BNY MELLON

Pershing Holdings (UK) Limited

# Pillar 3 Disclosure

December 31, 2020

## Executive summary



## Capital



## Risk

## Human resources



# Appendices



# Executive summary

# 1 Article 431 CRR - Scope of disclosure requirements

## 1.1 Disclosure policy

This document comprises the Pershing Holdings (UK) Limited and its subsidiary undertakings (together the “PHUK Group” or “Pershing”) Pillar 3 disclosures on capital and risk management at 31 December 2020. These Pillar 3 disclosures are published in accordance with the requirements of the Capital Requirements Regulation ('CRR') and the Capital Requirements Directive ('CRD') referred to together as CRD IV, which came into effect on 1 January 2014. CRD IV has the effect of implementing the international Basel III reforms of the Basel Committee on Banking Supervision within the European Union ('EU'). The Pillar 3 disclosure requirements are contained in Part Eight of the CRR, in particular articles 431 to 455.

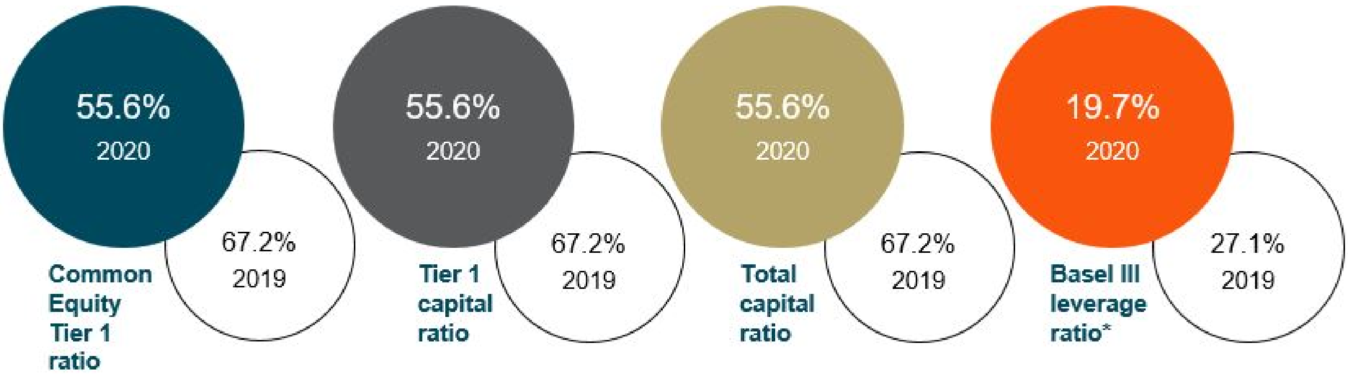
Pillar 3 disclosures are required for a consolidated group and for those parts of the group covered by CRD IV. When assessing the appropriateness of these disclosures in the application of Article 431(3) of the CRR, PHUK Group has ensured adherence to the following principles of:

| Clarity | Meaningfulness | Consistency over time | Comparability across institutions |
|---|---|---|---|

The Basel Committee on Banking Supervision ('BCBS') requires these disclosures to be published at the highest level of consolidation. PHUK Group has adopted this approach with information presented at a fully consolidated level.

Information in this report has been prepared solely to meet Pillar 3 disclosure requirements of the entity noted, and to provide certain specified information about capital, risk and details about the management of those risks, and for no other purpose. These disclosures do not constitute any form of financial statement of the business nor do they constitute any form of contemporary or forward looking record or opinion about the business.

Unless indicated otherwise, information contained within this document has not been subject to external audit.




* This ratio is for information only. PHUK Group is not subject to a binding leverage requirement.

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

## 1.2 The Basel III framework

Basel III is the international banking accord intended to strengthen the measurement and monitoring of financial institutions' capital. The Basel III framework was transposed in the EU regulations through CRR and has established a more risk-sensitive approach to capital management. It is comprised of three pillars:

**Pillar 1 - Minimum capital requirement:**

Establishes rules for the calculation of minimum capital for credit risk, counterparty credit risk, market risk, operational risk and capital resources requirements.

