

**The Bank of New York Mellon (International) Limited**

Strategic Report, Directors' Report and Financial Statements

Registered number 03236121

31 December 2025

# **The Bank of New York Mellon (International) Limited**

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# **The Bank of New York Mellon (International) Limited**

## **Board of directors and other information**

### **Directors**

P A Davies

T Degn-Petersen (Chair)

M J Dodds (Chair Nomination Committee)

G A Efthimiou (Chair Audit Committee)

W Leech (Chair Risk Committee)

J Mann

C E Neate

R C Savchuk

### **Secretary**

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

### **Independent Auditor**

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

### **Registered Office**

160 Queen Victoria Street

London

EC4V 4LA

### **Registered Number**

03236121

# The Bank of New York Mellon (International) Limited

## Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of The Bank of New York Mellon (International) Limited's ("the Company" or "BNYMIL") business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators. The Strategic report also reports against the requirements of Section 172 of the Companies Act 2006.

The ultimate parent company is The Bank of New York Mellon Corporation ("BNY" or "Group").

### Business review

The Company reported profit before taxation of £152.3 million for the year ended 31 December 2025 (2024: £136.8 million). Total operating profit before taxation increased by £16.5 million year-on-year primarily reflecting £15.4 million reduction in total operating expenses - driven by lower internal service recharges and other administrative costs - together with higher net interest income and other income. Income from investments in affiliates amounted to £44.8 million arising from the Company's 10% interest in the Investment and Cooperation Agreement ("ICA").

The table below shows the key performance indicators for the Company. Total operating profit before taxation is a non-GAAP measure not shown in the Statement of profit and loss or Statement of comprehensive income. This excludes the impact of income from investments in affiliates and amounts written off in relation to those investments to provide a better comparison of the year-on-year operating performance of the Company.

### Financial key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2025 £000	2024 £000	Change £000	Change %
Total operating income	248,621	247,478	1,143	0%
Total operating expenses	(141,091)	(156,473)	15,382	(10)%
Total operating profit before taxation	107,530	91,005	16,525	18%
Profit before taxation	152,340	136,755	15,585	11%
Net assets	1,215,041	1,084,761	130,280	12%

Total operating income increased by £1.1 million mainly due to:

- £0.8 million marginally higher net interest income.
- £2.1 million higher other income, reflecting a £4.6 million one off interest received on overpaid tax partially offset by £2.4 million realised losses on the sale of low yielding debt securities; offset by
- £2.1 million marginally lower fee income largely due to one client exit during the year.

Total operating expenses decreased by £15.4 million, primarily driven by £10.0 million lower internal service recharges, mainly reflecting reduced cost allocations from intercompany service providers following efficiencies achieved under the Platforms Operating Model ("POM") and £5.8 million lower other administrative expenses, mainly due to lower operational risk events provision.

Net assets increased by £130.3 million year-on-year, reflecting the Company's 2025 post tax profit and unrealised fair value gains on securities recognised at Fair Value through Other Comprehensive Income ("FVOCI").

# The Bank of New York Mellon (International) Limited

## Strategic report

### Business and future developments

In 2025 BNYMIL continued to enhance its markets access and diversify its funding capabilities including a \$160 million (£119 million) 5 year term loan from BNY Security Services (Ireland) Limited to support the Company's structural USD liquidity requirements. Looking ahead, the Company remains committed to navigating the evolving economic landscape with resilience and adaptability. In parallel, the Company is advancing its capabilities to responsibly utilise artificial intelligence ("AI") across operations and client solutions, harnessing data driven insights to improve efficiency, elevate client outcomes, and strengthen risk management while upholding rigorous governance and ethical standards. BNY also remains focused on the continued evolution of its Platforms Operating Model ("POM") to drive greater agility, simplify delivery, and strengthen alignment around client needs and strategic priorities. Management anticipate continued growth opportunities in the markets in which BNYMIL operates, and it is positioned to meet the evolving needs of its clients through a suite of services, whilst maintaining a steadfast focus on risk management and regulatory compliance. Additionally, the Company is dedicated to preserving and further strengthening its capital base, ensuring that there exists the financial foundation necessary to support its operations and withstand market fluctuations. The Company will continue to prioritise maintaining high levels of liquidity, allowing it to effectively meet client needs and capitalise on strategic opportunities as they arise. As the Company forges ahead, management is confident in its ability to deliver to its clients and uphold the Company's position as a trusted partner in the global financial ecosystem.

### Section 172 Companies Act 2006 Statement

The directors of the Company are required under Section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the directors must consider certain factors in their decision-making and then make a statement about how they have considered those factors. The factors the directors must consider are:

- a) the likely consequences of any decision for the long term;
- b) the interests of the Company's people;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

### Taking into account the long term impact of decisions

- **Strategy and Performance:** The Board considered the main underpinning pillars of the Company's strategy as being: 1) Be More for Our Clients; 2) Run Our Company Better; and 3) Power Our Culture; these align with, and derive from, the BNY Group Strategy, and will form part of the 2026 strategy document refresh. Each pillar is supported by goals and metrics, with day-to-day execution of the strategy monitored and tracked by the Chief Executive Officer ("CEO") and BNYMIL Executive Committee ("ExCo"). The Board considers the immediate, mid term and long term risks and opportunities faced by the Company and their likely impact on the community and the environment. Examples of this include monitoring business at risk and other growth areas; sustainability; digitisation and expansion of services to clients; ensuring a robust operational and technology resilience pathway; employee wellbeing; and maintaining strong regulatory engagement.
- **Corporate Governance:** The Company formally adopts the Wates Corporate Governance Principles for Large Companies to promote long term success and positive engagement with stakeholders as described on pages 6 to 9.
- **Risk:** The directors recognise the importance of risk management in the execution of the Company's strategy and the Board has reviewed the levels of risk acceptable to the Company. This is formalised and monitored through a Risk Appetite Statement ("RAS"), approved by the Board, and monitored by the Risk Committee of the Board ("RCoB"). The Company continually reviews existing and emerging risk that could cause a material impact on its long term success. The Risk Management Framework is further outlined on page 10.
- **Regulatory Change:** The Board receives updates from senior management, on the implementation and embedding of regulatory change initiatives and compliance with ongoing regulatory requirements. Additionally, as part of the Company's recovery and resolution planning requirements, the directors periodically review the Company's critical functions, which are those where disruption or withdrawal could have an adverse material impact on clients and financial stability.

# The Bank of New York Mellon (International) Limited

## Strategic report

### *Employee Interests*

Although the Company operates an outsourced operating model and has no employees, it remains focused on the culture of the broader BNY employees who support its outsourced operations. In 2024, the Group launched five principles (Be Client Obsessed, Spark Progress, Own it, Stay Curious and Thrive together) in support of the three BNY strategic pillars. The Company also continues to focus on succession planning including supporting readiness of candidates. The Board receives regular updates from The People Team. The Company adheres to the principles of Equal Employment Opportunities.

### *Suppliers, customers, stakeholders and other third parties*

The directors fully recognise the importance of balancing the interests of the Company's internal and external stakeholders: clients, industry groups, regulators, shareholder, and vendors. The Board receives updates on the interests of internal and external stakeholders, including through regular updates from its committees. The Company is supported by the CEO, who provides regular written reports to the Board on key milestones, client matters and progress under programmes of work including BNYMIL's outsourced business model and initiatives underpinning delivery of the Company's strategy.

During 2025, there was continued engagement between the Boards of key entities in the Europe, Middle East and Africa ("EMEA") region and the wider BNY Group. To this end, a number of sessions were held between EMEA independent non-executive directors ("INED") and senior leaders, including an annual call with the Group CEO in December 2025. The Company has also registered the BNY Corporate Modern Slavery Statement online with the UK Home Office. In addition, BNYMIL is regulated in the UK by the Financial Conduct Authority ("FCA") and the Prudential Regulatory Authority ("PRA") and the directors have a strong, open, and transparent relationship with the Company's regulators.

### *Impact on the community and environment*

The Company takes a strategic approach to sustainability, led by the Board, with clear accountability, to incorporate analysis, consideration and management of financial risks arising from climate change. The Company recognises that success in addressing financial risks resulting from climate change must take into account the impact on the Company's clients, vendors, and financial position. It must also reflect the Company's outsourced business model and status as a subsidiary of BNY. The Company is also aligned with its group affiliates on matters affecting the community and environment.

### *High Standards of Business Conduct*

The Company operates within the FCA and PRA's rules, and the restrictions defined in its regulatory licence. All Senior Managers and Certification Regime ("SMCR") staff undertake ongoing SMCR training sessions and the UK Certified and Senior Management Function ("SMF") population are provided with focused training on the SMCR and UK Conduct Rules. The Company operates within the BNY Conduct and Culture Framework, which is guided by the BNY Code of Conduct (the "Code"). This Code outlines key guidelines for ethical behaviour in everyday activities, emphasising the importance of doing what is right, regardless of the impact on specific transactions or short-term relationships. Conduct and culture metrics are reported to the UK Risk Management Committee ("UK RMC"), which has delegated authority from the RCoB to oversee the day-to-day management of risk.

The FCA's Consumer Duty (the "Duty") aims to set higher standards of consumer protection across financial services and requires firms to act to deliver good outcomes for retail customers. In accordance with regulatory expectations, the Company's Consumer Duty Champion role is held by an INED, P A Davies, who is responsible for ensuring that the Duty is discussed at meetings and embedded within the business. During the year, the Consumer Duty Champion regularly met with management to obtain assurance on the actions taken by the Company to ensure that it delivers good outcomes for consumers. The Board received regular reports on the Consumer Duty outcomes and the measures of embeddedness within BNYMIL, and, approved its annual Consumer Duty Report in June 2025.

### *Acting fairly between members of the Company*

The Company is a wholly owned subsidiary within the BNY Group and is governed by its Board. It maintains an open and collaborative relationship with BNY, which ensures that the Company remains aligned with the strategic objectives and corporate values of its shareholder.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Governance and policies

The main governing body of the Company is the Board of Directors, which meets on a quarterly basis and receives reports from its ACoB and RCoB on topics including risk management, compliance and internal audit to assist the Board in evaluating the effectiveness of the existing control environment. A number of regional committees and governance bodies are in place to ensure effective escalation of issues through the regional and global structure of the Group. These committees and governance bodies are authorised by, or act on behalf of, the Company, and report formally and informally through the governance structure, to the Board of Directors.

The Board delegates certain responsibilities to a number of dedicated committees as follows:

- The Bank of New York Mellon (International) Limited Audit Committee of the Board (“ACoB”);
- The Bank of New York Mellon (International) Limited Risk Committee of the Board (“RCoB”);
- The Bank of New York Mellon (International) Limited Nomination Committee of the Board (“NomCo”);
- The Bank of New York Mellon (International) Limited Executive Committee (“ExCo”);
- CASS Governance Body (“CGB”);
- EMEA Asset & Liability Committee (“ALCO”); and
- The UK Risk Committee of the Board (“UK RMC”) (via RCoB).

The ACoB assists the Board in fulfilling its oversight responsibilities in respect of the Company’s financial reporting process; its compliance with legal and regulatory requirements; the efficiency of the internal controls; the performance of the internal audit function; and the statutory auditor’s qualifications, independence, provision of additional services, and performance. The ACoB meets at least four times a year and is chaired by an INED.

The RCoB assists the Board in fulfilling its oversight responsibilities concerning the risk appetite and risk management of the Company, as well as compliance with legal and regulatory requirements and controls to prevent, deter and detect fraud, and to monitor other areas of risk associated with the Company, including outsourcing arrangements. The RCoB meets at least four times a year and is chaired by an INED.

The NomCo reviews the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of Board members) and to make recommendations to the Board with respect to Board and SMF appointments. The NomCo meets at least twice a year and is chaired by an INED.

The ExCo's responsibilities include, but are not limited to, the day-to-day execution and review of the Company’s business strategy, performance and governance within the strategy approved by the Board, and ensuring that the Company’s culture facilitates the performance of business activities with integrity, efficiency and effectiveness. The ExCo meets at least ten times per year and is chaired by the CEO.

The CGB provides oversight of the Company’s organisational arrangements for ensuring compliance with the FCA’s Client Assets (“CASS”) requirements.

The EMEA ALCO is the senior management committee responsible for balance sheet oversight, including capital, liquidity, and interest rate risk management of the banking and broker-dealer branches and subsidiaries in the region. It is responsible for overseeing that Company policy and guidance set through the Global ALCO is understood and executed locally.

The UK RMC has delegated authority from the RCoB and The Bank of New York – London Branch Management Committee to oversee the day-to-day management of risk. The UK RMC meets at least ten times per year and is chaired by the UK Chief Risk Officer.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Corporate governance

#### Approach to Corporate Governance

Fundamental to the Company's strategy are high standards of corporate governance. During the year ended 31 December 2025, the Company followed the Wates Corporate Governance Principles ("the Principles"). The following section explains the Company's approach to corporate governance, and its application of the Principles.

#### Principle One - Purpose and leadership

The Company's purpose is to be a sustainable and profitable entity and an integral part of BNY's EMEA business as one of the material subsidiaries in the region. It provides a full suite of products and services predominantly for Asset Servicing to UK domiciled fund managers and UK funds, while maintaining the highest standards of client service. The Company's strategy is prepared in conjunction with other entities within the EMEA region to ensure alignment. The Company's Directors are consulted on the priorities for input to the strategy, and individual discussions are held with business partners and the Company's key stakeholders to ensure alignment with corporate, regional and line of business strategies, where appropriate. The Board is collectively responsible for the long term success of the Company. It achieves this by overseeing execution of the Company's strategy, within the wider strategy of the BNY Group.

The Board's strategy is shared internally with key committees and the Company's senior representatives in order to obtain feedback and help inform the decision making process. Examples of this include the continued roll out of the Platforms Operating Model and focus on leveraging the 1 BNY model to expand services to clients. The Company remains focused on being an enabler to growth and supporting the Asset Servicing strategy and priorities, with additional focus on emerging products and services. The strategy is also used to inform other governance documents such as the Internal Capital Adequacy Assessment Process ("ICAAP") document, the Internal Liquidity Adequacy Assessment Process ("ILAAP") document and the Recovery Plan.

The Board establishes, promotes, and monitors the Company's culture and values, leveraging BNY Group policies and procedures, where possible, to Power Our Culture. Conduct is at the heart of how BNY operates and competes, with delivering good outcomes for clients, markets and colleagues forming a central part of the Company's business model. Being Client Obsessed guides BNY's decisions and actions across businesses and regions.

The Company operates within BNY's conduct and culture framework, which is centred around a commitment to integrity, ethical behaviour, and risk management. The framework is guided by the BNY Code of Conduct, which outlines key guidelines for ethical behaviour in day-to-day work, emphasising the importance of doing what is right, regardless of the impact on specific transactions or short-term relationships. Along with BNY's strategic pillars and principles, the Code provides a framework for decision making and a guide to business conduct. Those who manage or supervise others are expected to foster an environment in which employees are comfortable raising questions and concerns, report instances of non-compliance, take appropriate disciplinary action in respect of compliance and ethics violations and review the Code of Conduct at least annually with staff. However, all employees have a responsibility to raise questions and report non-compliance. Some examples of how culture is monitored include through feedback, surveys, training and awareness programmes. In addition, the UK RMC, which has delegated authority from the BNYMIL Board for day-to-day risk management, monitors conduct risk metrics.

