The Bank of New York Mellon (International) Limited

Strategic Report, Directors' Report and Financial Statements

Registered number 03236121

31 December 2024

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

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G A Efthimiou (Chair Audit Committee)
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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 a pre-tax profit of £136.8 million for the year ended 31 December 2024 (2023: £98.5 million). The Company's total operating profit before taxation was up £10.0 million year on year, driven by higher fee income reflecting growth in the value of Assets Under Administration/Assets Under Custody ("AUA/AUC") and total operating expenses decreased by £11.6 million mainly driven by lower internal service recharges. This was partly offset by lower net interest income, lower affiliate income recharges and realised loss on the sale of securities during the year. The Company received income from investments in affiliates of £36.1 million (2023: £17.5 million) due to its 10% share in the Investment and Cooperation Agreement ("ICA") and £66.8 million (2023: £nil) from its direct subsidiary, BNY Trust Company Limited which was subsequently written down by £57.1 million to £1.

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 Other 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:

	2024 £000	2023 £000	Change £000	Change %
Total operating income	247,478	249,047	(1,569)	(1)%
Total operating expenses	(156,473)	(168,041)	11,568	(7)%
Total operating profit before taxation	91,005	81,006	9,999	12%
Profit before taxation	136,755	98,522	38,233	39%
Net assets	1,084,761	954,053	130,708	14%

Total operating income decreased by £1.6 million due to a reduction in net interest income reflecting the adverse impact of the interest rate environment in 2024 and £4.7 million reduction in other income, reflecting realised losses on the sale of debt securities and lower affiliate recharge income. This was partly offset by £8.2 million increase in fee income, driven by an increase in the level of AUA/AUC during the year. Total operating expenses decreased by £11.6 million mainly driven by lower internal service recharges. Net assets increased by £130.7 million year on year, mainly reflecting the Company's 2024 post tax profit and unrealised gains on securities recognised at fair value through other comprehensive income during 2024.

Business and future developments

In 2024, the Company continued to enhance its markets access and diversify its funding capabilities. Looking ahead, the Company remains committed to navigating the evolving economic landscape with resilience and adaptability. Management anticipate continued growth opportunities in the markets in which the Company operates and 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 as 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 2025 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; artificial intelligence; 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 established risk types, and horizon scanning for new risks 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 - those of which disruption or withdrawal could have an adverse material impact on clients and financial stability. The independent non-executive directors ("INEDs") also periodically participate in various UK regulatory driven activities and in 2024, the Chairs of the Audit Committee of the Board ("ACoB") and RCoB attended the Financial Conduct Authority's ("FCA") Annual Chair and Non-Executive Director Banking Conference.

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. This continues to be amplified through mentoring programmes such as the Shadow ExCo initiative. The Board also receives regular updates from The People Team, addressing the outcomes of the Company's people agenda. The Company also 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 2024, there was an ongoing focus on creating opportunities for increased 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 INEDs and senior leaders, including an annual call with the Group CEO in November 2024. 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 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. The Company's approach to corporate governance is outlined in the Strategic report on pages 6 to 9. All Senior Managers and Certification Regime ("SMCR") staff undertake ongoing SMCR training sessions. The Company where possible leverages BNY Group policies and the provision for matters such as employee support and wellbeing, cyber security and data governance and operational resilience. The Board continues to benefit from a 'Conduct and Culture' framework which addresses regulatory and industry expectations, and it receives regular updates on current and future Conduct and Culture initiatives, which are supported and driven by the BNY EMEA region Conduct and Culture Council. During 2024, Conduct and Culture continued to be promoted through continued focus on belonging and inclusion, as well as the delivery of focused training sessions on topics such as the SMCR to the UK Certified and Senior Management Function ("SMF") population and the UK Conduct Rules. The Chairs of the Company's Audit, Risk and Nomination Committees are also designated as SMFs with allocated responsibilities in connection with these roles and periodically meet with the PRA to discuss the discharge of these responsibilities with the Regulator.

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. One of the Company's INEDs, P A Davies, was appointed as the Company's Consumer Duty Champion from 1 January 2024, with responsibility 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 in June 2024, approved its first annual Consumer Duty Report.

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.

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”);
- The UK Risk Committee of the Board (“UK RMC”) (via RCoB); and
- Capital Stress Testing Oversight Group (“CSTOG”) (via RCoB) previously Capital and Stress Testing Oversight Committee (“CSTC”).

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 10 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 Asset and Liability Committee is responsible for ensuring that corporate policy and guidance set through the Group ALCO is understood and executed locally. It focuses on the balance sheets in its region from an asset and liability management perspective and to promote the efficient and effective functioning of the legal entity ALCO or Risk/ Branch Management Committees regarding asset and liability management matters. This includes communication of corporate level strategy related to the investment portfolio, placements, interest rate risk, capital and liquidity risk.

During 2024, the RCoB approved a proposal to consolidate the BNYMIL and The Bank of New York- London Branch Risk Management Committees (“RMC”) into a new UK RMC, with a view to driving efficiency and improving read across of risk management. The new UK RMC became effective from October 2024 and, similar to its predecessor, has delegated authority from the RCoB 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 CSTOG has delegated authority from the RCoB for ensuring that there is appropriate governance and ownership of the Company's Internal Capital Adequacy Assessment Process (“ICAAP”). The CSTOG is responsible for reviewing the capital requirements, ICAAP risk model methodologies and stress testing in accordance with the relevant capital and stress testing policies.

Corporate governance

Approach to Corporate Governance

Fundamental to the Company's strategy are high standards of corporate governance. During the year ended 31 December 2024, 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 INEDs 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 an increased 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 ICAAP and the Recovery Plan and, more broadly, is reflected in training sessions for the Board and ExCo.

The Board establishes, promotes, and monitors the Company's culture and values. Conduct is at the heart of the Company and is integral to its culture and business activities with delivering good outcomes for clients, markets and colleagues forming a central part of the Company's business model. The Conduct and Culture expectations of BNY employees are outlined in the BNY Code of Conduct. Conduct and Culture is a strategic priority for the Company, the ownership of which vested in the first line of defence and, from a governance perspective, is supported by the EMEA Conduct and Culture Council, the International Senior Risk and Control Committee ("ISRCC") and other business and regional committees. Some examples of how culture is monitored include through feedback and surveys and training and awareness programmes. The Company's strategic pillars and principles are embedded through the employee lifecycle to ensure that employees understand how these relate to their day-to-day roles and responsibilities. A suite of metrics is also in place in the form of a Conduct Risk Tracker, enabling holistic oversight and driving action. The Board and ExCo also receive written reports on Conduct and Culture initiatives.

The BNY Code of Conduct and corporate strategic pillars and principles provide a framework for decision making and a guide to business conduct. The Code of Conduct is the foundation of BNY's commitment to "Doing What's Right." In particular, 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.

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 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 NomCo, periodically reviews its composition and the Board Succession Plan. As at 31 December 2024, the Board comprised of a Chair and a CEO along with two executive directors and four independent non executive directors. During 2024, there were several changes to the Board. J Mann was appointed as an executive director with effect from 29 May 2024 and M K Sarvaiya (executive director) stood down from the Board with effect from 28 October 2024. Additionally, P Bergamaschi Broyd (INED) stepped down from the Board on 30 June 2024 and W Leech was appointed as an INED from 1 September 2024 before formally taking on the role of RCoB Chair from 5 November 2024.