**Pillar 2 - Supervisory review process:**

Requires firms and supervisors to undertake an internal capital adequacy assessment process to determine whether the financial institution needs to hold additional capital against risks not adequately covered in Pillar 1 and to take action accordingly.

**Pillar 3 - Market discipline:**

Complements the other two pillars and effects market discipline through public disclosure showing an institution's risk management policies, approach to capital management, capital resources and an analysis of its credit risk exposures.

Wherever possible and relevant, the Pershing Holdings (UK) Limited Board ("the Board") will ensure consistency between Pillar 3 disclosures, Pillar 1 reporting and Pillar 2 Internal Capital Adequacy Assessment Process ('ICAAP') content.

## 1.3 Purpose of Pillar 3

Pillar 3 requires the external publication of exposures and associated risk weighted assets and the approach to calculating capital requirements for the following risk and exposure types:


These Pillar 3 disclosures only focus on those risk and exposure types relevant to PHUK Group.

PHUK Group includes both quantitative and qualitative disclosures to show the relevant information and describe its approach to capital management, its capital resources and an analysis of its risk exposures. The disclosures also include, where appropriate, comparative figures for the prior year and an analysis of the more significant movements to provide greater insight into its approach to risk management.

For completeness, other risks that PHUK Group is exposed to but are not covered above are discussed in Appendix 1.

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

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

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

PHUK Group undertakes no obligation to revise or to update any forward-looking or other statement contained within this report regardless of whether or not those statements are affected as a result of new information or future events.

## 1.5 Article 433/434 CRR - Frequency and means of disclosure

Disclosure will be made annually based on calendar year-end and will be published in conjunction with the preparation of the Annual Report and Financial Statements. PHUK Group will reassess the need to publish some or all of the disclosures more frequently than annually in light of any significant change to the relevant characteristics of its business including disclosure about capital resources and adequacy, and information about risk exposure and other items prone to rapid change.

This will be periodically reassessed and updated in light of market developments associated with Pillar 3.

Disclosures are published on The Bank of New York Mellon Corporation group website which can be accessed using the link below:

https://www.bnymellon.com/us/en/investor-relations/regulatory-filings.html#other_regulatory

## 1.6 Governance: approval and publication

Pursuant to the BNY Mellon EMEA Pillar 3 disclosure policy, these disclosures were approved for publication by the Board on 23 June 2021. The Board approved the adequacy of PHUK Group's risk management arrangements, providing assurance that the risk management systems put in place are adequate with regard to PHUK Group's profile and strategy.

## 1.7 Key 2020 and subsequent events

PHUK Group acts as a holding company and there are no plans to change the nature of activities in the future.

**Regulatory Change**

In 2020 the Board received updates on the preparation for The Investment Firms' Prudential Regime ('IFPR') to replace CRD IV from January 2022. IFPR is more suited to Investment Firms and calibrated in a manner proportionate to the best interests of clients and the promotion of the smooth and orderly functioning of the markets.

**Brexit**

The UK formally left the EU on 31 January 2020 and ceased to be an EU member state on that date. The departure was subject to a transition period which ended on 31 December 2020. On 24 December 2020, the UK and EU reached a “Trade and Cooperation Agreement” which offered some major free trade benefits, but also represented an end to most aspects of the free market access that the UK previously enjoyed as an EU member state. The new rules apply from 1 January 2021.

The UK’s withdrawal from the EU has had a limited impact on PHUK Group. The directors continue to monitor other risks which may arise as a result of post-Brexit changes to the UK legal and regulatory framework in which PHUK Group operates. Changing economic factors such as changes in interest rates and foreign exchange rates could also affect PHUK Group's performance.

The Directors expect PHUK Group to remain profitable over the next 12 months, with a robust balance sheet and significant headroom above regulatory capital requirements. Accordingly, there is no material uncertainty that may cast significant doubt on PHUK Group’s ability to continue as a going concern due to Brexit.

**COVID-19**

In 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation remains dynamic and has led to an increased level of uncertainty among companies and global financial markets. To ensure the health and wellbeing of its people and continuing ability to service its clients, PHUK Group has moved to a largely working from home model and both PHUK Group and wider BNY Mellon Group have implemented enhanced monitoring and oversight controls. Below is a consideration of the impact of the uncertainty on PHUK Group's financial statements and operational resilience.

*Financial statement consideration*

Particular focus has been on PHUK Group's key areas of significant judgment and estimation uncertainty, specifically provisions.

- During the year, PHUK Group had an increase in fee revenue primarily driven by a significant increase in transaction volumes and increased assets under custody indicating that the pandemic has had no adverse impact on the level of assets administered by PHUK Group in 2020.
- PHUK Group continues to closely monitor the impact of market volatility on its balance sheet and currently has sufficient liquidity in excess of its regulatory requirement. PHUK Group continues to monitor the risk of Central Bank interest rate movements.
- No provisions have arisen as a result of management's actions specifically in response to the impact of pandemic.

*PHUK Group's operational resilience*

Management has assessed the impact of COVID-19 on PHUK Group's existing operational processes and its potential impact on its key stakeholders.

- Customers: There have been no significant interruptions on customer related processes and activities. PHUK Group has continued to administer services to its customers.
- Suppliers: Through PHUK Group's proactive outreach programme to its third party providers, management has continued to assess and monitor its contractual risk resulting from the COVID-19 pandemic. No significant issues have been noted to date.
- PHUK Group is adequately financed and is able to utilise existing cash flows within the Group in the event that additional capital is needed. As at 31 December 2020, PHUK Group had sufficient headroom above regulatory capital requirements.
- PHUK Group's key information technology systems and infrastructure including those outsourced have not been significantly impacted as a result of COVID-19 and continue to operate as normal.

The Board is closely monitoring and managing the COVID-19 situation and believes that the fundamentals underpinning PHUK Group's strategy remain intact.

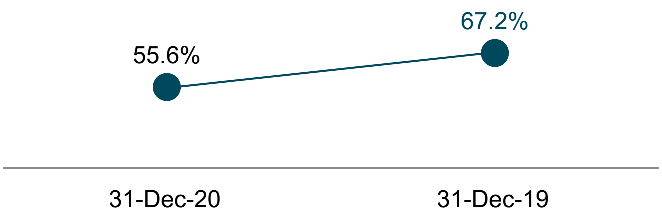
## 1.8 Key metrics

The following risk metrics reflect PHUK Group's risk profile:

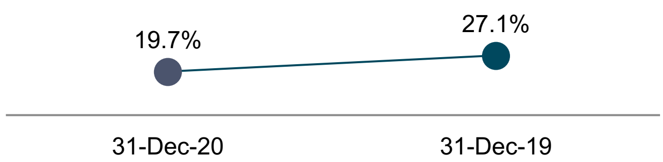
**Regulatory capital (£m)**


**Risk-weighted assets (£m)**


**CET1 ratio**




**Leverage ratio**




### Table 1: KM1 - Key metrics

| Own funds | 31-Dec-20 | 31-Dec-19 |
|---|---|---|
| **Available capital (£m)** | | |
| Common Equity Tier 1 ('CET1') capital | **207.2** | 184.7 |
| Tier 1 capital | **207.2** | 184.7 |
| **Total capital** | **207.2** | 184.7 |
| **Risk-weighted assets (£m)** | | |
| Total risk-weighted assets ('RWA') | **372.5** | 274.9 |
| **Risk-based capital ratios as a percentage of RWA** | | |
| CET1 ratio | **55.6 %** | 67.2 % |
| Tier 1 ratio | **55.6 %** | 67.2 % |
| Total capital ratio | **55.6 %** | 67.2 % |
| Capital conservation buffer requirement | **2.50 %** | 2.50 % |
| Countercyclical buffer requirement | **— %** | 1.00 % |
| Total of CET1 specific buffer requirements | **2.50 %** | 3.50 % |
| **Leverage ratio** | | |
| Total leverage ratio exposure measure (£m) | **1,051.6** | 681.1 |
| Leverage ratio | **19.7 %** | 27.1 % |

## 1.9 Article 436 CRR - Scope of application

Pershing Holdings (UK) Limited is a holding company for a group of subsidiaries which provide a full range of execution, middle-office and post-trade services, investment administration, Self-Invested Personal Pension ('SIPP') operation services and related services. Pershing Holdings (UK) Limited is incorporated in the UK and is an operationally independent subsidiary of Pershing Group LLC which is, in turn a subsidiary of the Bank of New York Mellon Corporation ('BNY Mellon').

Pershing Group LLC is engaged in broadly the same business activity as PHUK Group. As at 31 December 2020, Pershing Group LLC had approximately $2 trillion in assets under administration / custody.

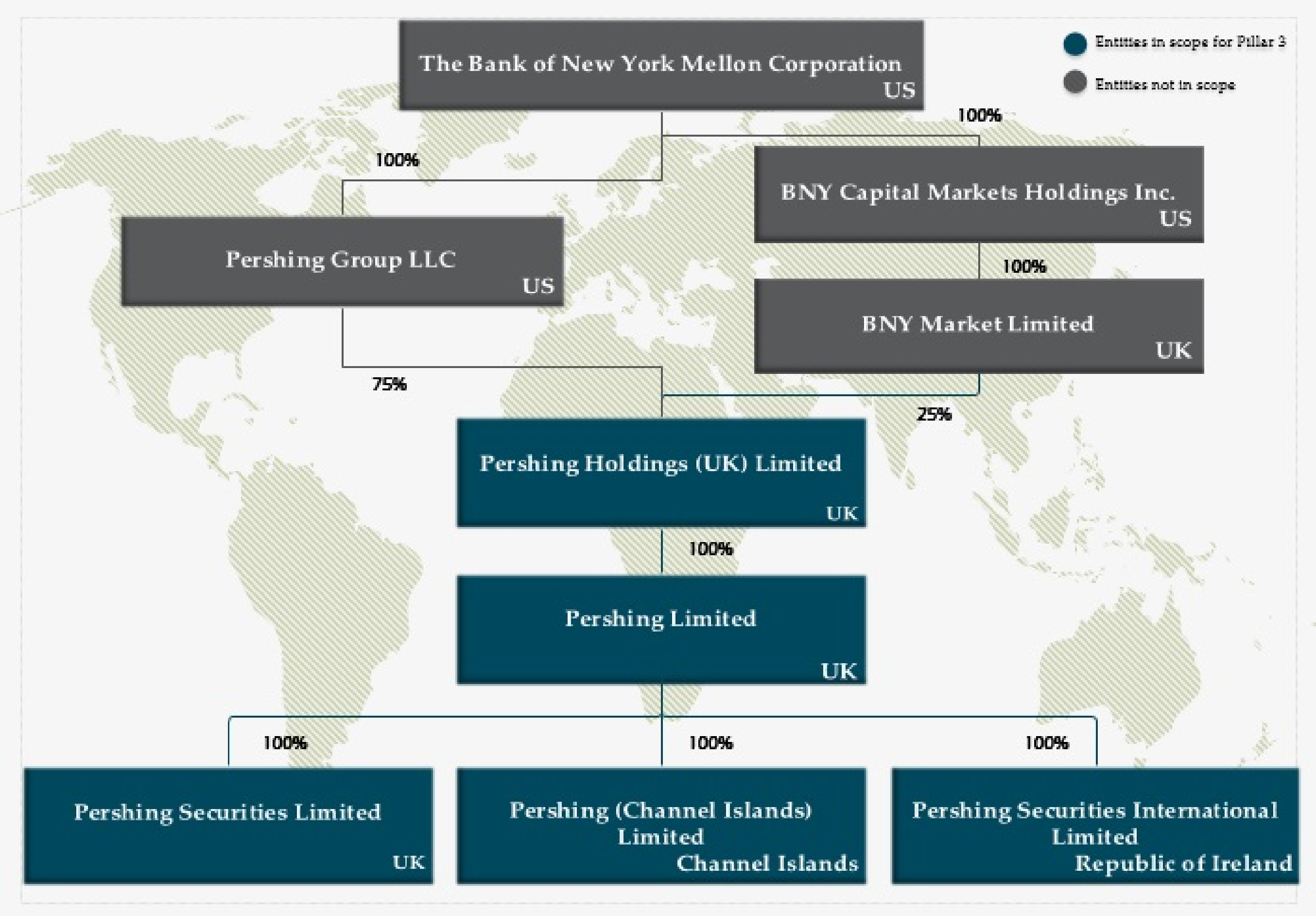
BNY Mellon Group ('BNY Mellon') is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of 31 December 2020, BNY Mellon had $41.1 trillion in assets under custody and/or administration, and $2.2 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com. Follow us on Twitter @BNYMellon or visit our newsroom at www.bnymellon.com/newsroom for the latest company news.

Pershing Limited ('PL') and Pershing Securities Limited ('PSL') are significant subsidiaries of Pershing Holdings (UK) Limited. PL and PSL capital resources and requirements are disclosed in Appendix 3.

Pershing (Channel Islands) Limited ('PCI') is regulated by the Jersey Financial Securities Commission. Pershing Securities International Limited ('PSIL') is regulated by the Central Bank of Ireland whose Pillar 3 disclosures are published separately.

The legal entity structure of PHUK Group is illustrated in Figure 1.

## Figure 1: PHUK Group legal entity structure at 31 December 20




## Basis of consolidation

| Entity name | Consolidation basis | Services provided | Governing law (regulator) |
|---|---|---|---|
| Pershing Holdings (UK) limited ('PHUK') | Fully consolidated | Consolidated entity - PHUK is a holding company for a group of subsidiaries which provide a full range of execution, middle-office and post-trade services, investment administration, Self-Invested Personal Pension ('SIPP') operation services and related services. | England & Wales |
| Pershing Limited ('PL') | Fully consolidated | Subsidiary - PL provides a full range of execution, middle-office and post-trade services, investment administration, SIPP (Self-Invested Personal Pension) operation services and related services. | England & Wales ('FCA') |
| Pershing Securities Limited ('PSL') | Fully consolidated | Subsidiary - PSL provides a full range of execution, middle-office and post-trade services, investment administration, SIPP (Self-Invested Personal Pension) operation services and related services. | England & Wales ('FCA') |
| Pershing (Channel Islands) Limited ('PCI') | Fully consolidated | Subsidiary - PCI's principal activity is the provision of middle-office, post-trade services, investment administration and related services. | Channel Islands ('JFSC') |
| Pershing Securities International Limited ('PSIL') | Fully consolidated | Subsidiary - PSIL's principal activities are the provision of execution, middle-office and post-trade services, investment administration and related services. | Republic of Ireland ('CBI') |

## 1.10 Core business lines

The principal activities of PHUK Group include the provision of an integrated range of execution, clearing and settlement, investment administration, safe custody and related services for a range of broker-dealers, wealth managers, intermediary firms and financial institutions. These are further described below:

**Clearing and Settlement Services**

PHUK Group provides clearing and settlement services of on-exchange and over-the-counter ('OTC') global equity, electronic funds transfer ('EFT'), fund, bond and fixed income trades across more than 40 markets.

**Custody Services**

PHUK Group offers non-disclosed and fully disclosed custody services both inside and outside the UK.

With a non-disclosed solution, PHUK Group is not disclosed to the investor and the client uses its own name and balance sheet to support transactions, with associated capital and liquidity requirements.

With a fully disclosed solution, PHUK Group is disclosed to the investor as the custodian of the investor's assets and trade and settlement risk, related regulatory obligations, capital and asset liquidity requirements and custody, transfer from the client to PHUK Group. PHUK Group also takes responsibility for custody operations (such as dividend entitlement and corporate event notification) and regulatory reporting. In addition to a custody service in the UK, PHUK Group also offers offshore custody through PCI. Custody in Europe, outside the UK, is provided through PSIL in Dublin.

**Trading Services**

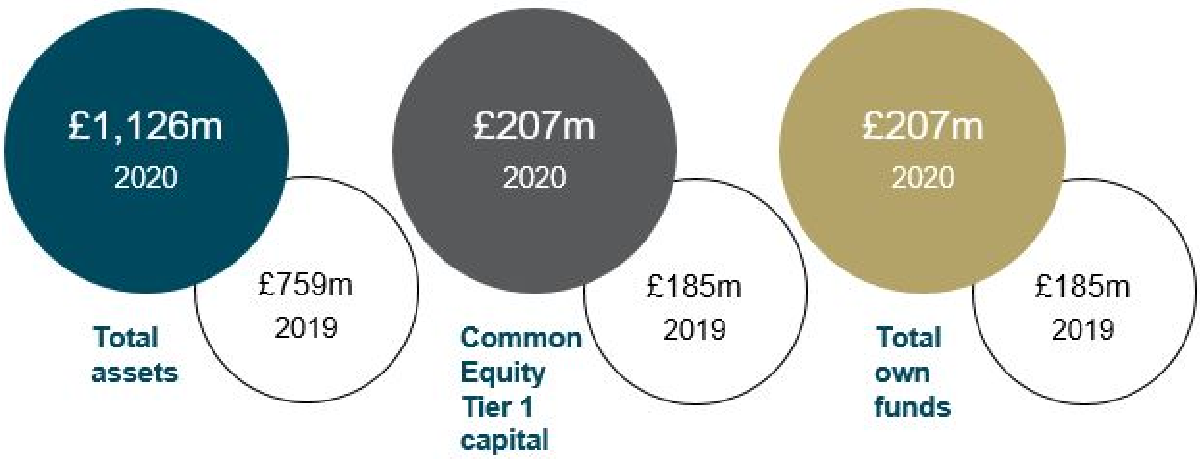
Pershing Trading Services is an agency only model available in the following asset classes: funds, global equities, ETFs, bonds, fixed income and currencies. The service includes electronic equities trading, advanced algorithmic technology and best of breed smart order routing technologies.

**Investment and Platform Solutions**

PHUK Group provides wealth managers and advisers with a wide range of services, tools and tax-efficient products.

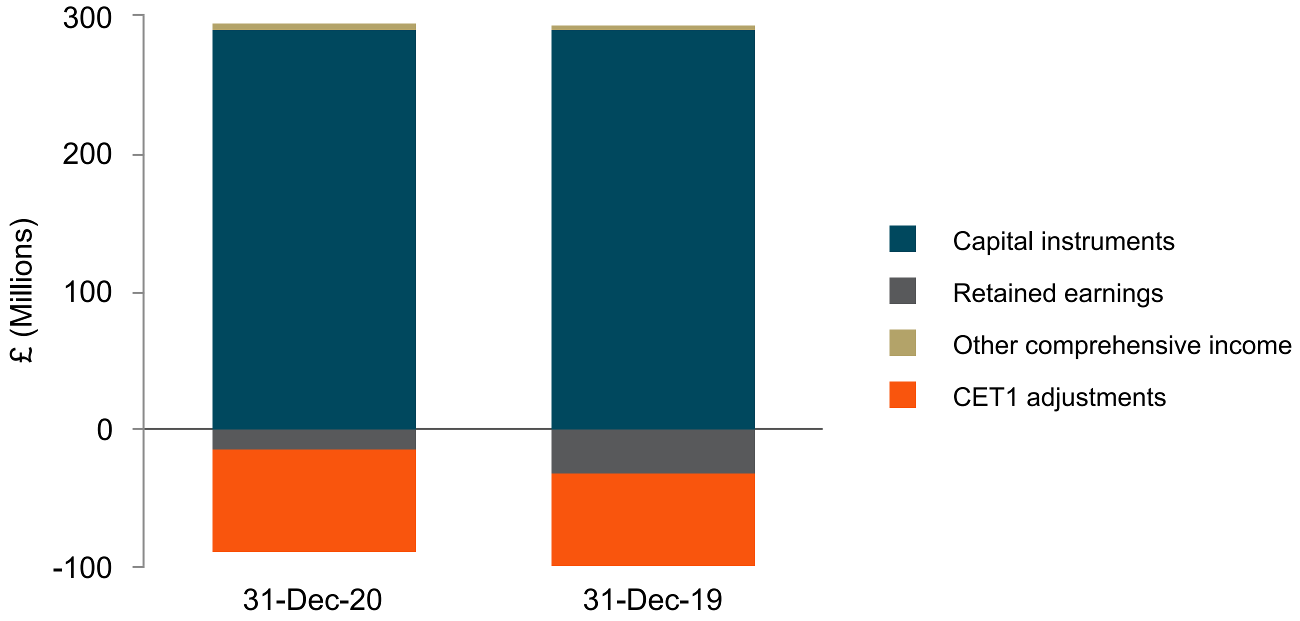
# Capital

## 2 Article 437 CRR - Own funds



## Composition of regulatory capital

This graph shows the composition of regulatory capital including all regulatory adjustments (see Table 5: CC1 - Composition of regulatory capital).




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

Own funds comprise tier 1 and tier 2 capital less deductions.

- PHUK Group holds no Additional Tier 1 capital or Tier 2 capital. Accordingly the analysis of those line items has not been shown.

Similar tables for the significant subsidiaries PSL and PL are shown in Appendix 3.

## Table 2: CC2 - Reconciliation of regulatory capital

This table shows a reconciliation of PHUK Group's balance sheet prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101') and the regulatory balance sheet prepared under prudential rules. The regulatory balance sheet forms the basis for the calculation of regulatory capital requirements.

| At 31 December 2020 (£m) | Statutory accounts balance sheet | Regulatory adjustments | Regulatory balance sheet |
|---|---|---|---|
| **Assets** | | | |
| Cash at bank and in hand | 415.5 | — | 415.5 |
| Debtors | 432.7 | — | 432.7 |
| Debtors - Prepayments and accrued Income | 17.4 | — | 17.4 |
| Debtors - Other assets and taxation (inc. amounts due from group undertakings) | 29.4 | — | 29.4 |

| At 31 December 2020 (£m) | Statutory accounts balance sheet | Regulatory adjustments | Regulatory balance sheet |
|---|---|---|---|
| Current Asset Investments | 133.4 | (0.1) | 133.3 |
| Fixed Assets | 18.3 | — | 18.3 |
| Goodwill & Intangibles | 78.9 | (73.9) | 5.0 |
| **Total assets** | **1,125.6** | **(74.0)** | **1,051.6** |
| **Liabilities** | | | |
| Bank loans and overdrafts | 30.5 | — | 30.5 |
| Creditors - Third parties | 427.0 | — | 427.0 |
| Creditors - Other creditors including taxation | 62.3 | — | 62.3 |
| Creditors - Accruals and deferred income | 11.2 | — | 11.2 |
| Amounts due to group undertakings | 307.8 | — | 307.8 |
| Provisions for liabilities and charges | 1.2 | — | 1.2 |
| **Total liabilities** | **840.0** | **—** | **840.0** |
| **Shareholders' equity** | | | |
| Called up share capital | 291.1 | — | 291.1 |
| Profit and loss account | (14.1) | — | (14.1) |
| Other reserves | 8.6 | (4.4) | 4.2 |
| Deductions from capital | — | (74.0) | (74.0) |
| **Equity** | **285.6** | **(78.4)** | **207.2** |
| **Out of scope items** | — | 4.4 | 4.4 |
| **Total equity and liabilities** | **1,125.6** | **(74.0)** | **1,051.6** |

## Table 3: EU LI1 - Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

| | | | Carrying values of items | | | | |
|---|---|---|---|---|---|---|---|
| At 31 December 2020 (£m) | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| **Assets** | | | | | | | |
| Cash at bank and in hand | **415.5** | 415.5 | 415.5 | — | — | 415.5 | — |
| Debtors | **432.7** | 432.7 | 50.5 | 382.2 | — | 432.7 | — |
| Debtors - