO - CAPITAL - SHARES**

##### **ARTICLE 5 - CAPITAL**

The subscribed and entirely paid up share capital amounts, since 1 April 2017 to one billion seven hundred and twenty three million four hundred and eighty five thousand five hundred and twenty six Euros and twenty one cents (EUR 1,723,485,526.21). It is represented by one million six hundred and seventy-two thousand and seventeen (1,672,017) shares, without par value, representing each one million six hundred and seventy-two thousand and seventeenth (1/1,672,017<sup>th</sup>) of the statutory capital.

##### **ARTICLE 6 - MODIFICATION OF CAPITAL**

The capital may be increased or reduced by decision of the shareholders' meeting under the conditions laid down by law.

In case of capital increase to be subscribed in cash, the new shares must be offered by priority to the shareholders in proportion to the capital represented by their shares and subject to the special regime of shares without voting rights.

The exercise of the preferential subscription right is organized in accordance with the legal provisions.

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The shareholders' meeting may, in the company's interest, under the quorum and majority conditions required for the modification of the articles of association and in compliance with the legal provisions, restrict or remove the preferential subscription right.

If, upon a capital increase, an issue premium is requested, this premium will be recorded in the books of the company in a non-available "issue premium" account that will constitute a guarantee to the benefit of third parties to the same extent as the capital and which cannot be disposed of, except for the possibility of conversion to equity, in accordance with the conditions provided in Article 612 of the Companies Code.

### ARTICLE 7 - CALLS ON SHARES

Calls for funds are determined by the board itself.

Any payments called are apportioned among all the shares which the shareholder holds. The board may allow the shareholders to pay up their shares in advance, in which case it determines any conditions under which such advance payments are allowed. Advance payments are considered as cash advances.

A shareholder who, after a formal notice sent by registered mail, does not fulfill a request for funds must pay the company interest calculated at the legal interest rate as from the date the payment was due.

The board may also, after a second notice remains unsuccessful within a month of its date, order the forfeiture of the shareholder and have his/her/its shares sold, without prejudice to the right to claim the outstanding balance and any damages. The net proceeds of the sale shall be charged against what is owed by the defaulting shareholder, who shall remain liable for the difference or shall benefit from the surplus.

The exercise of the voting rights attached to shares on which payments have not been made is suspended for as long as such payments regularly called and payable have not been made.

### ARTICLE 8 - AUTHORIZED CAPITAL

The board of directors is authorized to increase the capital, in accordance with the law, in one or more times up to an amount of two billion Euros (EUR 2,000,000,000.00) (by contribution in cash or in kind, or by converting reserves with or without emission of new shares). This authorization is valid for a period of five years from the publication of the document evidencing such authorization. The authorization is renewable.

This authorization includes the power for the board of directors to have the resulting amendments to the articles of association passed in a deed.

In case of capital increase by the board of directors by means of the authorized capital:

- (i) the board of directors may not decide on an increase mainly achieved through a contribution in kind exclusively reserved to a shareholder who holds shares in the company to which more than ten per cent of the votes are attached;
- (ii) the board may decide to issue convertible bonds and subscription rights;
- (iii) the board of directors is entitled to limit or suppress the preferential subscription right of the shareholders under the same conditions as those applicable to the general meeting;
- (iv) the board of directors has the right to limit or remove the preferential subscription right in favor of one or more specific persons who are not employees of the company or any of its subsidiaries. In this case the requirements of the Companies Code must be complied with.

### ARTICLE 9 - AMORTIZATION OF CAPITAL

The shareholders' meeting may decide by a simple majority vote the amortization of the subscribed capital by using the portion of the profits which may be distributed, without a capital reduction. The shareholders whose shares have been amortized shall retain their rights in the company, except for the right to a refund of their contributions and to a first dividend allocated to the non-amortized shares, fixed at five percent (5%) of the fully paid-up capital they represent, and obtain securities representing rights in the company.

## TITLE THREE - SHARES

### ARTICLE 10 - NATURE OF THE SHARES

The shares are registered.

Any transfer of shares shall be effective after registration in the register of shares.

The transfer of shares is not subject to any restriction.

The same rules apply in case of transfer of bonds whether convertible or not and of subscription rights issued by the company.