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. The Chair of the Board, H Kablawi, is the Chair of BNY International and in this role oversees the regional management teams across EMEA, Asia Pacific and Latin America and leads strategy development, execution, and delivery of enterprise priorities across these regions.

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 a commitment to belonging and inclusion, including diversity of thought, experience and background, as outlined in the Company's Board Inclusion Policy. This commitment aligns with BNY's strategic pillar: Power Our Culture and is also critical to BNYMIL's ability to serve its clients and grow its business. The Board places emphasis on its membership being representative in the broadest sense, and comprises a combination of demographics, skills and experience as well as educational and professional background. The Board believes that having a range of perspectives and insights supports good decision making. The NomCo will continue to review Board composition on a regular basis. Overall, the combined skills and experience of the Board demonstrate a high level of skill in the areas of strategy, risk and compliance oversight, finance and audit, industry experience, government, regulatory, and operational experience.

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. 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 2024, this review was conducted internally via questionnaires, facilitated by the Company Secretary. Whilst this exercise did not generate any material issues, the Company Secretary has developed an action plan to address points raised, which will be tracked through the NomCo to conclusion during 2025.

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, Risk Appetite Statement 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. The RAS utilises a high-level assessment to summarise the risk profile of the entity using the risk taxonomy, focusing on six key areas: operational, strategic, model, market, liquidity, 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.

The risk identification exercise is utilised to identify, manage, and mitigate, where possible and warranted, current and emerging risks. As such, whilst this exercise identifies current and emerging risks and challenges that may impact the Company's risk profile, the findings can also be used to identify potential opportunities. The risk identification exercises are conducted collaboratively with other legal entities in the region.

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.

Principle Five - Remuneration

The Board has delegated authority to the EMEA Remuneration Advisory Council ("ERAC") for overseeing the development and implementation of the Group's Remuneration Framework, policies, and practices. 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. Belonging and inclusion are 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 (“CRDV”) 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 regulator 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.

Listening to, and empowering its workforce is critical to achieving the Company’s goals. As part of the BNY Group, the Company benefits from communications to employees through Town Halls, internal emails, newsletters, and the intranet. The BNY "Power Our Culture" pillar is also embedded in the Company’s own strategy. The Shadow ExCo programme offers meaningful two-way dialogue between the Board, ExCo and the participating members, with the aim of sharing ideas, personal development, and providing mentoring opportunities, which in turn helps contribute to the Company’s success. There is a global framework of policies for BNY employees aligned with the Company’s purpose and values. Examples of the global policies include the Escalation, Speaking Up, Reporting and Non-Retaliation Policy and the Code of Conduct. The BNY website, intranet and social media channels provide extensive and up to date news on recent developments relevant to its clients, colleagues, and partners.

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 is established to effectively manage risks corresponding to the execution of the business strategy and the Firm’s day to day operations. The risk management framework consists of identifying and assessing risks for the Company, maintaining an internal control environment, establishing risk appetite and embedding risk considerations into decisions.

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 monthly 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 defined as the risk arising from the flawed design of business strategy, decision or implementation of a business strategy, and potential disruption to business strategy by external factors and/or internal decisions which jeopardises the ability to deliver commercial outcomes as planned.

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, breaches of technology and information systems, or from external events (including legal risk but excluding strategic and reputation risk).

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

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.

The ORMF defines roles and responsibilities based on BNY's global policy, using the Three LOD model as a foundation.

The monitoring and reporting of operational risks occurs 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").

Liquidity risk

Liquidity risk is the inability to access funding, convert assets to cash quickly and efficiently, or to roll over or issue new debt, especially during periods of market stress. Liquidity risk includes the inability to access funding sources or manage fluctuations in funding levels.

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.

Geopolitical and other macro-environmental risks

The Company is exposed to geopolitical risks associated with political instability, terrorists acts, military conflicts, civil unrests and tensions between countries, which could impact its clients and cause disruption to business operations. The most notable events that are affecting the macro environment include the conflict between Russia and Ukraine as well as the recent conflicts in the Middle East.

Several sanctions and other regulatory measures have been imposed on Russia and its associates due to its conflict with Ukraine, which has among other things impaired normal global economic trading activities. 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

BNY's business and environmental strategies are driven by long-term value creation and alignment to our client base and stakeholder expectations, including regulators in the countries where we operate. As a global financial institution, we believe that it is important to operate more sustainably and reduce our contribution to climate change in a way that aligns with our business strategy and continues to support the needs of our clients and the broader economy.

BNY's vision is to create a more sustainable future by embedding climate considerations across our business operations, building more resilient financial systems, and supporting our clients and the financial markets as they transition to a lower-carbon economy. BNY’s ability to achieve this vision is grounded in our measured approach to climate governance, strategy, risk management and performance monitoring. BNY's progress is driven by our ambition and enthusiasm to do the right thing for our clients, our communities, and the environment.

The Bank of New York Mellon (International) Limited

Strategic report

1. Governance

In line with BNY's governance structure as outlined in BNY's 2023 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. Respective Terms of Reference ("TOR") for relevant committees of the Board include responsibility for managing climate related risks. 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 risks 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 III Report.

The Chair of the BNYMIL Board is the Senior Management Function allocated responsibility for "identifying and managing the financial risk from climate change." The Chair 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.

2. Strategy

Overview: From an opportunities perspective, at the Group level, BNY evolved its global climate strategy in 2023 to meet the expanded mandate of BNY Sustainability and changing regulatory obligations. BNY's vision is to create a more sustainable future by embedding climate considerations across the company's business operations, building more resilient financial systems and supporting BNY's clients and the financial markets.

To this end, BNY introduced new enterprise climate goals, pillars and focus areas including incorporating climate related risks:

- Pillar 1: Enterprise Integration (Global Governance, Strategic Execution, Transition Planning)
- Pillar 2: Climate Risk Management (Enterprise Risk Management, Scenario Analysis, Resiliency Planning)
- Pillar 3: Supporting Our Clients (Sustainable Portfolios, Sustainable Client Solutions, Client Enablement)
- Pillar 4: Sustainable Operations (Green Buildings, Renewable Energy, Supply Chain Sustainability)
- Pillar 5: Leadership and Accountability (Reporting and Disclosure, Industry Engagement, Stakeholder Engagement)

These pillars and focus areas provide a structured framework through which BNY coordinates its efforts to integrate and execute the Group's global climate strategy within key business lines and functions. BNY's legal entities, including BNYMIL, take from and contribute to BNY's global climate strategy.

Impact of climate related risks and opportunities: BNYMIL has considered climate-related impacts across all risk categories and processes to support ongoing monitoring and decision making, including decisions relating to ongoing strategy. 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. For BNYMIL, the impact of climate related risks on business strategy predominantly manifests at the transactional level through embedding understanding of climate related risks that could impact individual decision making, such as granting of short term credit or engagement with third parties. In most cases, BNYMIL provides clients with a range of services that facilitate their financial activities but does not generally provide committed or term funding to those activities. As such, balance sheet risks are relatively low in comparison to other banks with long-term lending portfolios or those that engage in extensive traditional corporate or retail banking, or trading activities. Non-financial risks, primarily relating to business resilience, also continue to be assessed as well as controlled and not materially impacted by climate related risks. Additionally, analysis undertaken in BNYMIL's 2024 ICAAP, ILAAP and exercise of 30-year Network for Greening the Financial System ("NGFS") developed climate change scenarios, along with internal metrics used to monitor potential risks, illustrate a non-material impact from climate-related risks relative to overall risk profile.