BNY has a global framework of policies, including those designed to ensure that all employees are empowered to report suspected misconduct without hesitation or fear of reprisal, and with confidence that their disclosure will be taken seriously. Employees are also provided access to an Ethics Help Line where they can report any concerns. The Company's ACoB receives regular written reports on the data received from the Ethics Office. In accordance with regulatory expectations, the Company's Whistleblowers' Champion role is held by an INED, G A Efthimiou, who provides an annual Whistleblowers' Champion report describing the Company's Whistleblowing arrangements and assessing the effectiveness of its whistleblowing systems and controls during the reporting period.

# The Bank of New York Mellon (International) Limited

## Strategic report

The Board maintains a detailed Conflicts of Interest Register, validated annually by all lines of business and functions. The UK RMC and ExCo perform an annual review of the Register. The RCoB also receives an annual summary report confirming that annual review and attestation has taken place and highlighting any key points of note. The Board receives a report from the Company Secretary each year on the Directors' Register of Interests. The Company is a wholly owned subsidiary within the BNY Group and its ultimate parent undertaking, The Bank of New York Mellon Corporation, includes the Company and all its subsidiary undertakings in its consolidated financial statements. Commentary is provided within the Annual Report on driving the long term growth strategy across all of BNY's businesses.

### Principle Two - Board Composition

The composition of the Board ensures that there is an appropriate balance of skills, backgrounds, experience and knowledge to promote effective decision making and support the delivery of the Company's strategy. To this end, the Board, supported by the NomCo, periodically reviews its composition and the Board Succession Plan. As at 31 December 2025, the Board comprised of a Chair and a CEO along with two executive directors and four independent non-executive directors. During 2025, there were several changes to the Board. M A Murphy stood down as CEO and as executive director with effect from 11 April 2025 and C E Neate was appointed to both roles from 1 July 2025. H Kablawi also stood down as Chair of the Board on 12 December 2025 and T Degn-Petersen was appointed to this role on the same date.

The appointment of both executive and non-executive directors is subject to a transparent procedure with input from the Group, the People Team, Compliance, the NomCo, and the Board. The membership of ACoB, RCoB and NomCo are comprised entirely of INEDs who support effective decision making and independent challenge.

The Board considers that its current size and composition are appropriate to meet the strategic needs of the Company and to ensure the directors have a high level of understanding relevant to both the needs of the business and stakeholders' interests. In addition to his BNYMIL Chair role, T Degn-Petersen is the BNY International Chief Operating Officer and in this position, he provides strategic leadership for first-line controls, legal entity oversight and governance, and drives BNY's international operating footprint. He is a member of the senior committees that oversee risk, people and culture and he also serves on a number of BNY's subsidiary boards in Europe and the Middle East.

The INEDs are responsible for independent and objective judgement in relation to Board deliberations, constructively challenging and monitoring performance of the management team. The Board is supported by a number of Committees, each of which has written terms of reference setting out its responsibilities and comprises of individuals with appropriate skills and experience.

In advance of each scheduled Board meeting, the Chair holds a closed-door session with the INEDs to facilitate constructive discussion. Board papers are distributed sufficiently in advance of meetings to ensure that the directors are given appropriate information and adequate time to prepare. Board meetings are fully planned, with input from the Chair, and the CEO, to ensure that appropriate time is allocated to agenda topics for meaningful discussion. The INEDs have a communication channel through the Company Secretary should they require any additional information in advance of Board meetings.

The Company has established a Board Inclusion Policy, which sets out its approach to promoting BNY's Thrive Together Principle on the Board. This is important to Power the Firm's Culture and to each Director as individuals. It is also critical to the Firm's effective decision making, ability to serve its clients and grow its business through delivery of the Company's strategy. The NomCo is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with respect to appointments. In identifying suitable candidates for a particular appointment, the NomCo considers candidates on merit and against objective criteria and with due regard for the benefits of different perspectives, experiences, and backgrounds. Overall, the combined skills and experience of the Board demonstrate a high level of strategic direction, executive oversight, business knowledge, fiduciary duty and governance.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Principle Three - Director Responsibilities

Each director has a clear understanding of their accountability and responsibilities. When directors are appointed to the Board, they are provided with a tailored induction programme developed by the Company Secretary and delivered by key internal stakeholders, which is tailored to the individual's specific experience and knowledge. As part of the ongoing engagement programme, directors also keep their skills and knowledge up to date by meeting with senior management, and by attending internal training courses, and sessions delivered by external providers on specific topics of relevance. On an annual basis, the Company Secretary provides written guidance to the Board on the requirements of Directors' Interests and Acceptance of Third-Party Benefits.

The Board receives regular and timely information on key aspects of the business including, financial performance, strategy implementation, operational matters, client updates and products, and stakeholder engagement.

The Board has reserved certain principal matters for its own approval, as documented in the Schedule of Matters Reserved for the Board, which is reviewed annually. The Chair of the Board and the Chairs of the Committees, supported by the Company Secretary, periodically review the terms of reference and forward agenda planners to ensure they remain fit for purpose and consider any initiatives that could strengthen the governance of the Company.

The Board and each of its Committees also undertake annual reviews of their effectiveness to provide an opportunity to highlight strengths and areas for further development. In 2025, this review was conducted internally via questionnaires, facilitated by the Company Secretary.

Policies are in place in relation to potential conflicts of interest and at each Board meeting, all directors are asked to declare any potential conflicts of interest. These declarations are collated by the Company Secretary and where there are potential conflicts, appropriate safeguards are implemented. The Board has adopted the BNY Business Conflicts of Interest Policy, which provides a framework for managing business conflicts of interests and sets out BNY's requirements and expectations in relation to potential conflicts of interest that may arise within the Group. The Company Secretary maintains and presents to the Board on an annual basis the individual directors' register of interests.

### Principle Four - Opportunity and Risk

Expansion of the Company's activities into new business or geographic areas and approval of any acquisitions, disposals or mergers are matters which are reserved for the Board. Monitoring the management of clients, business partners and third-party activities, and ensuring that business is executed within risk appetite limits, are responsibilities of the ExCo.

Strong risk management is central to the strategy of the Company which, along with a robust risk control framework, acts as the foundation for the effective management of risk. Approval of the Company's Risk Management Framework, RAS and risk limits are matters which are reserved for the Board. The RCoB assists the Board in fulfilling its oversight responsibilities in connection with risk oversight, including Company's risk appetite. The Board has established a RAS in accordance with the Global Risk Appetite Policy and focuses on seven key areas: operational, strategic, model, market, liquidity, capital, and credit risks. The Company has in place a well established framework, which provides oversight for the identification and mitigation of risks across the Company.

Each RCoB meeting is attended by the UK Chief Risk Officer and Compliance Officer. Executives and other senior managers attend RCoB meetings during the year to report on risk items, as required. The Chair of the RCoB provides a written report for each quarterly Board meeting, which provides an overview of the matters considered, items for escalation and recommends decisions that require Board approval.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Principle Five - Remuneration

The Board has delegated authority to the EMEA Remuneration Advisory Council (“ERAC”) for overseeing the development and implementation of the Remuneration Framework. The ERAC provides an annual report to the Board on compliance with the regulatory remuneration rules. In addition, the People Team undertakes a periodic benchmarking exercise on the Company’s non-executive director pay to ensure that pay remains market competitive.

The Remuneration Framework establishes the general principles, practices, and processes that BNY applies with regard to taking decisions about employee remuneration. The Remuneration Framework applies to all Capital Requirements Regulation (“CRR”) entities regulated by the PRA and the FCA and is therefore relevant to BNYMIL. It is based, in part, on BNY’s broader compensation philosophy, which focuses on ensuring that employees receive remuneration that encourages and rewards contribution, and which supports the corporate principles underpinning BNY’s business strategy. In order to support the corporate values, the Remuneration Framework aims to ensure that remuneration reflects performance, attracts and retains high performing employees and incentivises behaviour that contributes to long-term shareholder value. In line with legislation, BNY publishes a UK Gender Pay Gap report. BNY conducts periodic reviews of pay levels across all comparable roles in the business to ensure that people of different genders are paid equally for doing equivalent jobs with similar levels of experience and skill. People are BNY’s most important asset, enabling the organisation to be focused on urgency, accountability, excellence, and innovation. BNY’s Principle, Thrive Together is interwoven into the Company’s culture and inform the compensation principles.

The ERAC functions as the main supervisory body for all applicable compensation plans to ensure that these follow the specific regulatory provisions that apply in the different countries in the region. The ERAC is responsible for approving the Material Risk Takers (“MRT”) definitions, and for annually approving the list of identified MRTs in line with regulatory requirements. On at least an annual basis, the ERAC reviews remuneration policies and their application in the region with respect to adherence to local regulatory requirements. The applicable remuneration rules that the Company is subject to include the Capital Requirements Directive V (“CRD V”) and PRA and FCA rules.

A number of the Company’s directors are members of the ERAC. The governance bodies that are responsible for providing oversight of the ERAC include the Human Resources and Compensation Committee (“HRCC”) and the Compensation Oversight Committee (“COC”). The HRCC is responsible for overseeing BNY’s employee compensation and benefits policies and programmes globally. The members of the HRCC are non-executive members of BNY’s Board of Directors. The members of the COC are senior members of BNY management. Further information on the purposes, resources, and general considerations of the HRCC can be viewed at <https://www.bny.com/corporate/global/en/investor-relations/corporate-governance/human-resources-and-compensation-committee.html>.

### Principle Six - Stakeholder Relationships and Engagement

The approach of the Board in respect of engagement and obtaining feedback from suppliers, customers and other third parties is described in the separate Section 172 statement on pages 3 to 4. Additionally, the financial statements are made available to the FCA on an annual basis and are published on the Companies House website. In accordance with the requirements of the CRR and the CRDV, the Board annually prepares and makes publicly available the Company’s Pillar 3 disclosures on capital and risk management.

As part of a major global financial institution, the Company considers the impact its business has on the environment, society, and stakeholders. Examples of this include the Board overseeing and monitoring climate-related activities, reviewing client engagement and activity, identifying the Company’s critical functions, and monitoring operational resiliency and recovery.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Risk management

#### Risk management process

Senior Management sets the strategy and policies for the management of these risks and is responsible for risk identification, management and monitoring.

#### Risk management framework

The Enterprise Risk Management Framework ("ERMF") supports the Company's goals of long-term resiliency, safety and soundness to withstand the impact of financial market and other stresses. It is designed to maintain compliance with laws and regulations by enabling comprehensive risk management processes through which the Company identifies, controls, measures and monitors risks that it assumes in conducting its business activities.

The Company is committed to ensuring that in executing on its strategic and operational plans, it operates within its Risk appetite and appropriate controls and monitoring are established. The Company's Risk Appetite Framework defines the roles and responsibilities for ownership, approval and monitoring of Risk appetite, and the incorporation of Risk appetite into the governance, business management, decision making and strategy development processes of the Company. The framework and related metrics are set and owned by the Board, followed by the First and overseen by the Second Lines of Defence ("LOD"). Metrics are reviewed and discussed at monthly UK Risk Management Committee meetings.

The Company has developed its risk appetite with reference to the key risks identified within the Corporate Risk Appetite Statement. The Company identifies six key areas in its risk taxonomy: strategic, operational, credit, market, liquidity and model risks. Additional risk considerations to complement these include reputational, operational resiliency and environmental, social and governance risk (encompasses climate change related risk) which run throughout the different areas of the risk taxonomy listed above.

#### Strategic risk

Strategic risk is 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.

Strategic 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 and investments.

The Company seeks to minimise this risk by having a thorough understanding of the markets in which it participates, that it employs a continuous improvement approach, and has programmes and makes direct investments that encourage and create innovative outcomes.

#### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes risks, such as compliance and financial crimes, technology risks and third party risks.

The Company's 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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## Strategic report

The monitoring and reporting of operational risks occur within the business, entity and international risk oversight functions as well as decision making forums, such as business risk committees and the Company's UK RMC.

### Operational risk – specific to Restitution

Restitution risk relates to the obligation imposed on the depositary by fund regulations (i.e., Alternative Investment Fund Managers Directive (“AIFMD”) or Undertakings for the Collective Investments in Transferable Securities (“UCITs”)) and is considered as part of the Operational Risk taxonomy. The Company may also opt to take on restitution liability electively for clients for whom restitution liability is not mandated. Restitution liability obliges the depositary or custodian to make good the client for the cost of loss of financial instruments, (the “assets”) held in custody by the depositary or custodian itself or its delegates. In this context, cash is deemed to be excluded from the obligation of restitution.

The risks are managed by exclusion of some sub-custodians and markets, full discharge of liability to prime brokers appointed as delegates in the case of AIFMD funds, and limiting appetite to act as depositary with restitution liability only where the Company is also the custodian.

The Company has a range of governance forums which help to ensure that this risk is adequately mitigated, on an ongoing basis, and control structures are appropriate and functioning properly.

### Operational risk – specific to Conduct

Conduct risk is defined as the risk that detriment is caused to clients, the market, the Company or its employees because of inappropriate execution of its business activities or inappropriate behaviour by the Company or its employees and is considered within the Operational Risk taxonomy.

The Company is subject to the BNY Group Conduct Risk Policy and Code of Conduct, which sets out clear expectations of the roles of senior management in setting the appropriate tone, and includes examples of good and poor conduct. Employees receive periodic training or briefing on conduct-related matters and are required to complete an annual process to confirm adherence to the Code of Conduct. Conduct-related management information is captured and provided to the UK RMC and reviews of conduct-related matters can be included in the scope of Compliance Monitoring and/or Internal Audit assurance reviews.

## Credit risk

Credit risk denotes a broad category of adverse financial outcomes arising from credit events (default, bankruptcy, ratings migration) associated with the obligor or counterparty reneging (inability or unwilling) to meet its contractual obligations. 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.

Mitigation of credit risk is discussed in Note 2 (“Financial risk management”).

## Market risk

Market risk is defined as the risk of financial loss or adverse change to the economic condition resulting from movements in market risk factors. Market risk factors include but are not limited to interest rates, credit spreads, foreign exchanges rates, commodity prices, and equity prices.

Mitigation of market risk is discussed in Note 2 (“Financial risk management”).

# The Bank of New York Mellon (International) Limited

## Strategic report

### Liquidity risk

Liquidity risk is the inability to access funding or convert assets to cash quickly and efficiently, especially during periods of market stress, at a reasonable cost, and in order to meet its short-term (up to one year) obligations.

The Company'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 Company.

Mitigation of liquidity risk is also discussed in Note 2 ("Financial risk management").

### Model risk

Model risk is defined as the potential loss arising from incorrectly designing or using a model or stress conditions that invalidate the assumptions of a model.

The Company relies on the global framework for the management of both model risk and user defined technology. Material models are formally presented to the Capital Stress Testing Oversight Group to ensure Legal Entity oversight and ownership.

### Capital risk

Capital risk is defined as the risk to capital adequacy arising from adverse changes in leverage and risk-based asset exposures as well as adverse impacts due to adjustments, deductions, composition and legal entity dynamics. The Company monitors its capital adequacy through a risk limit framework including a risk appetite.

### Geopolitical and other macro-environmental risks

The Company is exposed to geopolitical risks including the global trade war, conflicts, terrorism and cyber-attacks.

BNY Group maintains controls, processes and policies that are designed to adhere to relevant sanctions, laws and regulations in countries in which the Group operates. The Group continues to monitor any subsequent developments associated with the conflicts whilst taking necessary actions where prompted.

### Climate-related risk management

In the sections that follow, we discuss in detail our approach to managing climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

#### 1. Governance

In line with BNY's governance structure as outlined in BNY's 2024 Sustainability Report, the BNYMIL Board recognises the importance of managing climate-related risks and steps have been taken to enhance its oversight. The BNYMIL Board has delegated certain responsibilities to the committees noted under the Governance section of the Strategic report to ensure the effective embeddedness of climate-related risks amongst these governance forums. The Board meets on a quarterly basis and receives committee updates, which include climate-related risks as part of their responsibilities, ensuring effective oversight from the Board. The quarterly updates to the Board includes a climate risk report for the entity that considers the financial and non-financial impacts of climate-related risks. The Board approves the following activities/reports where climate-related risk impacts are considered – Annual Strategy, Annual Risk Appetite Statement, Annual Risk Identification Assessment, ICAAP, Internal Liquidity Adequacy Assessment Process ("ILAAP"), Annual Financial Statements and the Pillar 3 Report.

The Chief Financial Officer ("CFO") is the Senior Management Function allocated responsibility for "identifying and managing the financial risk from climate change." The CFO delegates climate-related risk responsibilities to the relevant SMFs and senior management within the Lines of Business and Operations. BNYMIL has adopted the Three LOD model in deploying its risk management framework in line with the Group's organisational structure.

# The Bank of New York Mellon (International) Limited

## Strategic report

### 2. Strategy

#### Overview:

BNY's global climate strategy informs the company's approach to commercial opportunities, risk management, operations, stakeholder engagement and regulatory compliance. It is anchored on four pillars that align with the company's broader corporate strategy to *Be More for Our Clients, Run Our Company Better, and Power Our Culture*.

These pillars, summarized below, provide a structured framework that guides the execution of our global climate strategy across key Platforms and Hubs:

- Supporting Our Clients
- Climate Risk Management
- Sustainable Operations
- Leadership and Accountability

BNY's legal entities, including BNYMIL, take from and contribute to BNY's global climate strategy.

**Climate-related opportunities:** BNY leverages its expertise and platforms to offer a range of solutions to help clients identify and capture opportunities across the financial life cycle. BNY helps clients to achieve their sustainable finance goals and more seamlessly integrate sustainability considerations as they invest, move and manage money.

While the impacts of climate change within BNYMIL have been assessed as nonmaterial relative to the overall risk profile, the risk is recognised as an emerging risk and hence is subject to monitoring and oversight for potential future profile changes. We continue to assess the impact of these risks and provide regular reporting to Senior Management and the Board. Please see further disclosure of the principal risks and opportunities within BNY's 2024 Sustainability Report.

### 3. Risk management

**Processes for identifying and assessing climate-related risks:** BNY's Risk Identification and Assessment process, a key component of BNY's Enterprise Risk Framework, is documented quarterly in line with internal policies. Additionally, to satisfy client and regulatory expectations, BNY has developed a complementary process which enables the business to further identify and assess climate-related risk driver impacts on business activities and risk profiles, and to support management of any elevated risk drivers. Potential risk drivers are assessed quantitatively and qualitatively to determine if a risk is material. Determination of materiality aligns with the Enterprise Materiality Framework and applied consistently across risk types. Regardless of whether a risk is deemed material, risk drivers may be monitored through reporting and dedicated risk assessment tools so that aggregate and individual risks are understood and mitigated appropriately. In 2025, BNYMIL undertook this risk driver materiality assessment which concluded that the impact of climate-related transition and physical risks to the entity is nonmaterial over the short, medium and long term. Current procedures are therefore assessed to be sufficient to mitigate any potential heightened risk drivers in the short term (within 3 years).

**Process for managing climate-related risks:** Managing risk is a core pillar of BNY's global climate strategy. BNY considers climate risks as potential drivers of financial risks (such as Credit, Market and Liquidity Risks), and nonfinancial risks (such as Operational and Strategic Risks). BNYMIL includes climate-related considerations across all risk categories to support ongoing monitoring and decision making. The management of climate-related risks is integrated into BNYMIL's standard risk management framework and is consistent with BNY's Enterprise Risk Management Framework.

BNY at a Group level, has designed key processes and tools for managing climate-related risks, including but not limited to, client and vendor due diligence screening, assessment of climate-related risks in product and service development and operational risk assessments. These processes and tools are replicated within BNYMIL where appropriate, based on the business model and risk profile of the entity. Climate-related risk is monitored through climate specific Key Risk Indicators ("KRIs") that measure levels of risk. A quarterly Climate Risk Report is used for periodic monitoring and reporting of climate-related risks. The report includes quantitative and qualitative metrics/KRIs which capture the different elements of climate-related impacts.

# The Bank of New York Mellon (International) Limited

## Strategic report

The BNYMIL Risk Appetite does not currently include limits being set against any of the KRIs in place due to it being nonmaterial. There are embedded processes to report and discuss climate-related risks to the BNYMIL Board and relevant committees to support senior management review and decision making. The reporting includes results from ongoing monitoring as well as general updates on climate-related regulatory landscape.

Additionally, analysis undertaken in BNYMIL's 2025 ICAAP, ILAAP and medium-term climate change scenarios developed by The Network for Greening the Financial System ("NGFS"), along with internal metrics used to monitor potential risks, illustrate a non-material impact from climate-related risks relative to overall risk profile.

### 4. Metrics and targets

BNY has set several climate targets and goals at the Group level. BNY's legal entities, including BNYMIL, adopt and contribute to the goals and targets applicable to their legal entity.

As part of the risk management framework implemented across BNY, quantitative risk management metrics have also been implemented and are cascaded to BNYMIL to support local management in understanding the risk profile of BNYMIL and potential areas of vulnerability. These measurements allow management to identify and manage potential areas of elevated risk should climate-related risks become material over time, and include:

<b>Risk Type</b>	<b>Key Metrics/Key Risk Considerations</b>
Strategic Risk	<ul style="list-style-type: none"><li>• Number of clients and revenue from higher and moderate climate risk sectors.</li><li>• Number of escalations from negative news screenings of clients</li></ul>
Market Risk	<ul style="list-style-type: none"><li>• Fair Value losses on Banking and Trading book based on NGFS climate scenario</li></ul>
Liquidity Risk	<ul style="list-style-type: none"><li>• Liquidity outflow stress losses based on hypothetical physical climate change shocks</li></ul>
Operational Risk	<ul style="list-style-type: none"><li>• Number of and losses from weather related events.</li><li>• Critical vendors in high-risk locations (assessed based on the location the vendor provides the service from and where data is stored).</li><li>• Number of and percentage of employees located in physical locations identified as being potentially higher risk.</li></ul>
Credit Risk	<ul style="list-style-type: none"><li>• Exposures (\$) and percentage (%) of corporate loans in potentially vulnerable sectors.</li><li>• Exposures (\$) and percentage (%) of Real Estate exposures (CRE and RRE) in geographies / regions potentially vulnerable to physical risks.</li><li>• Exposures (\$) and percentage (%) of corporate bonds in potentially vulnerable sectors.</li><li>• Exposures (\$) and percentage (%) of sovereign bonds in potentially vulnerable geographies.</li></ul>

### Performance against set metrics

An important component of managing BNY's progress toward our climate targets and goals is measuring and monitoring our performance. In 2025, BNY achieved carbon neutrality.

# The Bank of New York Mellon (International) Limited

## Strategic report

### Approval

By order of the Board

*Robin Savchuk*

Robin Savchuk (Apr 24, 2026 15:49:53 GMT+1)

R C Savchuk  
Director

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA  
24 April 2026

Registered number: 03236121

# **The Bank of New York Mellon (International) Limited**

## **Directors' report**

The directors present their report and financial statements of The Bank of New York Mellon (International) Limited for the year ended 31 December 2025.

### **Principal activities**

The principal activity of the Company is asset servicing, providing services and solutions in the investment life cycle, for the management, administration, oversight, safekeeping, and measurement of client cash, securities and other assets as well as depositary and trustee services. The Company will continue to provide these services for the foreseeable future. The Company also has an investment in an associate (“ICA”) with The Bank of New York Mellon – London Branch, whose principal activities are similar to those of the Company. The Company is a fully outsourced entity, which means that it does not employ any individuals within its UK operations. The Bank of New York Mellon – London Branch employs the staff who perform activities in support of the Company’s businesses under a Service Level Agreement.

The Company is authorised by the PRA and regulated by the FCA and the PRA. All the Company’s activities during the year were regulated and conducted within the scope of permissions granted to the Company by the FCA and PRA.

### **Results and dividends**

The profit for the year after taxation amounted to £106.8 million (2024: £115.2 million).

The directors do not recommend a cash dividend for the year ended 31 December 2025 (2024: £nil).

### **Future developments**

See 'Business and future developments' section in the Strategic report.

### **Streamlined Energy & Carbon Reporting (“SECR”)**

In accordance with the Companies Regulations 2018, the Company is in scope as a large unquoted entity. However, the Company qualifies as a ‘low energy user’ as defined by the Regulations and accordingly is not required to disclose its energy use and associated greenhouse gas (‘GHG’) emissions.

### **Capital management**

The Company assesses and monitors its capital adequacy in accordance with the Basel Framework on the basis of Pillar 1 and Pillar 2 capital requirements, as well as based on internally assessed capital requirements. Both regulatory prescribed and internally assessed capital requirements are subject to internally defined, Board approved risk limits.

The Company's ICAAP document outlines the regulatory and internally assessed capital requirements. The Company has an established ICAAP framework, including the development, review, challenge, and adoption of, the underlying procedures and methods/models used for ongoing capital assessments, which includes a quarterly capital assessment process, a semi-annual capital stress testing process, and the production of the annual ICAAP document.

The Company ensures its capital base exceeds both the minimum requirements set by the regulator (as prescribed by the Capital Requirements Directive and Capital Requirements Regulation) and the internal risk limits through daily monitoring. The Company also ensures its capital base exceeds the internally assessed capital requirement through quarterly monitoring.

The Company’s capital planning process incorporates regulatory capital requirements, economic capital modelling, and capital stress testing. The capital stress tests, initially based on the underlying financial forecast, are prepared by Capital Adequacy with support provided by other subject matter expert (“SME”) functions.

# The Bank of New York Mellon (International) Limited

## Directors' report

### Capital management - continued

The Pillar 3 disclosures for the Company are published on BNY's website at <https://www.bny.com/corporate/global/en/investor-relations/regulatory-filings.html>. These disclosures provide additional information on the Company's risk management framework and management of regulatory capital. An analysis of the Company's capital resources and Pillar 1 capital resources requirement is provided in Note 33 "Capital resources and requirement".

### Employees

Although the Company operates an outsourced operating model and has no employees, it remains focused on the culture of the broader BNY employees who support its outsourced model. For more information, please see s172 Employee interests on page 4.

### Country-by-Country Reporting disclosures

Institutions are required to publish details of their income, employment, profits, taxation and any public subsidies on a country by country basis under the Capital Requirements Regulations 2013.

The regulation requires institutions to report the following information:

- a) Nature of activities and geographical location (see 'Principal activities' on page 16 and disclosure Note 12 on page 58);
- b) Turnover (see disclosure Note 12 on page 58);
- c) Number of employees on a full time equivalent basis (see disclosure Note 12 on page 58);
- d) Profit before taxation (see disclosure Note 12 on page 58);
- e) Tax on income (see disclosure Note 12 on page 58); and
- f) Public subsidies received (not applicable).

### Directors

The directors who served during the year and up to the date of the report were as follows:

	Appointed	Resignation
P A Davies	-	-
T Degn-Petersen	12 December 2025	-
M J Dodds	-	-
G A Efthimiou	-	-
H Kablawi	-	12 December 2025
W Leech	-	-
J Mann	-	-
M A Murphy	-	11 April 2025
C E Neate	1 July 2025	-
R C Savchuk	-	-

### Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2024: none utilised).

### Post balance sheet events

There are no post balance sheet events requiring disclosure.

# The Bank of New York Mellon (International) Limited

## Directors' report

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be considered at the forthcoming Annual General Meeting.

The Company is subject to mandatory auditor rotation as a UK Public Interest Entity and is required to change its auditor for the financial year ending 31 December 2027. During the year, the ACoB undertook a competitive tender process for a new auditor, and the Board of Directors approved Forvis Mazars LLP as statutory auditor for this future period. A resolution to appoint Forvis Mazars LLP will be considered at the forthcoming Annual General Meeting.

By order of the Board

*Robin Savchuk*

Robin Savchuk (Apr 24, 2026 15:49:53 GMT+1)

R C Savchuk  
Director

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

24 April 2026

Registered number: 03236121

# **The Bank of New York Mellon (International) Limited**

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's corporate and financial information. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Independent auditor's report

## To the members of The Bank of New York Mellon (International) Limited

### 1. Our opinion is unmodified

We have audited the financial statements of The Bank of New York Mellon (International) Limited ("the Company") for the year ended 31 December 2025 which comprise the statement of profit and loss, the statement of comprehensive income, the balance sheet, the statement of changes in equity, and the related notes (except for the sections of note 33 marked as unaudited), including the accounting policies in note 1.

#### In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 14 March 2008 prior to the Company becoming a public interest entity. The period of total uninterrupted engagement is for the 19 financial years ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remain independent of

the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

#### Overview

**Materiality:** £7.0m (2024:£4.8m)  
financial statements as a whole 4.59% (2024: 3.51%) of PBTCO

#### Key audit matters vs 2024

Recurring risks		
Revenue recognition		◀▶
	• Interest receivable and similar income	
	• Fee and commission receivable	

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2024), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p><b>Revenue Recognition</b></p> <p>Interest receivable and similar income (2025: £292.2 million; 2024: £367.5 million)</p> <p>Fees and commissions receivable (2025: £145.4 million; 2024: £147.5 million)</p> <p><i>Refer to note 1.8 &amp; 1.9 (accounting policy) and notes 4 &amp; 5 (financial disclosures).</i></p>	<p><b>Recognition of interest receivable and similar income and fees and commissions receivable</b></p> <p>The recognition of revenue from interest receivable and similar income, and fees and commissions receivable, is not subject to significant estimation uncertainty or judgement.</p> <p>However, each constitutes a significant proportion of total revenue and individually exceeds materiality by a considerable margin. The recognition of revenue is additionally dependent on a number of processes and controls, both manual and automated, and the existence of certain control deficiencies required incremental audit procedures in this area.</p> <p>As such, we considered this to be the area that had the greatest effect on the allocation of resources and the direction of audit effort by the engagement team.</p>	<p><b>Controls</b></p> <p>We performed walkthroughs and risk assessment procedures to obtain an understanding of the revenue recognition processes in accordance with the requirements of the applicable accounting standards. Given the highly automated nature of certain aspects of the processes, we involved our IT specialists as an integral part of the audit team to test relevant general IT and application controls.</p> <p><b>Test of details</b></p> <p>Interest receivable and similar income</p> <ul style="list-style-type: none"> <li>— For a sample of interest receivable recognised, we agreed the interest rates to supporting documentation and performed recalculations. Where the contractual terms specified the use of market floating rates, we independently sourced the data.</li> <li>— For interest related to certain large placements, we obtained daily deposit balances and applicable interest rates and recalculated the interest earned for the full year.</li> <li>— We utilised data and analytics tools to recalculate 100% of interest income on debt securities.</li> </ul> <p>Fees and commissions receivable</p> <ul style="list-style-type: none"> <li>— For a sample of asset servicing revenue invoices, we agreed fee rates to customer contracts, recalculated invoice amounts and, where relevant, agreed amounts to subsequent cash receipts.</li> <li>— We inspected a sample of transactions to assess whether revenue was recognised in the correct accounting period.</li> </ul> <p><b>Our results</b></p> <p>The results of our testing were satisfactory and we considered interest receivable and similar income, and fees and commission receivable to be acceptable (2024: acceptable).</p>

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £7.0 million (2024: £4.8 million), determined with reference to a benchmark of PBTCO, of which it represents 4.59% (2024: 3.51%).

The increase in materiality as a percentage of the benchmark as compared to prior year was mainly due to two reasons. Firstly, the benchmark in the prior year had changed from total revenue to PBTCO and therefore prior year materiality was initially set at a lower percentage of the new benchmark. Secondly, that prior year materiality was set using a forecast of PBTCO and was not revised upwards for an increase in actual PBTCO in that year.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £5.25 million (2024: £3.6 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £350,000 (2024: £240,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

The scope of the audit work performed was a combination of controls reliance and substantive procedures. Where we could only place limited reliance upon the Company's internal controls over financial reporting, the scope of the audit work was predominately substantive.

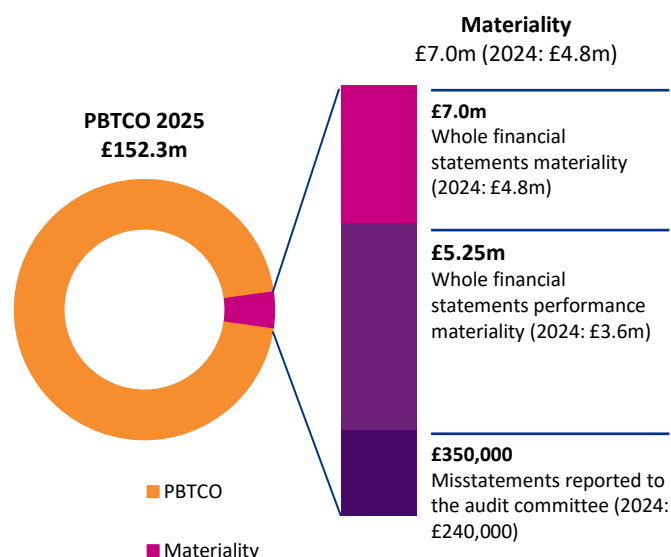
### 4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least 12 months from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- The availability of funding and liquidity, in the event of a market wide stress scenario and other uncertainties on the business; and
- The impact on regulatory capital requirements in the event of an economic slowdown or recession.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.



We considered whether the going concern disclosure in the financial statements gives a full and accurate description of the director's assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure on page 30 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and internal audit as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We have evaluated the control deficiencies identified and believe that these are not indicative of fraud.

On this audit we do not believe there is a fraud risk related to revenue recognition, because there is limited complexity and it is not subject to significant estimation or judgement. We did not identify any additional fraud risks.

We also performed procedures identifying journal entries based on risk criteria and compared the identified entries to supporting documentation. These included entries posted to seldom or unusual accounts, those containing certain key words, those posted by individuals who infrequently post entries and material post-close journals. We also evaluated the business purpose of significant unusual transactions.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies’ legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company’s license to operate. We identified the following areas as those most likely to have such an effect: client assets and money, regulatory capital and liquidity, data protection laws, criminal finances, anti-bribery, employment law, sanctions and anti-money laundering and certain aspects of company legislation recognising the financial and regulated nature of the Company’s business. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management, and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. Respective responsibilities

### *Directors' responsibilities*

As explained more fully in their statement set out on page 19, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Richard Rawstron (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square London

United Kingdom E14 5GL

24 April 2026

# The Bank of New York Mellon (International) Limited

## Statement of profit and loss for the year ended 31 December 2025

	Note	2025 £000	2024 £000
Interest receivable and similar income	4	292,194	367,509
Interest payable and similar charges	4	(197,224)	(273,351)
<b>Net interest income</b>		<u>94,970</u>	<u>94,158</u>
Fees and commissions receivable	12	145,423	147,547
Net foreign exchange translation gain/(loss)		74	(315)
Other operating income	6	8,154	6,088
<b>Non-interest income</b>		<u>153,651</u>	<u>153,320</u>
<b>Total operating income</b>		248,621	247,478
Administration expenses	8, 9 & 10	(141,192)	(156,924)
Change in Expected Credit Loss ("ECL") on financial assets		101	451
<b>Total operating expenses</b>		(141,091)	(156,473)
Income from investments in affiliates	7	44,810	102,898
Amounts written off investments in affiliates		-	(57,148)
<b>Profit before taxation</b>		<u>152,340</u>	<u>136,755</u>
Taxation on profit	11	(45,560)	(21,518)
<b>Total profit for the financial year</b>		<u><u>106,780</u></u>	<u><u>115,237</u></u>

Notes 1 to 35 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations.

# The Bank of New York Mellon (International) Limited

## Statement of comprehensive income for the year ended 31 December 2025

	2025	2024
Note	£000	£000
<b>Profit for the financial year</b>	<u>106,780</u>	<u>115,237</u>
Items that are or may be reclassified subsequently to profit or loss:		
Net movement in financial instruments measured at FVOCI	32,634	21,463
Related tax	11 <u>(9,134)</u>	<u>(5,992)</u>
<b>Other comprehensive income, net of income tax</b>	<u>23,500</u>	<u>15,471</u>
<b>Total comprehensive income for the year</b>	<u><u>130,280</u></u>	<u><u>130,708</u></u>

Notes 1 to 35 are integral to these financial statements.

# The Bank of New York Mellon (International) Limited

## Balance sheet at 31 December 2025

	Note	2025 £000	2024 £000
<b>Assets</b>			
Cash and balances at central banks	14	2,666,888	2,687,665
Loans and advances to banks	15	2,037,724	1,891,637
Loans and advances to customers	16	28,495	173,578
Investment securities	17	2,969,599	2,994,460
Investments in affiliates	18	118,150	127,028
Intangible assets	19	2,909	156
Tangible fixed assets	20	31	47
Prepayments and accrued income	21	65,789	58,890
Deferred tax asset	22	-	8,926
Other assets	23	29,188	65,384
<b>Total assets</b>		<b>7,918,773</b>	<b>8,007,771</b>
<b>Liabilities</b>			
Deposits by banks	24	2,240,411	2,575,276
Customer accounts	25	4,303,354	4,316,535
Loan due to fellow group undertakings	26	118,897	-
Other liabilities	27	31,960	20,810
Deferred tax liabilities	22	288	-
Accruals and deferred income	30	7,166	6,077
Provisions	31	1,656	4,312
<b>Total liabilities</b>		<b>6,703,732</b>	<b>6,923,010</b>
<b>Capital and reserves</b>			
Called up share capital	32	519,695	519,695
Fair value reserve		1,758	(21,742)
Other reserves		7,139	7,139
Profit and loss account		686,449	579,669
<b>Shareholder's funds</b>		<b>1,215,041</b>	<b>1,084,761</b>
<b>Total liabilities and shareholder's funds</b>		<b>7,918,773</b>	<b>8,007,771</b>

Notes 1 to 35 are integral to these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

*Robin Savchuk*

Robin Savchuk (Apr 24, 2026 15:49:53 GMT+1)

R C Savchuk  
Director

24 April 2026  
Registered number: 03236121

# The Bank of New York Mellon (International) Limited

## Statement of changes in equity For the Year Ended 31 December 2025

	Called up Share capital £000	Fair value reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2024	519,695	(37,213)	7,139	464,432	954,053
Profit for the year	-	-	-	115,237	115,237
Net movement in financial instruments measured at FVOCI	-	21,463	-	-	21,463
Tax on other comprehensive income	-	(5,992)	-	-	(5,992)
Total comprehensive income for the period	-	15,471	-	115,237	130,708
<b>Balance at 31 December 2024</b>	<b>519,695</b>	<b>(21,742)</b>	<b>7,139</b>	<b>579,669</b>	<b>1,084,761</b>
Balance at 1 January 2025	519,695	(21,742)	7,139	579,669	1,084,761
Profit for the year	-	-	-	106,780	106,780
Net movement in financial instruments measured at FVOCI	-	32,634	-	-	32,634
Tax on other comprehensive income	-	(9,134)	-	-	(9,134)
Total comprehensive income for the period	-	23,500	-	106,780	130,280
<b>Balance at 31 December 2025</b>	<b>519,695</b>	<b>1,758</b>	<b>7,139</b>	<b>686,449</b>	<b>1,215,041</b>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies

#### 1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company limited by shares incorporated and domiciled in the UK and registered in England and Wales. The registered address is given on page 1. The financial statements were authorised for issue by the Company's Board of Directors on 24 April 2026.

The financial statements, which comprise the information on pages 25 to 70 (except for the sections of Note 33 marked as unaudited) have been prepared in accordance with FRS 101.

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation includes the Company and all its subsidiary undertakings in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which are considered equivalent to International Financial Reporting Standards (Adopted IFRSs). The Bank of New York Mellon Corporation's consolidated financial statements are available at <https://www.bny.com/us/en/investor-relations/overview.html>. Accordingly, the Company is a qualifying entity for the purpose of FRS 101 disclosure exemptions.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Statement of cash flows and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of revenue contracts with customers and related significant judgements; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of The Bank of New York Mellon Corporation include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1.23.

#### 1.2 Changes in accounting policies

##### New and amended accounting standards and interpretations

##### New standards, interpretations and amendments effective on or after 1 January 2025

The standard below was effective from 1 January 2025 but does not have a material impact on the company's financial statements.

- Lack of Exchangeability (Amendments to IAS 21) – Effective 1 January 2025.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.3 Exemption from preparation of group financial statements

As noted in section 1.1 above, the Company's ultimate parent company includes the Company in its consolidated financial statements, which are prepared under a basis equivalent to Adopted IFRS. Accordingly, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. Therefore, these financial statements present information about the Company as an individual undertaking and not about its group.

#### 1.4 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments measured at fair value.

#### 1.5 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 15. The Strategic report also includes the Company's objectives, policies and processes for managing its capital, its financial risk management objective and its exposures to credit and liquidity risk.

The Company currently holds capital and liquidity above regulatory requirements as at year end (see Note 33 "Capital resources and requirement"). Management, through the Internal Capital and Liquidity Adequacy Assessment Processes, monitors on an ongoing basis the Company's ability to meet its financial obligations as they fall due, covering at least twelve months after the date that the financial statements are approved. As a consequence, the directors believe that the Company can manage its business risks successfully.

The directors have had regard to management's assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern and concluded that no such issues exist. In reaching this conclusion, management considered:

- Liquidity position based on current and projected cash resources and regulatory requirements. The Company currently has a 'Liquidity Coverage Ratio' ("LCR") above regulatory requirement that is designed to test short-term resilience to liquidity disruptions;
- Capital and liquidity stress tests on reasonably plausible scenarios. In addition, a significant reduction in revenue and inflationary stress on expenses and maintaining these levels for a period of 12 months from the date of signing the financial statements. Mitigation of the Company's liquidity risk exposure and capital management is discussed in Note 2 "Financial risk management" and the "Capital management" section on page 16;
- Reverse stress tests; and
- The Company's operational resilience with respect to existing processes and key resources and relationships such as its people, clients, suppliers, and existing information technology systems and infrastructure.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months after the date that the financial statements are signed. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.6 Related party transactions

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities that form part of the Group.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.7 Foreign currency

The Company's functional and presentational currency is GBP. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the Statement of profit and loss and Statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Any resulting exchange differences are reported net in the Statement of profit and loss or Statement of comprehensive income within interest receivable or payable as appropriate.

#### 1.8 Interest receivable and interest payable

Interest receivable and interest payable are recognised in the Statement of profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the Statement of profit and loss include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on financial assets measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

And other financial assets and liabilities carried at fair value through profit or loss are presented in net income from other financial instruments at fair value through profit or loss.

#### 1.9 Revenue from contracts with customers

Fees and commissions earned from the provision of Custody, Trustee and Depositary, Transfer Agency, Fund Accounting, Corporate Trust and Global Liquidity Services are recognised as revenue.

Revenue is based on terms specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of a good or service to a customer.

A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognised by measuring the Company's progress in satisfying the performance obligation in a manner that reflects the transfer of goods and services to the customer. Revenue from a performance obligation satisfied at a point in time is recognised at the point in time the customer obtains control of the promised good or service.

The amount of revenue recognised reflects the consideration the Company expects to be entitled to in exchange for the promised goods and services. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction, are collected from a customer and are excluded from revenue.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.10 Dividends

Dividends are recognised as a liability when it becomes a legally binding liability for the Company, regardless of date on which it is to be settled. In the case of a final dividend, this will be when it is declared by the directors through a written resolution. For interim dividends, these are recognised when payments are made. Interim dividends declared by the directors but unpaid at the balance sheet date are not considered a liability at the balance sheet date because the directors retain the discretion to cancel them until they are paid and are only disclosed in the notes to the financial statements.

Dividend and similar income is recognised in the Statement of profit and loss on the date the entity's right to receive payments is established.

#### 1.11 Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of profit and loss except to the extent that it relates to items recognised directly in equity or Statement of comprehensive income, in which case it is recognised directly in equity or Statement of comprehensive income respectively.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.12 Non-derivative financial instruments - classification and measurement

##### i) Classification of non-derivative financial instruments

IFRS 9 Financial Instruments: Recognition and Measurement outlines the requirements for the recognition and measurement of financial assets and liabilities. Financial instruments are initially recognised when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument. IFRS 9 classification of assets is based on two aspects: the business model within which the asset is held (the business model test) and the contractual cash flows of the asset in relation to the solely payments of principal and interest ('SPPI') test.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.12 Non-derivative financial instruments - classification and measurement - continued

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets include Cash and balances at central banks; loans and advances to banks; and loans and advances to customers.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets include Investment securities (see Note 17).

All other financial assets are classified as measured at FVTPL.

A financial liability is initially recognised at fair value and in the case of deposits by banks, Customer accounts and other liabilities, net of directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost or FVTPL.

#### **Business model assessment**

Certain financial assets, for example, deposits with central banks and financial institutions, always will be held for collection of contractual cash flows as the nature of the asset means that it cannot be sold. For other financial assets, the Company makes an assessment of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Information that is considered includes:

- the stated policies and objectives for the portfolio;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated; and
- the frequency and volume of historical and expected sales.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.12 Non-derivative financial instruments - classification and measurement - continued

##### Solely payments of principal and interest (SPPI) criteria

'Principal' for these purposes is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money e.g., periodic reset of interest rates.

The Company classifies financial assets at amortised cost where the business model is to hold these assets to collect contractual cash flows and the SPPI criteria has been met. Such financial assets include Cash and balances at central banks; loans and advances to banks; and loans and advances to customers. These assets are measured using the effective interest rate method.

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. A financial asset can be classified in this category by choice if so, designated by management at inception. This designation is because the relevant assets and liabilities are managed together, and internal reporting is evaluated on a fair value basis. The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

##### ii) Initial recognition of non-derivative financial instruments

All financial assets are initially recognised at fair value plus or minus directly attributable transaction costs on a trade date basis. After initial recognition, financial liabilities are measured at amortised cost or FVTPL.

##### iii) Subsequent valuation of non-derivative financial instruments

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of debt instruments classified as fair value through comprehensive income are recognised as other comprehensive income until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised as other comprehensive income is recognised in the income statement. Any premium or discount paid on the purchase of securities held at amortised cost is amortised through the income statement using the effective interest rate method.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at cost using the effective interest method.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.13 Derecognition of financial assets and financial liabilities

##### *Financial assets*

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement where either:
- the Company has transferred substantially all the risks and rewards of the asset; or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### *Financial liabilities*

The Company derecognises a financial liability (or, where applicable a part of a financial liability or part of a group of similar financial liabilities) when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of profit and loss, and Statement of comprehensive income.

#### 1.14 Impairment of financial assets (including trade and other debtors)

Under IFRS 9, the Company generally recognises loss allowances at an amount equal to 12-month "ECL" (Stage 1, the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime expected loss basis (Stage 2). Exposures that are in default are regarded as credit impaired (Stage 3) and are also measured on a lifetime ECL basis.

#### 1.15 Derivative financial instruments

Derivatives are recorded on the balance sheet at fair value and include interest rate swaps. Derivatives in an unrealised gain position are recognised as assets while derivatives in unrealised loss position are recognised as liabilities. Derivatives are reported net by counterparty and after consideration of cash collateral, to the extent subject to legally enforceable netting agreements and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

All derivatives including those designated and effective in qualifying hedging relationships are classified in other assets or other liabilities on the balance sheet. Gains and losses on non-qualifying economic hedges including those designated and effective in qualifying hedging relationships are generally included in other income in the Statement of profit and loss.

The Company enters into various derivative financial instruments for non-trading purposes primarily as part of the asset/liability management process. These non-trading derivatives are designated as one of three types of hedge activities: fair value, cash flow or net investment hedges. To qualify for hedge accounting, each hedge relationship is required to be highly effective at reducing the risk associated with the exposure being hedged, both prospectively and retrospectively. The Company formally documents all relationships, including hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking each hedging transaction. At inception, the potential cause of ineffectiveness related to each of the hedges is assessed to determine if it is expected that the hedge will be highly effective over the life of the transaction. At hedge inception, the Company documents the methodology to be utilised for evaluating effectiveness on an ongoing basis and monitors this periodically.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.15 Derivative financial instruments - continued

##### Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at amortised cost, then its carrying amount is adjusted accordingly. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss at the point of derecognition. Derivative amounts affecting the Statement of profit and loss are recognised in the same income statement line as the hedged item.

See Note 28 for additional disclosures related to derivative financial instruments.

#### 1.16 Repurchase and Reverse Repurchase agreements

Reverse repurchase agreements and similar transactions are a form of secured lending whereby the Company provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Company obtains such loans or cash collateral, in exchange for the transfer of collateral. The collateral exchanged is in the form of highly liquid and includes marketable securities.

The Company purchases securities subject to a commitment to resell or return them (reverse repurchase agreement). These securities are not included in the balance sheet as the Company does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as an asset measured at amortised cost unless it is designated or mandatorily at fair value through profit and loss and is reported under Loans and advances to banks.

The Company may also sell securities (a repurchase agreement) subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Company retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost unless it is designated at fair value through profit and loss.

Securities purchased under resale agreements and securities sold under repurchase agreements are accounted for as collateralised financing and are reported under Deposits by banks on the balance sheet. Generally, these agreements are recorded at the amounts at which the securities will be subsequently resold or repurchased, plus accrued interest. Securities purchased under resale agreements are fully collateralised with high-quality liquid securities. Collateral requirements are monitored, and additional collateral is received or provided, as required. Where an enforceable netting agreement exists, resale and repurchase agreements executed with the same counterparty and the same maturity date are reported on a net basis on the balance sheet. See Note 29 for additional disclosures related to repurchase agreements.

#### 1.17 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IAS 1 and other relevant standards.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.18 Intangible assets

Intangible assets relate to purchased relationships and computer software acquired by the Company at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of profit and loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful life of the intangible assets is between 5 and 10 years.

#### 1.19 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the Statement of profit and loss, and Statement of comprehensive income on a straight-line basis over the estimated useful lives of the tangible fixed assets. The estimated useful lives are as follows:

- |   |                        |   |
|---|------------------------|---|
| • | Fixtures and fittings  | 10 years  |
| • | Computer equipment     | 4 years   |
| • | Leasehold improvements | 10 years or the period of the lease, whichever is shorter |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.20 Investments in affiliates

Investments in associates and subsidiaries are carried at cost less impairment.

#### Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in Profit and loss account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods on assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 1 Accounting policies - continued

#### 1.21 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.22 Classification of instruments issued by the Company

Ordinary shares issued by the Company are treated as equity as they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company.

#### 1.23 Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included below.

- Note 1.12: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding.
- Note 2.1: establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL allowance and selection and approval of models used to measure ECL allowance.

##### b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment for the year ended 31 December 2025 is included below:

- The Company determines whether investments in affiliates are impaired at a minimum on an annual basis. This requires the determination of the investments' recoverable amounts i.e., their net assets or the estimation of the value-in-use of the cash generating units ("CGU") to which the investments in affiliates are allocated and belong to. Estimating a value-in-use amount requires management to make an approximation of the expected cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of investments in affiliates are disclosed in Note 18.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management

The Company's objectives in respect of risk management are to ensure that, at all times, it satisfies the requirement of maintaining a balance sheet demonstrating the characteristics of high liquidity and high credit quality assets, and to maintain a robust and independent risk management function.

Through its normal operations, the Company is exposed to a number of risks and management of these risks is central to the Company's activities. There are independent risk management functions with responsibility for the management of all forms of risk as well as a control infrastructure provided by Internal Control units within each of the businesses.

#### 2.1 Credit risk

Credit risk mitigation is a technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection. The Company's credit risk is managed in line with BNY's risk appetite to minimise losses whilst identifying future potential risks.

The Company has a liability-driven balance sheet and typically engages in the provision of custody services to its clients. The Company generates credit exposure in the following forms:

- **Client Lending:** Credit facilities are provided on an advised but uncommitted basis to some investment trusts. Unadvised, uncommitted intraday and overnight internal guidance facilities may be provided in support of asset servicing operational activity (such as trade settlement, cash wire activity, foreign exchange trading, etc.) subject to client credit quality and contractual documentation.
- **Nostros:** Credit exposure may arise from the Company's balances maintained in direct nostro accounts, typically with sub-custody networks of other banks within the BNY Group.
- **Daylight/Intraday Credit Exposure:** Daylight (or intraday) limits facilitate client activity for various businesses and products. Intraday credit exposure is derived from timing differences arising from operational processes and/or settlement activity that results in the extension of credit. Additional intraday credit exposure can arise from the credit approval of a transaction for which no approved limit exists or the transaction exceeds the approved limits, if approved on an exceptional basis, where the exposure is expected to clear by the end of the business day.
- **Cash Placements:** This is when the Company deposits funds with, or purchases certificates of deposits issued by, other banks.
- **Securities:** Exposure through the Company's securities portfolio of high-quality liquid assets (Sovereign & sub-Sovereign Debt, Supranational Debt and Covered Bonds).

All counterparties with which the Company deals are subject to detailed credit analysis and all exposure is based on credit quality derived from a relevant credit risk rating system and reviewed at least annually. All credit facilities are subject to independent analysis by credit risk staff and all excess approvals are at the discretion of the Credit Group within an appropriately delegated authority. All excesses to established limits are monitored closely for relevant approvals and reported as required to the relevant business and risk management units. Metrics supporting the management of credit risk are reviewed and reported to the Company's senior management on a monthly basis.

Facilities typically reset daily and are based on a conservative percentage of the value of assets under custody. All assets are revalued daily to reflect market valuations.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### Credit quality analysis

	2025			2024	
	12-month ECL £000	Lifetime ECL not credit- impaired £000	Lifetime ECL credit- impaired £000	Total £000	£000
<b>Cash and balances at central banks</b>					
Grade 2-4: Excellent	2,659,855	-	-	2,659,855	2,674,590
Grade 5-7: Very good	7,007	-	-	7,007	7,077
Grade 11-13: Fair	26	-	-	26	6,018
	<u>2,666,888</u>	<u>-</u>	<u>-</u>	<u>2,666,888</u>	<u>2,687,685</u>
Loss allowance	-	-	-	-	(20)
Carrying amount	<u>2,666,888</u>	<u>-</u>	<u>-</u>	<u>2,666,888</u>	<u>2,687,665</u>
<b>Loans and advances to banks at amortised cost</b>					
Grade 2-4: Excellent	1,761,365	-	-	1,761,365	1,659,526
Grade 5-7: Very good	276,379	-	-	276,379	232,113
	<u>2,037,744</u>	<u>-</u>	<u>-</u>	<u>2,037,744</u>	<u>1,891,639</u>
Loss allowance	(20)	-	-	(20)	(2)
Carrying amount	<u>2,037,724</u>	<u>-</u>	<u>-</u>	<u>2,037,724</u>	<u>1,891,637</u>
<b>Loans and advances to customers at amortised cost</b>					
Grade 1: Exceptional	910	-	-	910	1,560
Grade 2-4: Excellent	25,953	-	-	25,953	82,072
Grade 5-7: Very good	499	-	-	499	84,099
Grade 8-10: Good	2	-	-	2	1,813
Grade 11-13: Fair	1,131	-	-	1,131	4,034
	<u>28,495</u>	<u>-</u>	<u>-</u>	<u>28,495</u>	<u>173,578</u>
Loss allowance	-	-	-	-	-
Carrying amount	<u>28,495</u>	<u>-</u>	<u>-</u>	<u>28,495</u>	<u>173,578</u>
<b>Investment securities measured at FVOCI *</b>					
Grade 1: Exceptional	1,681,816	-	-	1,681,816	1,862,988
Grade 2-4: Excellent	992,295	-	-	992,295	1,029,381
Grade 5-7: Very good	295,488	-	-	295,488	64,604
Fair value	<u>2,969,599</u>	<u>-</u>	<u>-</u>	<u>2,969,599</u>	<u>2,956,973</u>
<b>Investment securities measured at amortised cost</b>					
Grade 1: Exceptional	-	-	-	-	37,487
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,487</u>

\* ECL with respect to investment securities measured at FVOCI amounted to £11,000 (2024: £12,000).

All amounts exposed to credit risk in 2025 as shown in the table above had a 12 month ECL applied to them.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### *Loans and advances to banks and customers*

None of the loans and advances were past due or had a material ECL at the current or prior year-end.

#### *Loans and advances to customers*

The Company in its ordinary course of business provides overdraft facilities (in the form of guidance lines) to its customers, to facilitate their securities settlements where market cycles differ or where settlements fail for other securities-related reasons. Significant overdrafts are escalated in line with the Company's risk appetite. In limited cases, documented uncommitted credit facilities are also provided to investment vehicles for gearing purposes. Each case is independently credit assessed and advances are limited to a modest percentage of assets held in custody with the Company. All overdrafts are repayable on demand and are unsecured, although standard custody documentation includes a right of lien over the custody assets.

Based on the credit exposures existing as at 31 December 2025 there had been no instances (2024: none) where:

- the Company waived material financial covenants or agreed to temporary relaxation of repayment terms which were subsequently cured; or
- the Company agreed to provide temporary facilities beyond the terms upon which the facilities were intended to operate.

#### *Commitments*

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Company monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. As at 31 December 2025, the Company had unused commitments totalling £222,849,000 (2024: £135,593,000).

#### **Concentration of risks of financial assets with credit risk exposure**

##### *Concentration of risk by geographical location*

The following table represents loans and advances to banks by geographical location:

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Loans and advances to banks</b>		
United States	1,087,643	902,447
Germany	301,570	399,319
United Kingdom	286,816	305,461
Japan	260,200	169,910
Belgium	101,495	114,500
	<u>2,037,724</u>	<u>1,891,637</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Loans and advances to customers</b>		
United Kingdom	28,414	170,343
Other - mainly Cayman Islands	81	3,235
	<u>28,495</u>	<u>173,578</u>

### *Concentration of risk by industry sector*

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Loans and advances to banks</b>		
Banks	2,037,724	1,891,637
Amounts include:		
- unsubordinated	2,037,701	1,891,399
- subordinated	23	238
	<u>2,037,724</u>	<u>1,891,637</u>

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Loans and advances to customers</b>		
Financial intermediaries	27,931	170,884
Pension funds	561	156
Other financial corporations	3	2,538
	<u>28,495</u>	<u>173,578</u>

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Investment securities</b>		
Central government	707,356	494,219
Credit institutions	1,963,721	2,305,517
Other financial corporations	298,522	194,724
	<u>2,969,599</u>	<u>2,994,460</u>

The exposures set out above are based on net carrying amounts as reported in the balance sheet and represent the gross credit risk exposure to the Company as at 31 December 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. The amounts at the reporting date are indicative of the amounts at risk throughout the period.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	2025			2024	
	12-month ECL £000	Lifetime ECL not credit- impaired £000	Lifetime ECL credit- impaired £000	Total £000	12-month ECL £000
<b>Cash and balances at central banks</b>					
Balance at 1 January	20	-	-	20	90
Decrease in ECL	-	-	-	-	(70)
Reclassification	(20)	-	-	(20)	-
Balance 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
<b>Loans and advances to banks at amortised cost</b>					
Balance at 1 January	2	-	-	2	6
Decrease in ECL	(2)	-	-	(2)	(4)
Reclassification	20	-	-	20	-
Balance 31 December	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>2</u>
<b>Investment securities measured at FVOCI</b>					
Balance at 1 January	12	-	-	12	22
Decrease in ECL	(1)	-	-	(1)	(10)
Balance 31 December	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>12</u>

ECL relating to trade receivables is discussed in Note 23.

#### Inputs into measurement of ECL

The key inputs into the measurement of ECL are:

- probability of default (“PD”);
- loss given default (“LGD”); and
- exposure at default (“EAD”).

The Company leverages BNY Group statistical models for derivation of these Point-in-Time (“PiT”) parameters, which are derived using forward-looking macroeconomic variables as described below.

The Company measures ECL considering the risk of default over the maximum contractual period for which it is exposed to risk or, where no contractual period is stated, the period over which the Company could liquidate or otherwise limit its exposure.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### *Significant increase in credit risk*

##### *Internal credit rating-based approach used for wholesale exposures*

The Company allocates to exposures a credit risk grade that is based on experienced credit judgement and a variety of data that is predictive of the risk of default. BNY uses its 18 point internal credit rating scale to determine a significant increase in credit risk for wholesale exposures (cash and balances due from banks, interest bearing deposits, loans including overdrafts and unfunded commitments and letters of credit):

- 1-10 Investment grade
- 11-14 Non-investment grade, non-criticised assets
- 15-16 Criticised asset rating
- 17-18 Default rating

Credit risk grades are defined and calibrated such that the risk of default increases exponentially as the credit worthiness deteriorates.

A significant increase in credit risk and transfer to stage two occurs for such exposures when there has been a four notch downgrade since initial recognition of the exposure. As a backstop, an exposure that is 30 days past due (“DPD”) is considered to have experienced a significant increase in credit risk. Additionally, exposures with a criticised asset rating (15-16) are deemed to have suffered a significant increase in credit risk compared with the maximum initial credit risk at recognition.

Recovery from a significant increase in credit risk occurs when an exposure’s credit rating improves by two notches from the rating when it initially was moved into stage two, subject to being less than four grades below initial recognition date rating and not having a criticised asset rating.

##### *Low credit risk exception applied to investment securities portfolio*

IFRS 9 permits an entity to assume that credit risk has not increased significantly since initial recognition if the credit risk on the exposure is low at the reporting date. BNY applies this approach to investment securities that have an internal rating of 1-10.

#### *Definition of default*

Under IFRS 9, the Company considers a financial asset to be in default when:

- The counterparty is unlikely to fulfil its obligations to the Company in full without recourse by the Company to actions such as realising security (if any is held); or
- The counterparty is past due more than 90 days on any material obligation to the Company. Overdrafts (operational credit) are considered as being past due only once payment has been requested from the counterparty.

#### *Forward-looking information*

The Company incorporates forward-looking information into its determination of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. Internal credit ratings used in determining significant increase in credit risk for wholesale exposures take into account forward-looking information specific to the counterparty.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

ECLs are calculated based on the probability-weighted outcome of multiple economic scenarios. Scenarios are provided by an external provider and enhanced using an in-house model to derive all variables needed by the risk models. Three scenarios are used: Baseline, Optimistic, and Pessimistic. Those models incorporate reversion to long-term means. The weight allocated to each scenario is determined by calibrating the three scenarios using as a benchmark scenario the Blue-Chip Economic Indicators consensus. The weighting is then reviewed by an Economic Scenario Governance Group.

#### *Derivatives*

The Company maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts) by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Company (i.e. assets where their fair value is positive), which in relation to derivatives is typically only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. All of the Company's derivative positions are held with another Group entity.

Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Company requires margin deposits from counterparties. Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Company's market transactions on any single day.

The Company further restricts its exposure to credit losses on derivative transactions by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The Company's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement. As at 31 December 2025, the Company had £87,000 derivative assets (2024: £862,000) and £137,000 derivative liability (2024: £61,000).

#### **Offsetting financial assets and financial liabilities**

The disclosures set out in the following tables include financial assets and financial liabilities that are offset in the Company's balance sheet, or are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the balance sheet.

The 'similar agreements' include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements. Similar financial instruments include derivatives, sale-and-repurchase agreements, reverse sale-and-repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the following tables unless they are offset in the balance sheet.

The International Swaps and Derivatives Association ("ISDA") and similar master netting arrangements do not meet the criteria for offsetting in the balance sheet. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties or following other predetermined events. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

The Company receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale-and-repurchase, and reverse sale-and-repurchase, agreements; and
- securities lending and borrowing.

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

#### *Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements*

	Gross amounts recognised £000	Amounts offset in the Balance sheet £000	Net amounts presented in the Balance sheet £000
<b>31 December 2025</b>			
<b>Types of financial assets</b>			
Due from Group undertakings	7,146	-	7,146
Other assets	87	-	87
<b>Total</b>	<b>7,233</b>	<b>-</b>	<b>7,233</b>
<b>Types of financial liabilities</b>			
Due to Group undertakings	18,114	-	18,114
Deposits by banks	15,172	(15,172)	-
Other liabilities	137	-	137
<b>Total</b>	<b>33,423</b>	<b>(15,172)</b>	<b>18,251</b>
	Gross amounts recognised £000	Amounts offset in the Balance sheet £000	Net amounts presented in the Balance sheet £000
<b>31 December 2024</b>			
<b>Types of financial assets</b>			
Due from Group undertakings	3,775	-	3,775
Other assets	862	-	862
<b>Total</b>	<b>4,637</b>	<b>-</b>	<b>4,637</b>
<b>Types of financial liabilities</b>			
Due to Group undertakings	13,381	-	13,381
Deposits by banks	84,288	(32,736)	51,552
Other liabilities	61	-	61
<b>Total</b>	<b>97,730</b>	<b>(32,736)</b>	<b>64,994</b>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### 2.2 Market risk

The Company does not have significant exposure to market risk through trading or foreign currency positions and therefore market risk arising from these exposures is considered negligible given the Company does not engage in proprietary foreign exchange trading and any risk arising from structural positions is deemed minimal. Market risk arising out of interest rate exposures in investment securities is discussed below under interest rate risk.

#### 2.3 Foreign exchange risk

The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below summarises the Company's exposure to foreign currency exchange rate risk as at 31 December 2025 and 2024.

	2025	2024
	£000	£000
<b>Assets:</b>		
Denominated in US Dollar	1,108,847	929,454
Denominated in Euro	312,199	480,105
Denominated in other currencies	505,022	486,336
<b>Total assets exposed to foreign exchange risk</b>	<u>1,926,068</u>	<u>1,895,895</u>
<b>Liabilities, share capital and reserves:</b>		
Denominated in US Dollar	1,108,847	929,454
Denominated in Euro	312,199	480,105
Denominated in other currencies	505,022	486,336
<b>Total liabilities and reserves exposed to foreign exchange risk</b>	<u>1,926,068</u>	<u>1,895,895</u>

The Company monitors the foreign currency exposures on a monthly basis and acts accordingly to ensure foreign exchange risk is minimal. The positions in the table above are after management action.

#### 2.4 Interest rate risk

Interest rate risk in the banking book is the risk from fluctuations in earnings and the value of financial instruments due to changes in market interest rates. Interest rate risk is driven from mismatches in the repricing and maturity of assets and liabilities, changes to the shape of market yield curve as future expectations fluctuate and optionality in products offered to customers. The Company manages interest rate risk through a risk limit framework which covers sensitivity to interest rates on earnings and valuation with risk appetite calibrated across these metrics.

As part of its interest rate risk management the company uses both securities (e.g. invest in bonds), the value of which can change due to factors other than interest rates, and derivative instruments i.e. interest rate swaps. The risk of changes in value of securities due to factors other than interest rates is captured as part of the overall risk limit framework.

The tables on the following pages summarise these re-pricing mismatches as at 31 December 2025 and 2024. Items are allocated to time bands, using contractual information, by reference to either (a) the next repricing date or the maturity date if floating rate or (b) the maturity date if fixed rate. The Company is committed to managing, within its risk appetite, the inherent interest rate risk in its business strategy and model.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### 2.4 Interest rate risk - continued

2025	Note	Carrying value £000	Within 3 months £000	After 3 months but within 6 months £000	After 6 months but within 1 year £000	After 1 year but within 5 years £000	After 5 years £000
<b>Assets</b>							
Cash and balances at central banks	14	2,666,888	2,666,888	-	-	-	-
Loans and advances to banks	15	2,037,724	2,037,724	-	-	-	-
Loans and advances to customers	16	28,495	28,495	-	-	-	-
Investment securities	17	2,969,599	1,308,481	28,107	25,045	1,537,480	70,486
Other assets	23	87	87	-	-	-	-
<b>Total assets</b>		<b>7,702,793</b>	<b>6,041,675</b>	<b>28,107</b>	<b>25,045</b>	<b>1,537,480</b>	<b>70,486</b>
<b>Liabilities</b>							
Deposits from banks	24	2,240,411	2,240,411	-	-	-	-
Customer accounts	25	4,303,354	4,303,354	-	-	-	-
Loan due to fellow group undertakings	26	118,897	118,897	-	-	-	-
Other liabilities	27	137	137	-	-	-	-
<b>Total liabilities</b>		<b>6,662,799</b>	<b>6,662,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net interest rate sensitivity gap		1,039,994	(621,124)	28,107	25,045	1,537,480	70,486
Cumulative interest rate sensitivity gap		1,039,994	(621,124)	(593,017)	(567,972)	969,508	1,039,994

2024	Note	Carrying value £000	Within 3 months £000	After 3 months but within 6 months £000	After 6 months but within 1 year £000	After 1 year but within 5 years £000	After 5 years £000
<b>Assets</b>							
Cash and balances at central banks	14	2,687,665	2,687,665	-	-	-	-
Loans and advances to banks	15	1,891,637	1,891,637	-	-	-	-
Loans and advances to customers	16	173,578	173,578	-	-	-	-
Investment securities	17	2,994,460	1,431,964	99,187	248,321	1,166,496	48,492
Other assets	23	862	862	-	-	-	-
<b>Total assets</b>		<b>7,748,202</b>	<b>6,185,706</b>	<b>99,187</b>	<b>248,321</b>	<b>1,166,496</b>	<b>48,492</b>
<b>Liabilities</b>							
Deposits from banks	24	2,575,276	2,570,276	5,000	-	-	-
Customer accounts	25	4,316,535	4,316,535	-	-	-	-
Other liabilities	27	61	61	-	-	-	-
<b>Total liabilities</b>		<b>6,891,872</b>	<b>6,886,872</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net interest rate sensitivity gap		856,330	(701,166)	94,187	248,321	1,166,496	48,492
Cumulative interest rate sensitivity gap		856,330	(701,166)	(606,979)	(358,658)	807,838	856,330

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### 2.4 Interest rate risk - continued

In accordance with IFRS7, management performs a sensitivity analysis on the effect of reasonably possible changes in market interest rates on profit or loss. The sensitivity analysis reflects BNYMIL's internal measurement of earnings based interest rate risk.

Management considers a variety of interest rate scenarios, having regard to prevailing market conditions. The table below illustrates the estimated impacts of +/-100bps on profit before tax of a parallel movement in interest rates as at 31 December 2025.

Interest rate movement	Impact on profit before tax
+ 100 basis points	£4.5 million increase
- 100 basis points	£9.3 million decrease

The sensitivity reflects the net effect of changes in interest income and interest expense on variable rate instruments and instruments repricing within the 12 month period.

#### 2.5 Liquidity risk

Liquidity risk is governed by a liquidity policy approved by the Board. The principal objective of the policy is to ensure that the Company is in a position to meet its day-to-day liquidity obligations and withstand a period of liquidity stress, the source of which could be idiosyncratic, market-wide or both. This objective is achieved by careful and effective management of the balance sheet within agreed limits as laid down by the Board. Items are allocated to time bands by reference to the earlier of the next date of when settlement of the asset or liability is allowed and the contractual maturity date.

#### Maturity analysis of assets and liabilities

		Carrying value	Gross nominal	Within 3 months	After 3 months but within 6 months	After 6 months but within 1 year	After 1 year but within 5 years	After 5 years
2025	Note	£000	£000	£000	£000	£000	£000	£000
<b>Assets</b>								
Cash and balances at central banks	14	2,666,888	2,666,888	2,666,888	-	-	-	-
Loans and advances to banks	15	2,037,724	2,037,724	2,037,724	-	-	-	-
Loans and advances to customers	16	28,495	28,495	28,495	-	-	-	-
Investment securities	17	2,969,599	2,969,599	1,308,481	28,107	25,045	1,537,480	70,486
Other assets	23	29,188	29,188	29,188	-	-	-	-
Total financial assets		<u>7,731,894</u>	<u>7,731,894</u>	<u>6,070,776</u>	<u>28,107</u>	<u>25,045</u>	<u>1,537,480</u>	<u>70,486</u>
<b>Liabilities</b>								
Deposits by banks	24	2,240,411	2,240,411	2,240,411	-	-	-	-
Customer accounts	25	4,303,354	4,303,354	4,303,354	-	-	-	-
Loan due to fellow group undertakings	26	118,897	118,897	118,897	-	-	-	-
Other liabilities	27	31,960	31,960	31,960	-	-	-	-
Total financial liabilities		<u>6,694,622</u>	<u>6,694,622</u>	<u>6,694,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net liquidity gap		<u>1,037,272</u>	<u>1,037,272</u>	<u>(623,846)</u>	<u>28,107</u>	<u>25,045</u>	<u>1,537,480</u>	<u>70,486</u>
Cumulative liquidity gap		<u>1,037,272</u>	<u>1,037,272</u>	<u>(623,846)</u>	<u>(595,739)</u>	<u>(570,694)</u>	<u>966,786</u>	<u>1,037,272</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 2 Financial risk management - continued

#### 2.5 Liquidity risk - continued

2024	Note	Carrying value £000	Gross nominal £000	Within 3 months £000	After 3 months but within 6 months £000	After 6 months but within 1 year £000	After 1 year but within 5 years £000	After 5 years £000
<b>Assets</b>								
Cash and balances at central banks	14	2,687,665	2,687,665	2,687,665	-	-	-	-
Loans and advances to banks	15	1,891,637	1,891,637	1,891,637	-	-	-	-
Loans and advances to customers	16	173,578	173,578	173,578	-	-	-	-
Investment securities	17	2,994,460	2,994,460	1,431,965	99,187	248,321	1,166,496	48,491
Other assets	23	65,384	65,384	65,384	-	-	-	-
Total financial assets		<u>7,812,724</u>	<u>7,812,724</u>	<u>6,250,229</u>	<u>99,187</u>	<u>248,321</u>	<u>1,166,496</u>	<u>48,491</u>
<b>Liabilities</b>								
Deposits by banks	24	2,575,276	2,575,276	2,570,276	5,000	-	-	-
Customer accounts	25	4,316,535	4,316,535	4,316,535	-	-	-	-
Other liabilities	27	20,810	20,810	20,810	-	-	-	-
Total financial liabilities		<u>6,912,621</u>	<u>6,912,621</u>	<u>6,907,621</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net liquidity gap		<u>900,103</u>	<u>900,103</u>	<u>(657,392)</u>	<u>94,187</u>	<u>248,321</u>	<u>1,166,496</u>	<u>48,491</u>
Cumulative liquidity gap		<u>900,103</u>	<u>900,103</u>	<u>(657,392)</u>	<u>(563,205)</u>	<u>(314,884)</u>	<u>851,612</u>	<u>900,103</u>

The Company's expected cash flows on some financial assets and financial liabilities vary from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain relatively stable or increase; and
- unrecognised loan commitments are not all expected to be drawn down immediately.

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and balances at central banks, and debt securities, which can be readily sold to meet liquidity requirements or used as collateral with the central bank. In addition, the Company maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with central banks.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 3 Fair value financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – quoted market price: financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

The fair values of all financial assets and liabilities by class together with their carrying amounts presented in the balance sheet are as follows:

		Carrying amount 2025	Fair value 2025	Level 1 2025	Level 2 2025	Level 3 2025	
Note		£000	£000	£000	£000	£000	
<b>Financial instruments measured at fair value</b>							
<b>Financial Assets</b>							
	Investment securities measured at FVOCI	17	2,969,599	2,969,599	707,356	2,262,243	-
	Interest rate swaps	28	87	87	-	87	-
			<u>2,969,686</u>	<u>2,969,686</u>	<u>707,356</u>	<u>2,262,330</u>	<u>-</u>
<b>Financial liabilities</b>							
	Interest rate swaps	28	137	137	-	137	-
			<u>137</u>	<u>137</u>	<u>-</u>	<u>137</u>	<u>-</u>

		Carrying amount 2024	Fair value 2024	Level 1 2024	Level 2 2024	Level 3 2024	
Note		£000	£000	£000	£000	£000	
<b>Financial instruments measured at fair value</b>							
<b>Financial Assets</b>							
	Investment securities measured at FVOCI	17	2,956,973	2,956,973	494,219	2,462,754	-
	Interest rate swaps	28	862	862	-	862	-
			<u>2,957,835</u>	<u>2,957,835</u>	<u>494,219</u>	<u>2,463,616</u>	<u>-</u>
<b>Financial liabilities</b>							
	Interest rate swaps	28	61	61	-	61	-
			<u>61</u>	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>

The presentation of prior year comparatives has been aligned with current year presentation by removing the disclosure of the fair value of financial instruments not held at fair value within the fair value levelling hierarchy. The presentational alignment did not have any impact on the measurement, classification nor recognition of these financial instruments on the balance sheet nor Statement of profit and loss.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 3 Fair value financial instruments - continued

#### Financial instruments measured at fair value

A description of the determination of fair value per class of financial instruments is presented below. The fair value determinations incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

- **Investment securities:** Debt investment securities held as financial assets classified within Level 1 mainly consist of government securities that are actively traded in highly liquid over-the-counter markets. These securities are valued using recent quoted unadjusted prices. If quoted market prices are not available, the fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. For securities where quotes from recent transactions are not available for identical securities, the Company determines fair value primarily based on pricing sources with reasonable levels of price transparency. Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g. vintage, position in the securitization structure) and ascertain variables such as speed of prepayment and discount rate for the types of transaction and apply them to similar types of bonds. The Company views these as observable transactions in the current marketplace and classifies such securities as Level 2.
- **Derivatives:** All derivative products are valued using internally developed models that use as their basis readily observable market parameters and as a result these are classified as Level 2 of the valuation hierarchy. Such derivatives comprise the forward foreign exchange and interest rate swap contracts used for treasury management.

#### Financial instruments not measured at fair value

The following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value because they are short term in nature:

#### Financial assets

- Cash and balances at central banks
- Loans and advances to banks
- Loans and advances to customers
- Other assets

#### Financial liabilities

- Deposits by banks
- Customer accounts
- Loans due to fellow group undertakings
- other liabilities

Cash and balances at central banks represent cash held at Bank of England where fair value is considered to be equal to carrying value. Loans and advances to banks and customers comprise short term lending, which are predominantly floating rate advances and lending and hence the carrying amount and fair value are similar. The estimated fair value of deposits (including customer accounts) with no stated maturity, which includes non interest bearing deposits, is the amount repayable on demand. Other assets, other liabilities and borrowings represent short-term receivables and payables and as such their carrying value is considered to be equal to their fair value.

For investment securities measured at amortised cost £nil (2024: £37,487,000), we determined quoted market prices to be the appropriate fair value measurement i.e. £nil (2024: £36,883,000).

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 4 Net interest income

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Group companies - financial assets measured at amortised cost	49,221	62,282
External third parties		
- financial assets measured at amortised cost	115,200	167,633
- financial assets measured at FVOCI	127,773	137,594
<b>Interest receivable and similar income</b>	<u>292,194</u>	<u>367,509</u>
Group companies - financial liabilities measured at amortised cost	(98,710)	(138,175)
External third parties - financial liabilities measured at amortised cost	(98,514)	(135,176)
<b>Interest payable and similar charges</b>	<u>(197,224)</u>	<u>(273,351)</u>
<b>Net interest income</b>	<u>94,970</u>	<u>94,158</u>

### 5 Revenue from contracts with customers

#### Nature of Services and Revenue Recognition

Fee revenue relating to the provision of Custody, Trustee and Depository, Transfer Agency, Fund Accounting and other services is primarily variable, based on levels of assets under custody or administration (“AUC/A”) and the level of client-driven transactions, as specified in fee schedules. Certain fees based on the market value of assets are calculated in arrears on a monthly or quarterly basis.

Substantially all services are provided over time. Revenue for these services is recognised using the accrued over time method, equal to the expected invoice amount, which typically represents the value provided to the customer for performance completed to date.

#### Contract Balances

The Company’s customers are billed based on fee schedules that are agreed upon in each customer contract. The receivables from customers were £9.2 million as at 31 December 2025 (2024: £12.7 million). An allowance is maintained for accounts receivable which is generally based on the number of days outstanding. Adjustments to the allowance are recorded in administrative expenses in the Statement of profit and loss and Statement of comprehensive income. Receivables from customers are included in other assets and prepayments and accrued income on the balance sheet.

The Company had no contract assets or contract liabilities as at 31 December 2025 (2024: £nil).

Any changes in the balances of contract assets and contract liabilities would result from changes arising from business combinations, impairment of a contract asset and changes in the timeframe for a right to consideration becoming unconditional or a performance obligation to be satisfied. No such instances were noted.

#### Contract Costs

Contract costs represent either costs which are capitalised relating to incremental costs for obtaining contracts, or costs incurred for fulfilling contract obligations when they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to fulfil performance obligations and are recoverable. The Company had no contract costs as at 31 December 2025 (2024: £nil).

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 5 Revenue from contracts with customers - continued Unsatisfied Performance Obligations

The Company does not have any unsatisfied performance obligations other than those subject to a practical expedient election under IFRS 15. The practical expedient applies to; (i) contracts with an original expected length of one year or less, and (ii) contracts for which the Company recognises revenue at the amount to which the Company has the right to invoice for services performed.

### 6 Other operating income

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Foreign exchange income	7,428	7,485
Recharge of service charges to fellow Group undertakings	1,081	1,205
Gain/(Loss) on non-qualifying economic hedges	1	(6)
Cumulative loss on sale of FVOCI assets	(4,997)	(2,596)
Other income	4,641	-
	<u>8,154</u>	<u>6,088</u>

### 7 Income from investments in affiliates

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Income from investments in affiliates	44,810	102,898

£44.8 million (2024: £36.1 million) was received by the Company from its 10% participating interest in an Investment and Cooperation Agreement with another Group entity. In 2024, the Company received a £66.8 million dividend from its direct subsidiary, BNY Trust Company Limited.

### 8 Staff costs

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	286	368
Social security costs	39	43
Pension costs	-	16
Other staff costs	-	12
	<u>325</u>	<u>439</u>

In 2016, the Company executed a series of Service Level Agreements with other Group companies, which enabled it to move to a fully outsourced operating model. The impact on the financial statements is that expenses previously recorded as staff costs are now recorded as intercompany service charges, generally on a cost plus 10% basis within Administrative expenses. Salaries and wages costs in 2025 represent amounts paid to non-executive directors.

The average number of employees dedicated to the Company's business during the year was nil (2024: nil).

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 9 Directors' emoluments

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the Company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of the service or which Group company actually makes the payment to the directors.

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	607	770
Amounts receivable under long term incentive schemes	171	170
Company contributions to money purchase pension schemes	9	15
Compensation for loss of office	9	10
	<u>796</u>	<u>965</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £235,000 (2024: £367,000) and Company pension contributions of £5,000 (2024: £6,000) were made on their behalf to a money purchase scheme. During the year, the highest paid director did receive shares under a long term incentive scheme.

	<b>Number of directors</b>	
	<b>2025</b>	<b>2024</b>
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	6	5
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	6	4

### 10 Administrative expenses and auditor's remuneration

Profit before taxation is stated after charging:

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Depreciation - tangible fixed assets	16	18
Amortisation - intangible assets	511	52
	<u>527</u>	<u>70</u>

Auditor's remuneration:

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of Parent and subsidiary financial statements pursuant to legislation	571	573
Other services pursuant to legislation	494	490
Audit related assurance services	-	-
Other assurance services	-	-
All other services	252	246
	<u>1,317</u>	<u>1,309</u>

The above costs include additional fees of £113,501 (2024: £122,082) to reflect costs expensed in the year relating to previous year's audit and assurance services.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 11 Taxation

#### *Recognised in the Statement of profit and loss and Statement of comprehensive income*

	2025		2024	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on profit for the period	41,826		33,239	
Adjustments in respect of prior periods	<u>3,655</u>		<u>(11,817)</u>	
Total current tax		45,481		21,422
<i>Deferred tax (see Note 22)</i>				
Current year	71		96	
Effect of tax rate changes	<u>8</u>		<u>-</u>	
Total deferred tax		<u>79</u>		<u>96</u>
Total tax expense		<u>45,560</u>		<u>21,518</u>
<i>Other comprehensive income items</i>				
Deferred tax current year charge/(credit)		<u>9,134</u>		<u>5,992</u>
		<u>9,134</u>		<u>5,992</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 11 Taxation - continued

#### *Factors affecting total tax charge for the current period*

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Total profit for the year	106,780	115,237
Total tax expense	<u>(45,560)</u>	<u>(21,518)</u>
Profit excluding taxation	152,340	136,755
Tax using the UK corporation tax rate of 25.00% (2024: 25.00%)	38,085	34,189
Tax on share of ICA profits	13,640	11,857
Bank surcharge at 3.00% (2024: 3.00%)	1,967	1,072
Non-taxable income	(11,203)	(26,314)
Expenses not deductible	2,237	14,297
Effects of group relief/ other reliefs	(2,821)	(1,766)
Adjustments in respect of prior years	<u>3,655</u>	<u>(11,817)</u>
Total tax expense (including tax on discontinued operations)	<u>45,560</u>	<u>21,518</u>

The UK corporation tax rate of 25%, effective from 1 April 2023, was substantively enacted as part of Finance Bill 2021. As a Banking entity, the Company is also subject to the Bank Corporation Tax Surcharge tax rate of 3%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

The Company is within the scope of the OECD Pillar II rules. The Pillar II legislation was enacted in the UK on 20 June 2023 as part of Finance (No.2) Act 2023 and came into effect on 1 January 2024. The Pillar II legislation was therefore effective for the financial year, but the Company has no related current tax exposure. The UK entities of the Bank of New York Mellon Group have an effective tax rate above 15%, such that the rules do not have any impact on the Company.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 12 Capital Requirements Regulations 2013

In accordance with Capital Requirements Regulations 2013, the turnover, nature of activities, profit / (loss) before tax, taxes paid and public subsidies received have been disclosed by geographical location. The total turnover (excluding Net foreign exchange translation gains/(losses)) amounted to £248.5 million (2024: £247.8 million) and comprises Fees and commissions receivable, Net interest income and Other operating income.

2025	Transfer Agency £000	Fund Accounting £000	Custody £000	Trust & Depository £000	Total £000
<b>Geographical analysis by location:</b>					
United Kingdom	38,964	37,018	42,611	26,830	145,423
<b>Turnover (Fees &amp; Commissions)</b>	<b>38,964</b>	<b>37,018</b>	<b>42,611</b>	<b>26,830</b>	<b>145,423</b>
<b>Geographical analysis by location:</b>					
United Kingdom	-	-	94,970	-	94,970
<b>Net Interest Income</b>	<b>-</b>	<b>-</b>	<b>94,970</b>	<b>-</b>	<b>94,970</b>
<b>Geographical analysis by location:</b>					
United Kingdom	-	-	7,428	-	7,428
<b>Foreign Exchange Income</b>	<b>-</b>	<b>-</b>	<b>7,428</b>	<b>-</b>	<b>7,428</b>

Other income amounting to £8.2 million comprises £7.4 million foreign exchange income noted above and £1.1 million income relating to recharges of management overheads and £4.6 million other income, partly offset by £5.0 million realised losses on the sale of securities.

Geographical analysis by location:	Employees	Profit before tax £000	Taxes paid £000	Public subsidies received £000
United Kingdom	-	152,340	26,776	-
	-	152,340	26,776	-

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 12 Capital Requirements Regulations 2013 - continued

2024	Transfer Agency £000	Fund Accounting £000	Custody £000	Trust & Depository £000	Total £000
<b>Geographical analysis by location:</b>					
United Kingdom	39,641	36,526	42,818	28,562	147,547
<b>Turnover (Fees &amp; Commissions)</b>	<b>39,641</b>	<b>36,526</b>	<b>42,818</b>	<b>28,562</b>	<b>147,547</b>
<b>Geographical analysis by location:</b>					
United Kingdom	-	-	94,158	-	94,158
<b>Net Interest Income</b>	<b>-</b>	<b>-</b>	<b>94,158</b>	<b>-</b>	<b>94,158</b>
<b>Geographical analysis by location:</b>					
United Kingdom	-	-	7,485	-	7,485
<b>Foreign Exchange Income</b>	<b>-</b>	<b>-</b>	<b>7,485</b>	<b>-</b>	<b>7,485</b>

Other income amounting to £6.1 million comprises £7.5 million foreign exchange income noted above in addition to £1.2 million income relating to recharges of management overheads, partly offset by £2.6 million realised losses on the sale of securities.

	Employees	Profit before tax £000	Taxes paid £000	Public subsidies received £000
<b>Geographical analysis by location:</b>				
United Kingdom	-	136,755	30,784	-
	<b>-</b>	<b>136,755</b>	<b>30,784</b>	<b>-</b>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 13 Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the balance sheet and categories of financial instruments.

		Mandatorily at FVTPL	FVOCI - debt instruments	Amortised cost	Total carrying value
2025	Note	£000	£000	£000	£000
<b>Assets</b>					
Cash and balances at central banks	14	-	-	2,666,888	2,666,888
Loans and advances to banks	15	-	-	2,037,724	2,037,724
Loans and advances to customers	16	-	-	28,495	28,495
Investment securities:					
- Measured at fair value	17	-	2,969,599	-	2,969,599
Amounts due from group undertakings	23	-	-	6,783	6,783
Other assets	23	87	-	22,318	22,405
Total financial assets		<u>87</u>	<u>2,969,599</u>	<u>4,762,208</u>	<u>7,731,894</u>
<b>Liabilities</b>					
Deposits by banks	24	-	-	2,240,411	2,240,411
Customer accounts	25	-	-	4,303,354	4,303,354
Loan due to fellow group undertakings	26	-	-	118,897	118,897
Amounts due to group undertakings	27	-	-	18,114	18,114
Other liabilities	27	137	-	13,709	13,846
Total financial liabilities		<u>137</u>	<u>-</u>	<u>6,694,485</u>	<u>6,694,622</u>

		Mandatorily at FVTPL	FVOCI - debt instruments	Amortised cost	Total carrying value
2024	Note	£000	£000	£000	£000
<b>Assets</b>					
Cash and balances at central banks	14	-	-	2,687,665	2,687,665
Loans and advances to banks	15	-	-	1,891,637	1,891,637
Loans and advances to customers	16	-	-	173,578	173,578
Investment securities:					
- Measured at fair value	17	-	2,956,973	-	2,956,973
- Measured at amortised cost	17	-	-	37,487	37,487
Amounts due from group undertakings	23	-	-	3,775	3,775
Other assets	23	862	-	60,747	61,609
Total financial assets		<u>862</u>	<u>2,956,973</u>	<u>4,854,889</u>	<u>7,812,724</u>
<b>Liabilities</b>					
Deposits by banks	24	-	-	2,575,276	2,575,276
Customer accounts	25	-	-	4,316,535	4,316,535
Amounts due to group undertakings	27	-	-	13,381	13,381
Other liabilities	27	61	-	7,368	7,429
Total financial liabilities		<u>61</u>	<u>-</u>	<u>6,912,560</u>	<u>6,912,621</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 14 Cash and balances at central banks

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Cash and balances at central banks	<u>2,666,888</u>	<u>2,687,665</u>

The Company is exposed to foreign exchange risk between the date of recognition and settlement of foreign currency income and expenses. To mitigate this, the Company maintains foreign currency cash balances to offset the net currency position. This activity can result in foreign currency overdrafts that mitigate the risk of currency receivables.

### 15 Loans and advances to banks

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Repayable within three months	<u>2,037,724</u>	<u>1,891,637</u>
Amounts include:		
Due from fellow group undertakings		
- unsubordinated	2,037,701	1,891,399
- subordinated	23	238
	<u>2,037,724</u>	<u>1,891,637</u>

### 16 Loans and advances to customers

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Repayable within three months	<u>28,495</u>	<u>173,578</u>

### 17 Investment securities

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Investment securities measured at FVOCI	2,969,599	2,956,973
Investment securities measured at amortised cost	-	37,487
	<u>2,969,599</u>	<u>2,994,460</u>

The Company continues to have access to the Bank of England Sterling Monetary Framework and as at 31 December 2025, the Company had pre-positioned £1,333 million worth of debt securities (2024: £1,126 million) and drawn down £1 million (2024: £5 million) as per Note 24.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 17 Investment securities - continued

	2025	2024
	£000	£000
<b>Investment securities measured at FVOCI</b>		
Covered bonds	1,131,472	1,304,511
Government guaranteed	328,582	379,110
Sovereign debt	707,356	494,219
Sub-Sovereign debt	489,248	377,500
Supranational debt	277,536	355,747
Non-Agency Residential Mortgage Backed Securities	35,405	45,886
<b>Investment securities measured at amortised cost</b>		
Supranational debt	-	37,487
	<u>2,969,599</u>	<u>2,994,460</u>

### 18 Investments in affiliates

	Investment in associate	Total
	£000	£000
<b>Cost</b>		
At 1 January 2025	127,028	127,028
Foreign exchange movements	(8,878)	(8,878)
At 31 December 2025	<u>118,150</u>	<u>118,150</u>
<b>Net book value</b>		
At 31 December 2025	<u>118,150</u>	<u>118,150</u>
At 31 December 2024	<u>127,028</u>	<u>127,028</u>

#### Investment in Associate

The investment in associate represents a 10% (2024: 10%) participating interest in an 'Investment and Cooperation Agreement' with another Group entity. The principal activity of the associate is banking. The investment is USD denominated.

Management have conducted an impairment review of the carrying value of the investment based on the fair value of the associate. The key considerations used in our impairment assessment were;

- The investment is able to be drawn down by the Company with one month's notice and is therefore akin to a 30 day deposit account; and
- The investment is held at an AA rated bank.

Management are satisfied that there were no indicators of impairment as at 31 December 2025 (2024: none).

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 18 Investments in affiliates - continued

#### Investment in subsidiaries

As at 31 December 2025, the Company held direct interests in 2 subsidiaries (2024: 2). Details of the Company's investments in subsidiaries are as follows:

	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares held</b>	<b>Ownership 2025</b>	<b>2024</b>
<b>Direct</b>					
BNY Trust Company Limited	160 Queen Victoria Street, London, EC4V 4LA	In liquidation	Ordinary £1	100%	100%
BNY Mellon Secretaries (UK) Limited	160 Queen Victoria Street, London, EC4V 4LA	Nominee Company	Ordinary £1	100%	100%

BNY Trust Company Limited was placed in liquidation in 2025. The nominee company is a dormant entity.

Management have conducted an impairment review of the investments based on the net assets versus carrying value of the principal subsidiaries and have concluded that no impairment exists at the balance sheet date.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 19 Intangible assets

	Computer software, internally generated £000	Total £000
<b>Cost</b>		
At 1 January 2025	270	270
Additions	3,264	3,264
At 31 December 2025	<u>3,534</u>	<u>3,534</u>
<b>Amortisation and impairment</b>		
At 1 January 2025	114	114
Amortisation	511	511
At 31 December 2025	<u>625</u>	<u>625</u>
<b>Net book value</b>		
At 31 December 2025	<u>2,909</u>	<u>2,909</u>
At 31 December 2024	<u>156</u>	<u>156</u>

During the year, management conducted an impairment review of intangible assets. The review highlighted that there were no indicators of impairment. Management are therefore satisfied that the recoverable amount exceeds the carrying amount. The recoverable amount of the intangibles is based on the net realisable value.

### 20 Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
<b>Cost</b>				
At 1 January 2025	1,019	7,378	379	8,776
Retirements	(106)	-	-	(106)
At 31 December 2025	<u>913</u>	<u>7,378</u>	<u>379</u>	<u>8,670</u>
<b>Depreciation and impairment</b>				
At 1 January 2025	1,019	7,331	379	8,729
Retirements	(106)	-	-	(106)
Depreciation	-	16	-	16
At 31 December 2025	<u>913</u>	<u>7,347</u>	<u>379</u>	<u>8,639</u>
<b>Net book value</b>				
At 31 December 2025	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>
At 31 December 2024	<u>-</u>	<u>47</u>	<u>-</u>	<u>47</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 21 Prepayments and accrued income

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Unbilled trade receivables	18,593	21,363
Accrued interest	40,727	33,338
Deferred costs	5,600	3,825
Prepaid expenses	869	364
	<u>65,789</u>	<u>58,890</u>

### 22 Deferred tax assets and liabilities

#### *Movement in deferred tax during the year*

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
At 1 January	8,926	15,014
Profit and loss charge	(80)	(96)
OCI charge	(9,134)	(5,992)
At 31 December	<u>(288)</u>	<u>8,926</u>

The major components of deferred tax are as follows:

#### *Recognised deferred tax assets and liabilities*

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Tangible fixed assets	382	458
Unrealised losses/(gains) in OCI	(676)	8,459
Change in basis IFRS 9	6	9
Net deferred tax (liability)/asset	<u>(288)</u>	<u>8,926</u>

The Company has tax losses carried forward of £6.6 million (2024: £6.6 million). There are restrictions on the use of these losses and can only be offset against future taxable income generated by certain lines of business. Whilst the Company is profit making, it is not probable that there will be future taxable income available in the relevant lines of business against which these losses can be utilised. Accordingly, the benefit of the losses carried forward has not been recognised in these financial statements. The deferred tax asset not recognised on these losses carried forward is £1.7 million (2024: £1.7 million).

### 23 Other assets

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Amounts due from group undertakings	6,783	3,775
Other debtors	22,405	61,609
	<u>29,188</u>	<u>65,384</u>

Other assets are stated after £8,000 of ECL for trade receivables (2024: £106,000).

The table below reflects the movement in ECL on trade receivables during the period:

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 23 Other assets - continued

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
At 1 January	106	473
Released during the year	(98)	(367)
At 31 December	<u>8</u>	<u>106</u>

### 24 Deposit by banks

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Due to group undertakings	2,238,660	2,523,724
3rd party deposits	751	-
Repurchase agreements (Note 29)	-	46,552
Borrowings from central banks	1,000	5,000
	<u>2,240,411</u>	<u>2,575,276</u>

Borrowings from central banks of £1 million (2024: £5 million) relate to drawn down amounts as part of the Bank of England's Sterling Monetary Framework.

### 25 Customer accounts

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Repayable		
- on demand	<u>4,303,354</u>	<u>4,316,535</u>

### 26 Loan due to fellow group undertakings

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Loan due to fellow group undertakings	<u>118,897</u>	<u>-</u>

On 31 October 2025, the Company received a \$160 million (£118 million) 5 year term loan from BNY Security Services (Ireland) Limited. The loan bears interest at a rate of one-month term Secured Overnight Financing Rate ("SOFR") plus 1.65% and interest is paid to the lender monthly in arrears.

### 27 Other liabilities

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Amounts due to group undertakings	18,114	13,381
Interest rate swaps (Note 28)	137	61
Other payables	13,709	7,368
	<u>31,960</u>	<u>20,810</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 28 Interest rate swaps

The Company uses interest rate swap agreements to manage exposure to interest rate fluctuations. The Company enters into fair value and cash flow hedge relationships as an interest rate risk management strategy to reduce fair value and cash flow variability by converting certain fixed rate interest payments associated with securities measured at FVOCI to floating interest rates and vice versa.

As at 31 December 2025, £78.2 million par value of FVOCI securities were hedged with interest rate swaps with notional values amounting to £77.9 million. The FVOCI hedged securities are all Sovereign, Foreign Agency and Cover Bonds and have original maturities between 1 and 10 years from the balance sheet date. As at 31 December 2025, some of the assets pledged faced a gain/loss in their fair value and therefore we have provided additional cash collateral amounting to £23,000 asset (2024: £839,000 liability).

The following table presents the pre-tax movements related to fair value and cash flow hedging activities recognised in the Statement of profit and loss.

		2025	2024
	Statement of profit and loss	£000	£000
Income statement impact of fair value hedges			
Interest rate swaps	Interest receivable and similar income	838	(1,738)
Hedged assets	Interest receivable and similar income	(825)	1,644
<b>Net movement in Profit and loss account</b>		<u>13</u>	<u>(94)</u>

	Carrying amount of hedged asset		Hedge accounting adjustment increase/ (decrease) included in the carrying amount of the hedged item	
	2025	2024	2025	2024
	£000	£000	£000	£000
Assets held at FVOCI	<u>78,180</u>	<u>93,521</u>	<u>70</u>	<u>(796)</u>

	Notional value		Asset derivatives fair value	
Impact of derivative instruments designated as hedging instruments				
Interest rate swaps	<u>7,851</u>	<u>79,000</u>	<u>87</u>	<u>862</u>
			Liability derivatives fair value	
Impact of derivative instruments designated as hedging instruments				
Interest rate swaps	<u>70,000</u>	<u>16,100</u>	<u>137</u>	<u>61</u>

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 29 Repurchase agreements

The Company's repurchase agreements primarily mitigate risk associated with liquidity. The Company is required to pledge collateral based on predetermined terms within the agreements. As there was a decline in the fair value of the collateral pledged for these transactions, the Company was required to provide additional collateral to the counterparty of £126,000 as at 31 December 2025 (2024: £238,000), therefore decreasing the amount of assets available for other liquidity needs that may arise.

As at 31 December 2025, the Company's total gross outstanding repurchase agreements amounted to £15.2 million (2024: £79.3 million). The netting applied on the gross amounted to £15.2 million (2024: £32.7 million). The net accrued interest amounted to £nil (2024: £74,000).

The following table presents the fair value of collateral given to the existing counter parties as part of the repurchase agreements.

	Fair value	
	2025	2024
	£000	£000
<b>Repurchase agreements</b>		
Government bonds	15,172	56,842
Credit Institutions	-	22,066
	<u>15,172</u>	<u>78,908</u>

### 30 Accruals and deferred income

	2025	2024
	£000	£000
Interest on term deposits	2,048	2,008
Other	5,118	4,069
	<u>7,166</u>	<u>6,077</u>

### 31 Provisions

	2025	2024
	£000	£000
At 1 January	4,312	4,606
Provisions made during the year	1,600	5,393
Provisions used during the year	<u>(4,256)</u>	<u>(5,687)</u>
At 31 December	<u>1,656</u>	<u>4,312</u>

As part of the Company's normal operations, there are occasionally operational errors that are identified which impact the Company's clients. The provisions above totalling £1.7 million have been made in respect of potential compensation obligations as at 31 December 2025 (2024: £4.3 million). The Company fully outsources its operations to other group affiliates and, under the terms of the relevant inter-affiliate agreement, where applicable, it is able to recover such losses from the group entity responsible for the outsourced operation.

# The Bank of New York Mellon (International) Limited

## Notes to the financial statements for the year ended 31 December 2025

### 32 Called up share capital and reserves

	Ordinary shares	
	2025	2024
	£000	£000
<i>Allotted, called up and fully paid</i>		
519,694,974 Authorised ordinary shares of £1 each	<u>519,695</u>	<u>519,695</u>

#### Nature and purpose of reserves:

**Fair value reserve:** This comprises of cumulative net change in the fair value of equity securities measured at FVOCI.

**Other reserve:** This relates to historical restricted stock awards granted to legacy BNYMIL employees that have been fully amortised.

### 33 Capital resources and requirement

The Company is authorised by the PRA and regulated by the PRA and the FCA to carry on various activities, including the acceptance of deposits. The Company with its subsidiaries is supervised on an individual basis by the PRA. The following table is an analysis of those items which comprise the Company's Regulatory Capital.

	2025	2024
	£000	£000
<b>Tier 1 capital</b>		
Called up share capital	519,695	519,695
Profit and loss and other reserves	688,207	557,930
<b>Total tier 1 capital</b>	<u>1,207,902</u>	<u>1,077,625</u>
Deductions from tier 1 capital	(113,913)	(122,424)
Intangible assets	(2,909)	(156)
<b>Total tier 1 capital after deductions</b>	<u>1,091,080</u>	<u>955,045</u>
<b>Tier 2 capital</b>	-	-
<b>Total capital resources</b>	<u>1,091,080</u>	<u>955,045</u>

Risk weighted assets were (unaudited):

	2025	2024
	£000	£000
Credit risk (including Credit Valuation Adjustment and Securitisation)	443,190	529,382
Market risk	12,169	11,501
Operational risk	591,573	550,050
	<u>1,046,932</u>	<u>1,090,933</u>

The Company's capital management is discussed in the section 'capital management' on page 16. The ratios in the remainder of this note are unaudited.

As at 31 December 2025, under CRD IV rules, the Company's capital ratios on an individual basis were Common Equity Tier 1 104.22% (2024: 87.54%) and Total Capital 104.22% (2024: 87.54%). Total regulatory capital resources on an individual basis as at 31 December 2025 were £1,091 million (2024: £955 million).

# **The Bank of New York Mellon (International) Limited**

## **Notes to the financial statements for the year ended 31 December 2025**

### **33 Capital resources and requirement - continued**

The Company's capital position is calculated for prudential regulatory reporting purposes using the Basel III framework of the Basel Committee on Banking Supervision (BCBS), as implemented by the European Union in the CRR and CRD and by the PRA rulebook for the UK banking industry. The Company's approach complies with CRR II and the UK Leverage Ratio Framework which took effect from 1 January 2022.

In addition to the tightening of the definition of capital, Basel III introduced a 'Liquidity Coverage Ratio' ("LCR") which is designed to test short-term resilience to liquidity disruptions and a 'Net Stable Funding Ratio', which is designed to test whether long-term assets are funded with at least a minimum amount of stable liabilities. As at 31 December 2025, the Company's LCR was 253% (2024: 201%).

The regulatory ratios as at 31 December 2025 are presented on an individual basis following the revocation of CRR Article 9 during the year. The comparatives are presented, as previously reported, on a solo-consolidated basis. There was no material difference between solo-consolidated basis reported and the individual basis.

### **34 Transactions involving Directors, officers and others**

At 31 December 2025 there were no loans and other transactions made to directors, officers or other related parties of the Company (2024: £nil).

### **35 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of the Company is BNY International Financing Corporation, a company registered in the United States of America. BNY International Financing Corporation's registered address is 240 Greenwich Street, New York, NY 10286.

The largest and smallest group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

The ultimate parent company as at 31 December 2025 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary  
The Bank of New York Mellon Corporation  
240 Greenwich Street,  
New York, NY  
10286  
USA