### ARTICLE 11 - ISSUE OF BONDS

The company may issue bonds, linked to mortgages or other, by decision of the board of directors, which determines the type and fixes the interest rate, method and timing of reimbursements, special guarantees and other conditions of the issue.

However, without prejudice to article 8, when issuing convertible bonds or bonds with subscription rights and in case of issue of subscription rights whether or not attached to another security, the decision is taken by the shareholders' meeting deciding under the conditions provided by law for the modification to the articles of association.

The shareholders' meeting may, in the interest of the company, restrict or remove the preferential subscription right in accordance with the requirements for the modification of the articles of association.

### ARTICLE 12 - SHARES WITHOUT VOTING RIGHTS

The company may issue shares without voting rights. Shares without voting rights confer the right to a preferential and recoverable dividend, a preferential right to the repayment of the capital contribution and a right in the distribution of the liquidation proceeds. These rights will be determined upon each issue of shares without voting rights.

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Shares with voting rights can be converted into shares without voting rights. The board of directors may determine the maximum number of shares to be so converted and the conversion conditions.

The company may require the purchase of its own shares without voting rights by decision of the shareholders' meeting deliberating under the conditions provided for a reduction of the capital, from those shareholders holding shares with or without voting rights.

## TITLE FOUR - MANAGEMENT AND SUPERVISION

### ARTICLE 13 - COMPOSITION OF THE BOARD OF DIRECTORS

The company is managed by a board of at least three members, natural or legal persons, shareholders or not, appointed by the shareholders' meeting for a maximum term of six years (after obtaining a concurring opinion from the National Bank of Belgium, if necessary and in line with legal requirements) and which may be revoked at any time by the shareholders' meeting. To the extent it is legally admissible, the outgoing directors can be re-elected.

In case a legal person is appointed as a director, it must appoint amongst its shareholders, managers, directors or employees, a permanent representative to take care of the director's duties in the name and for the account of the legal person. The appointment and the termination of the functions of the permanent representative are subject to the same rules of publication as if the representative would exercise this mission in its own name and for its own account.

The mandate of outgoing and non-re-elected directors terminates immediately after the shareholders' meeting deciding on the appointments.

In addition to the reimbursement of their costs, the shareholders' meeting may decide to grant a fixed remuneration to the directors, the amount of which will be determined each year by the shareholders' meeting and which will be booked as a general expense of the company. In addition, the shareholders' meeting may grant *tantièmes* (directors' fees, percentage of the profits) to the directors from the available profits of the financial year.

### ARTICLE 14 - VACANCY

In the case of vacancy within the board of directors because of death, resignation or other cause, the remaining directors have the right to temporarily fill the vacancy until the next annual general shareholders' meeting. In this case, the annual general shareholders' meeting appoints a replacement at its first meeting. The director appointed under the above conditions to replace a director completes the term of the director he/she/it replaces.

### ARTICLE 15 - CHAIR

The board of directors may elect a chairperson amongst its members.

In the event of absence or impediment of the chairperson, the board appoints one of its members to replace him/her.

### ARTICLE 16 - MEETINGS

The board of directors meets upon notice of its chairperson or in case of impediment of the latter, her/his substitute. The board of directors also meets each time the interest of the company requires it or each time at least two directors or the chair of the executive committee request it.

The meetings are held at the location indicated in the notices.

If all members of the board are present or represented, the prior notice must not be justified. The presence of a director at a meeting covers the possible irregularity of the notice and entails a waiver of the right to complain in this respect.

### ARTICLE 17 - COMPANY SECRETARY

The board of directors may appoint a company secretary. The company secretary shall, in the name of the board of directors and under its authority, convene the general shareholders' meetings and the meetings of the board of directors and shall act as secretary of these meetings.

### ARTICLE 18 - DELIBERATIONS

The board may validly deliberate and decide if at least half of its members are present or represented.

The meetings of the board are held in person. The meetings of the board may also be held by telephone or video conference. In this event, the meeting of the board is deemed to be held at the registered office of the company.

Any director can give a power of attorney to one colleague, in writing or by any other means of (tele)communication having a physical support, to represent him/her at a given meeting of the board and to vote in his/her stead.

In extraordinary circumstances duly justified by urgency and the company's interest, the decisions of board of directors can be taken by the unanimous consent of the directors, expressed in writing. This procedure cannot however be used for the finalization of the annual accounts or in order to use the authorized capital.

The decisions of the board of directors are taken by a simple majority vote, without taking the abstentions into account. In the event of a tie, the vote of the person who chairs the meeting is decisive. However, if the board is composed of only two directors, the vote of the chairperson ceases to be decisive.

Without prejudice to the exceptions mentioned in the Companies Code, a director who has directly or indirectly a financial interest conflicting with a decision or transaction falling within the competence of the board of directors, must inform the other directors prior to the deliberation of the board of directors. The provisions of Article 523 of the Companies Code must be taken into account.

### ARTICLE 19 - MINUTES

The deliberations of the board of directors are recorded in minutes signed by the chair of the meeting and by the directors who wish so. These minutes are inserted in a special register.

Delegations, as well as the opinions and votes submitted in writing, by telegram, telex, fax, e-mail or other printed documents are appended.

Copies or extracts of the minutes to be produced in court or elsewhere shall be validly authenticated if signed by the chairperson or the board of directors, two directors or the company secretary.



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## ARTICLE 20 - POWERS OF THE BOARD

The board of directors may perform all acts necessary or useful for the achievement of the corporate purpose, except those reserved to the shareholders' meeting by law or by the articles of association.

## ARTICLE 21 - ADVISORY COMMITTEES

The board of directors may create advisory committees within the board and under its responsibility. It describes their composition and their mission.

## ARTICLE 22 - EXECUTIVE COMMITTEE

In accordance with Article 524bis of the Companies Code and the Article 26 of the Act of March 22, 1993 relating to the status and the supervision of credit institutions, the board of directors may delegate its management powers to an executive committee, provided that this delegation does not include the power to decide on the general policy of the company or the entirety of the acts reserved to the board of directors pursuant to other provisions of the law.

The executive committee is composed of at least two members and constitutes a board whose all members are also members of the board of directors. The president of the executive committee is appointed by the board of directors after consultation of the National Bank of Belgium.

Any member of the executive committee may grant to any other member of said committee whatsoever, in writing or by any other means of (tele)communication having a physical support, a power to represent him/her at a given meeting of this committee and to vote in his/her stead.

The board of directors must supervise this committee.

The appointment conditions of the members of the executive committee, their dismissal, their remuneration, the term of their appointment and the functioning of the executive committee, shall be determined by the board of directors.

If a member of the executive committee has a direct or indirect conflicting interest of a financial nature in a decision or a transaction within the competence of the executive committee, it must notify it to the other members prior to the deliberation of the committee. The provisions of Article 524ter of the Companies Code must be taken into account.

## ARTICLE 23 - DAILY MANAGEMENT

In the course of its duties, the executive committee may delegate the daily management of the company as provided for in Article 525 of the Companies Code, the management of one or more transactions of the company, or the implementation of the decisions of the executive committee or of the board of directors to one or more persons, whether a director or not. It may revoke the delegations so conferred.

## ARTICLE 24 - SPECIAL DELEGATES

The board of directors as well as the executive committee and those appointed for the daily management may also, each within the course of their duties, delegate special powers to one or more persons of their choice, acting individually or jointly.

The board of directors, the executive committee and those appointed for the daily management, as the case may be, may at any time revoke the persons and powers that they conferred pursuant to the preceding paragraph.

## ARTICLE 25 - REPRESENTATION - OFFICIAL DEEDS AND LEGAL ACTIONS

The company is validly represented, including for deeds and in litigation:

- either by two directors acting jointly;
- or by one director acting alone if he/she is also member of the executive committee;
- or, but within the limits of the daily management, by the person or persons delegated to this daily management, acting jointly or severally.

These representatives do not need to justify vis-à-vis third parties of a prior decision of the board of directors or of the executive committee.

Furthermore, the company is validly bound by special delegates within the limits of their mandate.

## ARTICLE 26 - CONTROL

The control of the financial situation, of the annual accounts and of the regularity of the transactions to be reported in the annual accounts must be entrusted to one or more statutory auditors, members of the Institute of Chartered Accountants ("*Institut des Réviseurs d'Entreprises*"), appointed by the shareholders' meeting for a renewable term of three years.

## TITLE FIVE - GENERAL MEETINGS OF SHAREHOLDERS

### ARTICLE 27 - COMPOSITION AND POWERS

The shareholders' meeting is composed of all the owners of shares who are entitled to vote by themselves or through proxy holders, subject to having complied with any applicable legal requirements or provisions of the articles of association. Bondholders and holders of subscription rights are entitled to participate in the meeting subject to the same conditions but only in an advisory capacity.

Decisions duly adopted by the shareholders' meeting bind all the shareholders even absent or dissenting ones.

### ARTICLE 28 - MEETING

The annual shareholders' meeting statutorily meets on the last Tuesday of the month of May at 4 (four) PM. If this day is a legal holiday, the meeting is held the following business day.

Except for decisions to be recorded in a deed, the shareholders may unanimously take in writing all decisions which fall within the powers of the shareholders' meeting.

An extraordinary shareholders' meeting can be convened each time the interest of the company so requires.

Shareholders' meetings may be convened by the board of directors or by the statutory auditors and must be so convened upon the request of shareholders representing together one fifth of the statutory capital.



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## ARTICLE 29 - CONVENING NOTICES

Shareholders' meetings are held at the statutory office of the company or at any other place in Belgium, stated in the convening notice to the meeting.

The convening notices to any shareholders' meeting shall contain the agenda, which includes an indication of the topics to be handled and are sent in accordance with the law.

Any person may waive this notice and, in any case, be regarded as having been duly called if he/she/it is present or represented at the meeting.

If the written procedure is used pursuant to Article 536 of the Companies Code, the board will send a circular by mail, fax, e-mail or any other medium, with reference to the agenda and proposals for decisions, to all the shareholders and the auditors, if any, asking the shareholders to approve the proposed decisions and to return the circular duly signed within the term stated therein, to the company's statutory office or to any other place indicated in the circular.

The decision must be regarded as not having been taken, if all shareholders do not approve all items on the agenda and the written procedure, within the aforementioned term.

Shareholders, bondholders, holders of subscription rights or holders of registered certificates are entitled to be informed of the decisions taken at the registered office of the company.

## ARTICLE 30 - ADMISSION TO THE MEETING

The board of directors may require that the shareholders and bondholders inform it in writing (by letter or proxy), at least three days prior to the meeting, of their intent to attend the meeting and that the shareholders specify the number of shares for which they intend to participate in the vote.

If the board of directors uses this right, it must be mentioned in the notices calling for the meeting.

A list of attendance mentioning the name of the shareholders and the number of shares they hold is signed by each of them or by their proxies prior to joining the meeting.

## ARTICLE 31 - REPRESENTATION

Any owner of securities may be represented at the shareholders' meeting by a representative, proxy holder, whether a shareholder or not. A proxy holder may represent more than one shareholder.

The board or the company secretary may adopt the form of proxy and require that they be deposited at the place indicated by it within the term it sets.

Co-owners as well as pledgors and pledgees must be represented by one single person.

## ARTICLE 32 - BUREAU

All shareholders' meetings are chaired by the chairperson of the board or in his/her absence, by another director.

The chairperson may appoint a secretary. If the number of shareholders present allows it, the meeting may choose one or more tellers from amongst its members.

## ARTICLE 33 - POSTPONEMENT OF THE MEETING

Every shareholders' meeting, whether annual or special, may be postponed forthwith for three more weeks by the board of directors. The postponement cancels all decisions taken.

The formalities complied with to attend the first meeting and the proxies will remain valid for the second meeting, without prejudice to the right to comply with these formalities for the second meeting in the event they have not been complied with for the first one.

The second meeting decides on the same agenda. Its decisions are final.

## ARTICLE 34 - RIGHT TO VOTE

Each share gives right to one vote.

## ARTICLE 35 - DELIBERATION OF THE SHAREHOLDERS' MEETING

Except in the cases provided by law, decisions are taken, irrespective of the number of shares represented at the meeting, with a simple majority of the votes validly exercised, disregarding abstentions.

The votes are expressed by show of hands or by calling of names unless the shareholders' meeting decides otherwise by a majority vote.

## ARTICLE 36 - SPECIAL MAJORITY

Whenever the shareholders' meeting must decide on an increase or decrease of the statutory capital, on a de-merger or a merger of the company with other entities, on the winding up or any other modification to the articles of association, it can only deliberate if the purpose of the proposed modifications is specifically mentioned in the notices and if those attending the meeting represent at least one half of the statutory capital.

If this last condition is not met, a new notice is necessary and the second meeting will validly deliberate whatever the portion of the capital represented.

No modification is valid if it is not adopted with a three quarters majority vote.

However, when the deliberation concerns the modification of the corporate purpose, the modification of the respective rights of categories of securities, the winding up of the company resulting from a reduction of the net assets to an amount which is less than one half or one quarter of the capital, the transformation of the company, or a merger, a de-merger, the contribution of universality or of a branch of activity, the meeting is validly constituted and may decide only with the quorum of attendance and the majority of votes required by law.

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## ARTICLE 37 - MINUTES

The minutes of the shareholders' meeting are signed by the members of the bureau and the shareholders who request it. Copies or extracts of minutes of the shareholders' meeting to be produced in court or elsewhere shall be validly authenticated if signed by two directors or by an executive director.

## TITLE SIX - ANNUAL ACCOUNTS - DISTRIBUTION

### ARTICLE 38 - FINANCIAL YEAR

The financial year starts on the first of January and ends on the thirty first of December of each year.

### ARTICLE 39 - VOTE ON THE ANNUAL ACCOUNTS

The annual shareholders' meeting decides on the annual accounts.

Once the annual accounts are adopted, the meeting decides by special vote on the release to be granted to the directors and to the auditor(s).

### ARTICLE 40 - DISTRIBUTION

The profits are determined in accordance with the law. Each year, five percent will be deducted from the profits to constitute the legal reserve. This deduction ceases to be mandatory when this legal reserve fund reaches one tenth of the statutory capital. It must start again if the legal reserve is being used.

The balance is allocated by the shareholders' meeting deciding upon proposal of the board of directors according to the law.

### ARTICLE 41 - PAYMENT OF DIVIDENDS

The payment of dividends, if any, is made annually, at the time and the place indicated by the board of directors, in one or several times.

The board of directors may, under its responsibility, decide the payment of interim dividends by deducting them from the profits of the current financial year. It determines the amount of these interim dividends and their payment date.

## TITLE SEVEN - DISSOLUTION AND LIQUIDATION

### ARTICLE 42 - LIQUIDATION

In case of dissolution of the company for any reason and at any time whatsoever, the liquidation is carried out by the liquidator(s) appointed by the shareholders' meeting or, failing such appointment, by the board of directors in office at that time and acting as a liquidation committee.

For this purpose, the liquidators have the widest powers conferred by law.

The shareholders' meeting shall, where appropriate, determine the remuneration of the liquidator(s).

### ARTICLE 43 - DISTRIBUTION

After settlement of the debts and of the expenses of the liquidation or consignment of the amounts required for this purpose,- the net assets shall first be applied to reimburse, in cash or in securities, the paid up amount on the shares.

If not all shares are paid up in the same proportion, the liquidators, before proceeding with any distribution, will take into account this diversity of situation and re-establish the balance by calling funds or by proceeding with a prior distribution. The balance shall be distributed equally among all shares.

## TITLE EIGHT - GENERAL PROVISIONS

### ARTICLE 44 - ELECTION OF DOMICILE

For the enforcement of these articles of association, all shareholders, bondholders, directors, auditors, managers or liquidators residing abroad, elect domicile at the statutory office where all communications, summonses, subpoenas and notifications can be validly made.

### ARTICLE 45 - JURISDICTION


For all disputes between the company, its shareholders, bondholders, directors, auditors and liquidators relating to the affairs of the company and the enforcement of these articles of association, exclusive jurisdiction is granted to the courts of the statutory office, unless the company expressly waives such jurisdiction.

### ARTICLE 46 - LEGAL PROVISIONS

The company intends to fully comply with the law. Consequently, the legal provisions which would not be legally waived, shall be deemed part of these articles of association while clauses contrary to mandatory provisions of the law are deemed unwritten.

For lawful co-ordination on [•]

I, Nathalie Ryckaert, Secretary General of The Bank of New York Mellon SA/NV do hereby certify that the document is a true and correct copy of the original which I have examined. Brussels, Belgium, this

21 June  




The Bank of New York Mellon SA/NV

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