While the impacts of climate change have been assessed as non-material using an internal definition of materiality consistent with the measurement of all risk type within BNYMIL and relative to the overall risk profile, the risk is recognised as an emerging risk and hence is subject to monitoring and oversight consistently with material risks should the profile change in future. 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 2023 Sustainability Report.

3. Risk management

The management of climate related risk includes a formal process to identify and assess climate driven risks, maintaining an internal control environment, establishing risk appetite, and embedding risk considerations into decision making. The process is underpinned with risk management policies and procedures and inclusion in relevant governance structures. Risk assessments consider both physical and transitional risks across short, medium and long term time horizons.

Processes for identifying and assessing climate related risks: In Q3 2024, BNYMIL undertook a Climate Risk Driver Assessment which concluded that the impact of transition and physical risks to the entity is non-material over the short, medium and long term. Potential risk drivers are assessed quantitatively and qualitatively to determine if a risk is material. Metrics and expert judgement are used to determine materiality in the short, medium and long term. Regardless of whether a climate-related risk driver is deemed material, drivers that may impact all risk types are monitored through reporting and dedicated risk assessment tools to ensure that both aggregate and idiosyncratic risks are understood and mitigated as appropriate. Based on the outcomes of the materiality assessment process, climate risks are not assessed to have a material impact on any risk types. 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: 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 BNYMIL Risk Appetite does not currently include limits being set against any of the KRIs in place due to it being non-material. 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.

4. Metrics and targets

BNY has set several climate and environmental 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. For BNYMIL, this includes BNY's Scope 1 and Scope 2 (location-based) emissions reduction target and environmental goals to achieve carbon neutrality, divert waste from landfills, and reduce water consumption.

BNY set a climate-related target to reduce the company's global consolidated Scope 1 and Scope 2 (location-based) emissions by 50.4% by 2030 relative to a 2018 base year, consistent with a 1.5°C pathway. BNY also set environmental goals to maintain carbon neutrality annually through 2025 for the company's global Scope 1, Scope 2 (including data centres), and Scope 3, Category 6 (business travel emissions), divert 80% of office waste and 100% of technology waste from landfills, and drive waster use reduction in building operations relative to a 2015 base year.

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. These risks include:

Risk Type	Key Metrics/Key Risk Considerations
Strategic Risk	• Amount of revenue derived from clients in industries with high carbon weighted intensities. Employee satisfaction on BNY efforts to address ESG topics
Market Risk	• Fair Value losses on Banking and Trading book based on NGFS climate scenario
Liquidity Risk	• Liquidity outflow stress losses based on hypothetical physical climate change shocks
Operational Risk	• Number and value of losses associated with operational risk events recorded due to weather related causes • Number of incidents recorded due to weather related causes where no loss or impact is recorded but used to provide an indication of trend in noted incidents and hence potential risk, which are reported through enterprise resiliency reporting monthly • Number of third parties with higher physical risks • Percentage of employees located in physical locations identified as being potentially higher risk
Credit Risk	• Exposures with tenor over 1 year to clients or assets in sectors or geographies at elevated risks due to climate related risk that may impact future default probabilities

Performance against set metrics

An important component of managing our climate-related risks and opportunities is measuring and monitoring our performance. We continue to make progress toward our climate and environmental targets and goals. In 2023, BNY achieved a 31% reduction in the company's global consolidated Scope 1 and Scope 2 (location-based) emissions relative to a 2018 base year, achieved carbon neutrality for nine consecutive years, diverted 81% of office waste and 100% of technology waste from landfills, and decreased water consumption by 41% relative to a 2015 base year.

Approval

By order of the Board

Robin Savchuk
Robin Savchuk (Apr 16, 2025 16:40 GMT+1)

R C Savchuk
Director

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

16 April 2025

Registered number: 03236121

The directors present their report and financial statements of The Bank of New York Mellon (International) Limited for the year ended 31 December 2024.

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 £115.2 million (2023: £60.3 million).

The directors do not recommend a cash dividend for the year ended 31 December 2024 (2023: £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 for the Company at the consolidated level. 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. Capital stress tests are then approved by the CSTOG, the EMEA ALCO, the ExCo, and the Board of Directors.

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 solo-consolidated capital resources and Pillar 1 capital resources requirement is provided in note 32 "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, please see s172 Employee interest on page 3.

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 Bergamaschi Broyd	-	30 June 2024
P A Davies	-	-
M J Dodds	-	-
G A Efthimiou	-	-
H Kablawi	-	-
W Leech	1 September 2024	-
J Mann	29 May 2024	-
M A Murphy	-	11 April 2025
M K Sarvaiya	-	28 October 2024
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 (2023: none utilised).

Post balance sheet events

There are no post balance sheet events requiring disclosure.

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.

By order of the Board

Robin Savchuk
Robin Savchuk (Apr 16, 2025 16:40 GMT+1)

R C Savchuk
Director

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

16 April 2025

Registered number: 03236121

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.

KPMG

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 2024 which comprise the statements of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity, and the related notes (except for the sections of note 32 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 2024 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 18 financial years ended 31 December 2024. 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: financial statements as a whole		£4.8m (2023: £2.6m) 3.51% of PBTCO (2023: 1.04% of Total Revenue)
Key audit matters		**vs 2023**
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 2023), 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
Revenue Recognition Interest receivable and similar income (2024: £367.5 million; 2023: £368.8 million) Fees and commissions receivable (2024: £147.5 million; 2023: £139.3 million) *Refer to note 1.8 & 1.9 (accounting policy) and note 4 & 5 (financial disclosures).*	**Recognition of interest receivable and similar income and fees and commissions receivable** The recognition of revenues from interest receivable and similar income and from fees and commissions receivable, is not subject to significant estimation uncertainty or judgement. However, both revenue from interest receivable and similar income and revenue from fees and commissions receivable, each constitutes a significant portion of revenue and is a considerable multiple of performance materiality. Additionally, as a result of certain control deficiencies identified in previous years, further audit effort has continued to be required in the current year. As such, we consider this to be the matter which had the greatest effect on the allocation of resources and efforts of the engagement team.	**Controls** We performed walkthroughs and risk assessment procedures to understand the revenue recognition process, in accordance with the requirements of the applicable accounting standards. Given the highly automated nature of certain processes, we involved our IT specialists as an integral part of the core financial audit team to conduct testing over the relevant general IT and application controls. **Test of details** Interest receivable and similar income — 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 a market floating rate, we independently sourced the data. — For interest related to certain large placements, we obtained the daily deposit balance, applicable interest rates and recalculated 100% of that interest for the whole year. — We utilised data and analytics tools to recalculate 100% of interest income on debt securities. Fees and commissions receivable — For a sample of asset servicing revenue invoices, we agreed the fee rates applied to the customer contracts, performed recalculations of the invoice amount, and agreed, where relevant, to subsequent cash receipts. — We inspected a sample of transactions to assess whether revenue was recognised in the correct accounting period **Our results** — The results of our testing were satisfactory and we considered ‘interest receivable and similar income’, and ‘fees and commission receivable’ to be acceptable (2023: acceptable).

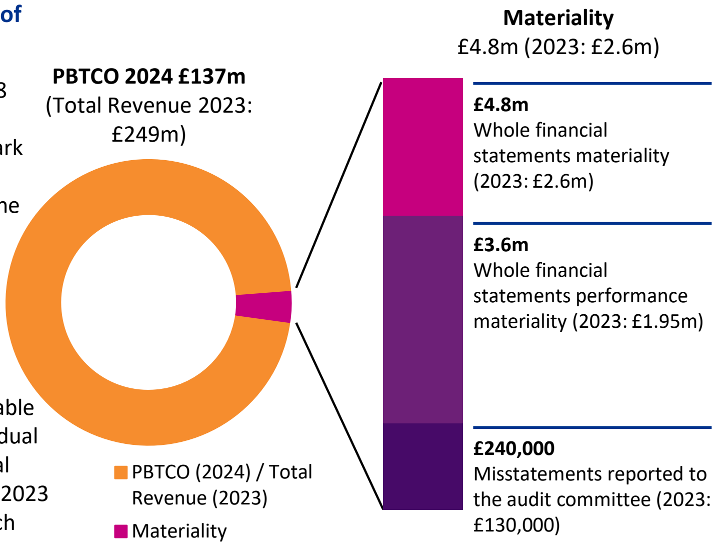
3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.8 million (2023: £2.6 million), determined with reference to a benchmark of PBTCO, of which it represents 3.51%. The benchmark in the previous period was total revenue of which it represented 1.04%. We selected the Company's PBTCO as the benchmark in the current period based on the observed stability in profitability over the past 5 years. With the recent consistent profitability, profit has become a more accurate and meaningful measure of the Company's financial health and performance.
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% (2023 : 75%) of materiality for the financial statements as a whole, which equates to £3.6 million (2023 : £1.95 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 £240,000 (2023: £130,000), 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.

KPMG

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 usual 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 posted by individuals who infrequently post entries and material post-closing 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 recognizing 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.

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.

R Rawstron

Richard Rawstron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London
United Kingdom E14 5GL
16 April 2025

The Bank of New York Mellon (International) Limited

Statement of profit and loss
for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Interest receivable and similar income	4	367,509	368,769
Interest payable and similar charges	4	(273,351)	(269,549)
Net interest income		94,158	99,220
Fees and commissions receivable	12	147,547	139,362
Net foreign exchange translation loss		(315)	(337)
Other operating income	6	6,088	10,802
Non-interest income		153,320	149,827
Total operating income		247,478	249,047
Administration expenses	8, 9 & 10	(156,924)	(167,758)
Change in ECL on financial assets		451	(283)
Total operating expenses		(156,473)	(168,041)
Income from investments in affiliates	7	102,898	17,516
Amounts written off investments in affiliates	18	(57,148)	-
Profit before taxation		136,755	98,522
Taxation on profit	11	(21,518)	(38,209)
Total profit for the financial year		115,237	60,313

Notes 1 to 34 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

Other comprehensive income

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Profit for the financial year		115,237	60,313
Items that are or may be reclassified subsequently to profit or loss:			
Net movement in financial instruments measured at FVOCI		21,463	42,245
Related tax	11	(5,992)	(11,833)
Other comprehensive income, net of income tax		15,471	30,412
Total comprehensive income for the year		130,708	90,725

Notes 1 to 34 are integral to these financial statements.

The Bank of New York Mellon (International) Limited

Balance sheet
at 31 December 2024

	Note	2024 £000	2023 £000
Assets			
Cash and balances at central banks	14	2,687,665	3,781,275
Loans and advances to banks	15	1,891,637	1,645,021
Loans and advances to customers	16	173,578	108,153
Investment securities	17	2,994,460	3,072,747
Investments in affiliates	18	127,028	181,821
Intangible assets	19	156	209
Tangible fixed assets	20	47	65
Deferred tax asset	21	8,926	15,014
Prepayments and accrued income	22	58,890	58,804
Other assets	23	65,384	33,543
Total assets		8,007,771	8,896,652
Liabilities			
Deposits by banks	24	2,575,276	3,297,200
Customer accounts	25	4,316,535	4,583,519
Other liabilities	26	20,810	30,819
Accruals and deferred income	29	6,077	26,455
Provisions	30	4,312	4,606
Total liabilities		6,923,010	7,942,599
Capital and reserves			
Called up share capital	31	519,695	519,695
Fair value reserve		(21,742)	(37,213)
Other reserves		7,139	7,139
Profit and loss account		579,669	464,432
Shareholder's funds		1,084,761	954,053
Total liabilities and shareholder's funds		8,007,771	8,896,652

Notes 1 to 34 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 16, 2025 16:40 GMT+1)

R C Savchuk
Director

16 April 2025
Registered number: 03236121

The Bank of New York Mellon (International) Limited

Statement of changes in equity
For the Year Ended 31 December 2024

	Called up Share capital	Fair value reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2023	519,695	(67,625)	7,139	404,147	863,356
Profit for the year	-	-	-	60,313	60,313
Net movement in financial instruments measured at FVOCI	-	42,245	-	-	42,245
Tax on other comprehensive income	-	(11,833)	-	-	(11,833)
Total comprehensive income for the period	-	30,412	-	60,313	90,725
Dividend in specie	-	-	-	(28)	(28)
Balance at 31 December 2023	519,695	(37,213)	7,139	464,432	954,053
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
Balance at 31 December 2024	519,695	(21,742)	7,139	579,669	1,084,761

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 16 April 2025.

The financial statements, which comprise the information on pages 25 to 70 (except for the sections of 32 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 standards, interpretations and amendments effective on or after 1 January 2024

The standards below were effective on or after 1 January 2024 but did not have a material impact on the Company's financial statements.

- Non-current liabilities with Covenants (Amendments to IAS 1) – effective 1 January 2024.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – effective 1 January 2024.
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16) – effective 1 January 2024.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective 1 January 2024.

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 above regulatory capital requirements as at year end (see note 32 "Capital resources and requirement"). Management performs an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of 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 exists. 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.

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 Other 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 Other 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.

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 Other comprehensive income, in which case it is recognised directly in equity or Other 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.

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.

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.

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 Other 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.

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 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 27 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 28 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.

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 of Other 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.

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 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 expected credit loss ("ECL") allowance and selection and approval of models used to measure ECL allowance.

- 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.

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 2024 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.

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.

2 Financial risk management - continued

Credit quality analysis

	2024				2023
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	
	£000	£000	£000	£000	£000
Cash and balances at central banks					
Grade 2-4: Excellent	2,674,590	-	-	2,674,590	3,768,520
Grade 5-7: Very good	7,077	-	-	7,077	7,132
Grade 11-13: Fair	6,018	-	-	6,018	5,713
	2,687,685	-	-	2,687,685	3,781,365
Loss allowance	(20)	-	-	(20)	(90)
Carrying amount	2,687,665	-	-	2,687,665	3,781,275
Loans and advances to banks at amortised cost					
Grade 2-4: Excellent	1,659,526	-	-	1,659,526	1,460,220
Grade 5-7: Very good	232,113	-	-	232,113	184,807
	1,891,639	-	-	1,891,639	1,645,027
Loss allowance	(2)	-	-	(2)	(6)
Carrying amount	1,891,637	-	-	1,891,637	1,645,021
Loans and advances to customers at amortised cost					
Grade 1: Exceptional	1,560	-	-	1,560	3,121
Grade 2-4: Excellent	82,072	-	-	82,072	80,221
Grade 5-7: Very good	84,099	-	-	84,099	24,064
Grade 8-10: Good	1,813	-	-	1,813	31
Grade 11-13: Fair	4,034	-	-	4,034	716
	173,578	-	-	173,578	108,153
Loss allowance	-	-	-	-	-
Carrying amount	173,578	-	-	173,578	108,153
Investment securities measured at FVOCI *					
Grade 1: Exceptional	1,862,988	-	-	1,862,988	2,279,927
Grade 2-4: Excellent	1,029,381	-	-	1,029,381	701,715
Grade 5-7: Very good	64,604	-	-	64,604	53,645
Fair value	2,956,973	-	-	2,956,973	3,035,287
Investment securities measured at amortised cost					
Grade 1: Exceptional	37,487	-	-	37,487	37,460
Carrying amount	37,487	-	-	37,487	37,460

* ECL with respect to investment securities measured at FVOCI amounted to £12,000 (2023: £22,000).

All amounts exposed to credit risk in 2024 as shown in the table above had a 12 month ECL applied to them.

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 2024 there had been no instances (2023: 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 the end of December 2024, the Company had unused commitments totalling £135,593,000 (2023: £155,770,000).

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:

	2024	2023
	£000	£000
Loans and advances to banks		
United States	902,447	526,315
Germany	399,319	190,516
United Kingdom	305,461	823,016
Japan	169,910	557
Belgium	114,500	104,617
	1,891,637	1,645,021

2 Financial risk management - continued

	2024	2023
	£000	£000
Loans and advances to customers		
United Kingdom	170,343	108,136
Other - mainly Cayman Islands	3,235	17
	173,578	108,153

Concentration of risk by industry sector

	2024	2023
	£000	£000
Loans and advances to banks		
Banks	1,891,637	1,645,021
Amounts include:		
- unsubordinated	1,891,399	1,626,286
- subordinated	238	721
	1,891,637	1,627,007

	2024	2023
	£000	£000
Loans and advances to customers		
Financial intermediaries	170,884	107,410
Pension funds	156	31
Other financial corporations	2,538	712
	173,578	108,153

	2024	2023
	£000	£000
Investment securities		
Central government	494,219	237,690
Credit institutions	2,305,517	2,637,347
Other financial corporations	194,724	197,710
	2,994,460	3,072,747

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 2024 and 2023, 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.

Loss allowance

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

2 Financial risk management - continued

	2024				2023
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL
	£000	£000	£000	£000	£000
Cash and balances at central banks					
Balance at 1 January	90	-	-	90	106
Decrease in ECL	(70)	-	-	(70)	(16)
Balance 31 December	20	-	-	20	90
Loans and advances to banks at amortised cost					
Balance at 1 January	6	-	-	6	40
Decrease in ECL	(4)	-	-	(4)	(34)
Balance 31 December	2	-	-	2	6
Investment securities measured at FVOCI					
Balance at 1 January	22	-	-	22	37
Decrease in ECL	(10)	-	-	(10)	(15)
Balance 31 December	12	-	-	12	22

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.

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.

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. The majority of the Company's derivative positions are mainly 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 2024, the Company had £862,000 outstanding derivative assets (2023: £nil) and £61,000 outstanding derivative liability (2023: £791,000).

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.

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

31 December 2024	Gross amounts recognised £000	Amounts offset in the Balance sheet £000	Net amounts presented in the Balance sheet £000
Types of financial assets			
Due from Group undertakings	3,775	-	3,775
Other assets	862	-	862
Total	4,637	-	4,637
Types of financial liabilities			
Due to Group undertakings	13,381	-	13,381
Deposits by banks	84,288	(32,736)	51,552
Other liabilities	61	-	61
Total	97,730	(32,736)	64,994

31 December 2023	Gross amounts recognised £000	Amounts offset in the Balance sheet £000	Net amounts presented in the Balance sheet £000
Types of financial assets			
Due from Group undertakings	7,474	-	7,474
Total	7,474	-	7,474
Types of financial liabilities			
Due to Group undertakings	16,402	-	16,402
Deposits by bank	68,776	-	68,776
Other liabilities	791	-	791
Total	85,969	-	85,969

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 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 at 31 December 2024 and 2023.

	2024	2023
	£000	£000
Assets:		
Denominated in US Dollar	929,454	774,628
Denominated in Euro	480,105	340,156
Denominated in other currencies	486,336	650,995
Total assets exposed to foreign exchange risk	1,895,895	1,765,779
Liabilities, share capital and reserves:		
Denominated in US Dollar	929,454	774,628
Denominated in Euro	480,105	340,156
Denominated in other currencies	486,336	650,995
Total liabilities and reserves exposed to foreign exchange risk	1,895,895	1,765,779

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 as part of the, the risk limit framework 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 2024 and 2023. 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.

Notes to the financial statements
for the year ended 31 December 2024

2 Financial risk management - continued

2.4 Interest rate risk - continued

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
Assets							
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		862	862	-	-	-	-
Total assets		7,748,202	6,185,706	99,187	248,321	1,166,496	48,492
Liabilities							
Deposits from banks	24	2,575,276	2,570,276	5,000	-	-	-
Customer accounts	25	4,316,535	4,316,535	-	-	-	-
Other liabilities		61	61	-	-	-	-
Total liabilities		6,891,872	6,886,872	5,000	-	-	-
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

2023	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
Assets							
Cash and balances at central banks	14	3,781,275	3,781,275	-	-	-	-
Loans and advances to banks	15	1,645,021	1,645,021	-	-	-	-
Loans and advances to customers	16	108,153	108,153	-	-	-	-
Investment securities	17	3,072,747	2,005,117	-	339,690	703,359	24,581
Total assets		8,607,196	7,539,566	-	339,690	703,359	24,581
Liabilities	24	3,297,200	3,297,200	-	-	-	-
Deposits from banks	25	4,583,519	4,583,519	-	-	-	-
Other liabilities		791	791	-	-	-	-
Total liabilities		7,881,510	7,881,510	-	-	-	-
Net interest rate sensitivity gap		725,686	(341,944)	-	339,690	703,359	24,581
Cumulative interest rate sensitivity gap		725,686	(341,944)	(341,944)	(2,254)	701,105	725,686

2 Financial risk management - continued

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 with a high degree of confidence, 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

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
Assets								
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		7,812,724	7,812,724	6,250,229	99,187	248,321	1,166,496	48,491
Liabilities								
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	26	20,810	20,810	20,810	-	-	-	-
Total financial liabilities		6,912,621	6,912,621	6,907,621	5,000	-	-	-
Net liquidity gap		900,103	900,103	(657,392)	94,187	248,321	1,166,496	48,491
Cumulative liquidity gap		900,103	900,103	(657,392)	(563,205)	(314,884)	851,612	900,103

2023	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
Assets								
Cash and balances at central banks	14	3,781,275	3,781,275	3,781,275	-	-	-	-
Loans and advances to banks	15	1,645,021	1,645,021	1,645,021	-	-	-	-
Loans and advances to customers	16	108,153	108,153	108,153	-	-	-	-
Investment securities	17	3,072,747	3,072,747	2,005,117	-	339,690	703,359	24,581
Other assets	23	33,543	33,543	33,543	-	-	-	-
Total financial assets		8,640,739	8,640,739	7,573,109	-	339,690	703,359	24,581
Liabilities								
Deposits by banks	24	3,297,200	3,297,200	3,297,200	-	-	-	-
Customer accounts	25	4,583,519	4,583,519	4,583,519	-	-	-	-
Other liabilities		30,819	30,819	30,819	-	-	-	-
Total financial liabilities		7,911,538	7,911,538	7,911,538	-	-	-	-
Net liquidity gap		729,201	729,201	(338,429)	-	339,690	703,359	24,581
Cumulative liquidity gap		729,201	729,201	(338,429)	(338,429)	1,261	704,620	729,201

2 Financial risk management - continued

2.5 Liquidity risk - continued

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 issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with central banks (these amounts are referred to as the Company's 'liquidity reserves').

3 Fair value financial instruments

Fair value of financial assets and liabilities

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:

3 Fair value financial instruments - continued

Fair value of financial assets and liabilities - continued

	Note	Carrying amount 2024 £000	Fair value 2024 £000	Level 1 2024 £000	Level 2 2024 £000	Level 3 2024 £000
Financial instruments						
Investment securities						
Investment securities measured at FVOCI		2,956,973	2,956,972	494,219	2,462,753	-
Investment securities measured at amortised cost		37,487	36,883	-	36,883	-
Total investment securities	17	2,994,460	2,993,855	494,219	2,499,636	-
Other financial assets						
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	-
Other assets	23	65,384	65,384	-	65,384	-
Total other financial assets		4,818,264	4,818,264	-	4,818,264	-
Financial liabilities measured at amortised cost						
Deposits by banks	24	2,575,276	2,575,276	-	2,575,276	-
Customer accounts	25	4,316,535	4,316,535	-	4,316,535	-
Other liabilities	26	20,810	20,810	-	20,810	-
Total financial liabilities		6,912,621	6,912,621	-	6,912,621	-

	Note	Carrying amount 2023 £000	Fair value 2023 £000	Level 1 2023 £000	Level 2 2023 £000	Level 3 2023 £000
Financial instruments						
Investment securities						
Investment securities measured at FVOCI		3,035,287	3,035,287	229,920	2,805,367	-
Investment securities measured at amortised cost		37,460	35,745	-	35,745	-
Total investment securities	17	3,072,747	3,071,032	229,920	2,841,112	-
Other financial assets						
Cash and balances at central banks	14	3,781,275	3,781,275	-	3,781,275	-
Loans and advances to banks	15	1,645,021	1,645,021	-	1,645,021	-
Loans and advances to customers	16	108,153	108,153	-	108,153	-
Other assets	23	33,543	33,543	-	33,543	-
Total other financial assets		5,567,992	5,567,992	-	5,567,992	-
Financial liabilities measured at amortised cost						
Deposits by banks	24	3,297,200	3,297,200	-	3,297,200	-
Customer accounts	25	4,583,519	4,583,519	-	4,583,519	-
Other liabilities	26	30,819	30,819	-	30,819	-
Total financial liabilities		7,911,538	7,911,538	-	7,911,538	-

3 Fair value financial instruments - continued

Fair value of financial assets and liabilities - continued

Financial instruments recorded 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.

Financial instruments - debt 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.

Fair value of financial assets and liabilities not carried 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 in hand and on demand balances at central banks
- loans and advances to banks
- loans and advances to customers
- other loans and debtors

Financial liabilities

- deposits by banks
- customer accounts
- other loans and creditors

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 with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

For investment securities measured at amortised cost, for which we disclose a fair value, we determined quoted market prices to be the appropriate fair value measurement when available.

4 Interest receivable and payable

	2024	2023
	£000	£000
Group companies - financial assets measured at amortised cost	62,282	62,748
External third parties		
- financial assets measured at amortised cost	167,633	179,795
- financial assets measured at FVOCI	137,594	126,226
Interest receivable	367,509	368,769
Group companies - financial liabilities measured at amortised cost	(138,175)	(126,907)
External third parties - financial liabilities measured at amortised cost	(135,176)	(142,642)
Interest payable	(273,351)	(269,549)
Net interest income	94,158	99,220

5 Revenue from contracts with customers

Nature of Services and Revenue Recognition

Fee revenue relating to the provision of Custody, Trustee and Depositary, 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 £12.7 million at 31 December 2024 (2023: £14.4 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 Other 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 2024 (2023: £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 2024 (2023: £nil).

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

	2024	2023
	£000	£000
Foreign exchange income	7,485	7,453
Recharge of service charges to fellow Group undertakings	1,205	3,224
Loss on non-qualifying economic hedges	(6)	(38)
Cumulative (loss)/gains on sale of FVOCI assets	(2,596)	163
	6,088	10,802

7 Income from investments in affiliates

	2024	2023
	£000	£000
Income from investments in affiliates	102,898	17,516

£36.1 million (2023: £17.5 million) was received by the Company from its 10% participating interest in an Investment and Cooperation Agreement with another Group entity. The Company also received £66.8 million dividend from its direct subsidiary, BNY Trust Company Limited (2023: £nil).

8 Staff costs

	2024	2023
	£000	£000
Salaries and wages	368	228
Social security costs	43	27
Pension costs	16	15
Other staff costs	12	6
	439	276

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 2024 represent amounts paid to non-executive directors.

The average number of employees dedicated to the Company’s business during the year was nil (2023: nil).

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.

9 Directors' emoluments - continued

	2024	2023
	£000	£000
Directors' emoluments	770	824
Amounts receivable under long term incentive schemes	170	137
Company contributions to money purchase pension schemes	15	9
Compensation for loss of office	10	19
	965	989

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £367,000 (2023: £439,000) and Company pension contributions of £6,000 (2023: £3,000) were made on their behalf to a money purchase scheme. During the year, the highest paid director did not exercise share options but did receive shares under a long term incentive scheme.

	Number of directors	
	2024	2023
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	5	5
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	4	5

10 Administrative expenses and auditor's remuneration

Profit before taxation is stated after charging:

	2024	2023
	£000	£000
Depreciation - tangible fixed assets	18	12
Amortisation - intangible assets	52	58
	70	70

Auditor's remuneration:

	2024	2023
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of Parent and subsidiary financial statements pursuant to legislation	573	677
Other services pursuant to legislation	490	530
Audit related assurance services	-	-
Other assurance services	-	-
All other services	246	239
	1,309	1,446

The above costs include additional fees of £122,082 (2023: £213,609) 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 2024

11 Taxation

Recognised in the Statement of profit and loss and Other comprehensive income

	2024		2023	
	£000	£000	£000	£000
UK corporation tax				
Current tax on profit for the period	33,239		38,423	
Adjustments in respect of prior periods	(11,817)		(334)	
	21,422		38,089	
Foreign tax				
Deferred tax (see note 21)				
Current year	96		101	
Effect of tax rate changes	-		19	
	96		120	
Total deferred tax		96		120
Total tax expense		21,518		38,209

Other comprehensive income items		
Deferred tax current year charge/(credit)	5,992	11,833
	5,992	11,833

11 Taxation - continued

Factors affecting total tax charge for the current period

	2024	2023
	£000	£000
Total profit for the year	115,237	60,313
Total tax expense	(21,518)	(38,209)
Profit excluding taxation	136,755	98,522
Tax using the UK corporation tax rate of 25.00% (2023: 23.52%)	34,189	23,172
Tax on share of ICA profits	11,857	12,017
Bank surcharge at 3.00% (2023: 4.23%)	1,072	5,860
Non-taxable income	(26,314)	(2,525)
Expenses not deductible	14,297	-
Effects of group relief/ other reliefs	(1,766)	-
Effect of tax rate changes	-	19
Adjustments in respect of prior years	(11,817)	(334)
Total tax expense (including tax on discontinued operations)	21,518	38,209

The UK corporation tax rate of 25%, effective from 1 April 2023, was substantively enacted as part of Finance Bill 2021.

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.

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 £247.8 million (2023: £249.0 million) and comprises Fees and commissions receivable, Net interest income and Other operating income.

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

Other income amounting to £6.1 million comprises £7.5 million foreign exchange income noted above and £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
Geographical analysis by location:				
United Kingdom	-	136,755	30,784	-
	-	136,755	30,784	-

12 Capital Requirements Regulations 2013 - continued

2023	Transfer Agency £000	Fund Accounting £000	Custody £000	Trust & Depositary £000	Total £000
Geographical analysis by location:					
United Kingdom	36,360	32,298	43,953	26,751	139,362
Turnover (Fees & Commissions)	36,360	32,298	43,953	26,751	139,362
Geographical analysis by location:					
United Kingdom	-	-	99,220	-	99,220
Net Interest Income	-	-	99,220	-	99,220
Geographical analysis by location:					
United Kingdom	-	-	7,453	-	7,453
Foreign Exchange Income	-	-	7,453	-	7,453

Other income amounting to £10.8 million comprises £7.5 million foreign exchange income noted above in addition to £3.3 million relating to recharges of management overheads, gains on non-qualifying economic hedges, realised gains on the sale of securities and other miscellaneous income which cannot be meaningfully allocated to product lines.

	Employees	Profit before tax £000	Taxes paid £000	Public subsidies received £000
Geographical analysis by location:				
United Kingdom	-	98,522	38,095	-
	-	98,522	38,095	-

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.

2024	Note	Mandatorily at FVTPL £000	FVOCI - debt instruments £000	Amortised cost £000	Total carrying value £000
Assets					
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
- Measure 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		862	2,956,973	4,854,889	7,812,724
Liabilities					
Deposits by banks	24	-	-	2,575,276	2,575,276
Customer accounts	25	-	-	4,316,535	4,316,535
Amounts due to group undertakings	26	-	-	13,381	13,381
Other liabilities	26	61	-	7,368	7,429
Total financial liabilities		61	-	6,912,560	6,912,621

2023	Note	Mandatorily at FVTPL £000	FVOCI - debt instruments £000	Amortised cost £000	Total carrying value £000
Assets					
Cash and balances at central banks	14	-	-	3,781,275	3,781,275
Loans and advances to banks	15	-	-	1,645,021	1,645,021
Loans and advances to customers	16	-	-	108,153	108,153
Investment securities:					
- Measured at fair value	17	-	3,035,287	-	3,035,287
- Measured at amortised cost	17	-	-	37,460	37,460
Amounts due from group undertakings	23	-	-	7,474	7,474
Other assets		-	-	26,069	26,069
Total financial assets		-	3,035,287	5,605,452	8,640,739
Liabilities					
Deposits by banks	24	-	-	3,297,200	3,297,200
Customer accounts	25	-	-	4,583,519	4,583,519
Amounts due to group undertakings	26	-	-	16,402	16,402
Other liabilities	26	791	-	13,626	14,417
Total financial liabilities		791	-	7,910,747	7,911,538

14 Cash and balances at central banks

	2024	2023
	£000	£000
Cash and balances at central banks	2,687,665	3,781,275

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

	2024	2023
	£000	£000
Repayable within three months	1,891,637	1,627,007
Restricted cash	-	18,014
	1,891,637	1,645,021
Amounts include:		
Due from fellow group undertakings		
- unsubordinated	1,891,399	1,626,286
- subordinated	238	721
	1,891,637	1,627,007

Restricted cash relates to cash ratio deposit held with Bank of England as a regulatory requirement, subsequently replaced by the Bank of England levy effective 1 March 2024.

16 Loans and advances to customers

	2024	2023
	£000	£000
Repayable within three months	173,578	108,153

17 Investment securities

	2024	2023
	£000	£000
Investment securities measured at FVOCI	2,956,973	3,035,287
Investment securities measured at amortised cost	37,487	37,460
	2,994,460	3,072,747

The Company continues to have access to the Bank of England Sterling Monetary Framework and as at 31 December 2024, the Company had pre-positioned £1,126 million worth of debt securities (2023: £1,308 million) and drawn down £5 million (2023: nil) as per note 24.

17 Investment securities - continued

	2024	2023
	£000	£000
Investment securities measured at FVOCI		
Covered bonds	1,304,511	1,625,338
Government guaranteed	379,110	390,682
Sovereign debt	494,219	229,920
Sub-Sovereign debt	377,500	370,732
Supranational debt	355,747	374,002
Non-Agency Residential Mortgage Backed Security	45,886	44,613
Investment securities measured at amortised cost		
Supranational debt	37,487	37,460
	2,994,460	3,072,747

18 Investments in affiliates

	Investment in subsidiaries	Investment in associate	Total
	£000	£000	£000
Cost			
At 1 January 2024	57,148	124,673	181,821
Amounts written off	(57,148)	-	(57,148)
Foreign exchange movements	-	2,355	2,355
At 31 December 2024	-	127,028	127,028
Net book value			
At 31 December 2024	-	127,028	127,028
At 31 December 2023	57,148	124,673	181,821

Investment in Associate

The investment in associate represents a 10% (2023: 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 at 31 December 2024 (2023: none).

18 Investments in affiliates - continued

Investment in subsidiaries

The Company had 2 (2023: 2) direct subsidiaries and nil (2023: 1) indirect subsidiaries as at 31 December 2024. The nominee company is a dormant entity. The Company has the following investments in subsidiaries:

	Registered office	Principal activity	Class of shares held	Ownership 2024	2023
Direct					
BNY Trust Company Limited	160 Queen Victoria Street, London, EC4V 4LA	Holding Company	Ordinary £1	100%	100%
BNY Mellon Secretaries (UK) Limited	160 Queen Victoria Street, London, EC4V 4LA	Nominee Company	Ordinary £1	100%	100%
Indirect					
BNY XBK (UK) Limited (formerly BNY Mellon Trust & Depositary (UK) Limited)	160 Queen Victoria Street, London, EC4V 4LA	Non-MIFID arranger firm	Ordinary £1	Nil	100%

In 2024, BNY Trust Company Limited sold its subsidiary BNY Mellon Trust & Depositary (UK) Limited to another Group entity for £1,000. Accordingly, as at 31 December 2024, the BNY Mellon Trust & Depositary (UK) Limited was no longer an indirect subsidiary of BNYMIL. Subsequently, BNY Trust Company Limited paid a dividend of £66.8m to its parent BNYMIL with BNYMIL subsequently writing down its investment in the entity by £57.1m to £1. BNY Trust Company Limited is expected to be liquidated in the near future.

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.

19 Intangible assets

	Computer software, internally generated £000	Total £000
Cost		
At 1 January 2024	270	270
At 31 December 2024	270	270
Amortisation and impairment		
At 1 January 2024	61	61
Amortisation	53	53
At 31 December 2024	114	114
Net book value		
At 31 December 2024	156	156
At 31 December 2023	209	209

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
Cost				
At 1 January 2024	1,464	7,378	379	9,221
Retirements	(445)	-	-	(445)
At 31 December 2024	1,019	7,378	379	8,776
Depreciation and impairment				
At 1 January 2024	1,464	7,313	379	9,156
Retirements	(445)	-	-	(445)
Depreciation	-	18	-	18
At 31 December 2024	1,019	7,331	379	8,729
Net book value				
At 31 December 2024	-	47	-	47
At 31 December 2023	-	65	-	65

21 Deferred tax assets and liabilities

Movement in deferred tax during the year

	2024	2023
	£000	£000
At 1 January	15,014	26,967
Profit and loss charge	(96)	(120)
OCI (charge)/credit	(5,992)	(11,833)
At 31 December	8,926	15,014

Deferred tax assets have been recognised in full based on expected recoverability due to future anticipated profits of the Company. The major components of deferred tax are as follows:

Recognised deferred tax assets and liabilities

	2024	2023
	£000	£000
Tangible fixed assets	458	552
Unrealised losses/(gains) in OCI	8,459	14,450
Change in basis IFRS 9	9	12
Net deferred tax asset/(liability)	8,926	15,014

The Company has tax losses carried forward of £6.6 million (2023: £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 (2023: £1.7 million).

22 Prepayments and accrued income

	2024	2023
	£000	£000
Unbilled trade receivables	21,363	26,096
Accrued interest	33,338	31,710
Deferred costs	3,825	457
Prepaid expenses	364	541
	58,890	58,804

23 Other assets

	2024	2023
	£000	£000
Amounts owed by group companies	3,775	7,474
Other debtors	61,609	26,069
	65,384	33,543

Other assets are stated after £106,000 of ECL for trade receivables (2023: £473,000).

Notes to the financial statements
for the year ended 31 December 2024

23 Other assets - continued

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

	2024	2023
	£000	£000
At 1 January	473	125
Provided during the year	-	348
Released during the year	(367)	-
At 31 December	106	473

24 Deposit by banks

	2024	2023
	£000	£000
Due to group undertakings	2,523,724	3,228,424
Repurchase agreements (Note 28)	46,552	68,776
Borrowings from central banks	5,000	-
	2,575,276	3,297,200

Borrowings from central banks of £5 million (2023: £nil) relate to drawn down amounts as part of the Bank of England's Sterling Monetary Framework.

25 Customer accounts

	2024	2023
	£000	£000
Repayable		
- on demand	4,316,535	4,537,703
- within 3 months	-	45,816
	4,316,535	4,583,519
Amounts include:		
Due to fellow group undertakings		
- on demand	-	100
- within 3 months	-	45,816
	-	45,916

26 Other liabilities

	2024	2023
	£000	£000
Amounts owed to group undertakings	13,381	16,402
Interest rate swaps (Note 27)	61	791
Other payables	7,368	13,626
	20,810	30,819

27 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 2024, £93.6 million par value of FVOCI securities were hedged with interest rate swaps with notional values amounting to £95.1 million. The FVOCI hedged are all Sovereign, Foreign Agency and Supranational debt and have original maturities between 1 and 5 years from the balance sheet date. For the year ended 31 December 2024, some of the assets pledged faced a diminution in their fair value and therefore have provided additional cash collateral amounting to £839,000.

The following table presents the pre-tax gains (losses) related to our fair value and cash flow hedging activities recognized in the Statement of profit and loss.

Income statement impact of fair value hedges	**Location of gain/(loss)**	**2024 £000**	**2023 £000**
Interest rate swaps	Interest receivable and similar income	(1,738)	(802)
Hedged assets	Interest receivable and similar income	1,644	802
(Loss) recognised in Profit and loss account		(94)	-

	Carrying amount of hedged asset		**Hedge accounting adjustment increase (decrease) included in the carrying amount of the hedged item**	
	2024	**2023***	**2024**	**2023***
	£000	**£000**	**£000**	**£000**
Assets held at FVOCI	93,521	32,385	(796)	802

Impact of derivative instruments designated as hedging instruments	**Notional value**		**Asset derivatives fair value**	
Interest rate swaps	79,000	-	862	-
Impact of derivative instruments designated as hedging instruments	**Notional value**		**Liability derivatives fair value**	
Interest rate swaps	16,100	32,100	61	791

*Comparatives have been restated to present the Carrying amount of hedged asset at its fair value of £32,385,000 which was previously reported as £32,800,000. Additionally, the comparative Hedge accounting adjustment has been presented as an increase of £802,000 which was previously presented as a decrease of £802,000 and the fair value of associated derivatives has been presented as a liability of £791,000 which was previously presented as an asset of £791,000. The restatements affect this disclosure only and did not have any impact on investment securities, other assets or other liabilities in the balance sheet or on total assets or total liabilities.

28 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 £238,000 as at 31 December 2024 (2023: £nil), therefore decreasing the amount of assets available for other liquidity needs that may arise.

As at 31 December 2024, the Company's total gross outstanding repurchase agreements amounted to £79.3 million (2023: £68.9 million). The netting applied on the gross amounted to £32.7 million (2023: £nil). The net accrued interest amounted to £74,000 (2023: £594,000).

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

	Fair value	
	2024	**2023**
Repurchase agreements	**£000**	**£000**
Government bonds	56,842	68,887
Credit Institutions	22,066	-
	78,908	68,887

29 Accruals and deferred income

	2024	**2023**
	£000	**£000**
Interest on term deposits	2,008	21,381
Other	4,069	5,074
	6,077	26,455

30 Provisions

	2024	**2023**
	£000	**£000**
At 1 January	4,606	4,753
Provisions made during the year	5,393	-
Provisions used during the year	(5,687)	(147)
At 31 December	4,312	4,606

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 £4.3 million have been made in respect of potential compensation obligations as at 31 December 2024 (2023: £4.6 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.

In February 2024, a payment of £4.5 million was made with respect to an existing operational error and a subsequent recovery received from one of the group entities in line with the outsourcing arrangement noted above.

In July 2024, Management identified an operational error that pertains to a very small number of the company's clients to whom BNY provides fund accounting services and a provision totalling £5.4 million has been made in respect of potential compensation obligations as at 31 December 2024. £1.1 million has already been paid prior to the year-end and settlement of any remaining obligations, is expected within the coming year.

31 Called up share capital and reserves

	Ordinary shares	
	2024	**2023**
	£000	**£000**
Allotted, called up and fully paid		
519,694,974 Authorised ordinary shares of £1 each	519,695	519,695

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.

32 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 a solo-consolidated basis by the PRA. The following table is an analysis of those items which comprise the Company's Regulatory Capital on a solo-consolidated basis.

	2024	**2023**
	£000	**£000**
Tier 1 capital		
Solo consolidated called up share capital	519,695	519,695
Solo consolidated profit and loss and other reserves	557,930	434,042
Total tier 1 capital	1,077,625	953,737
Deductions from tier 1 capital	(122,424)	(120,324)
Intangible assets	(156)	(209)
Total tier 1 capital after deductions	955,045	833,204
Tier 2 capital	-	-
Total capital resources	955,045	833,204

Risk weighted assets were (unaudited):

	2024	**2023**
	£000	**£000**
Credit risk	529,382	547,812
Market risk	11,501	14,099
Operational risk	550,050	476,661
	1,090,933	1,038,572

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 2024, the Company's capital ratios on a solo-consolidated basis were Common Equity Tier 1 87.54% (2023: 80.23%) and Total Capital 87.54% (2023: 80.23%). Total regulatory capital resources on a solo-consolidated basis as at 31 December 2024 were £955 million (2023: £833 million).

32 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 2024, the Company's LCR was 201% (2023: 185%).

33 Transactions involving Directors, officers and others

At 31 December 2024 there were no loans and other transactions made to directors, officers or other related parties of the Company (2023: £nil).

34 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 2024 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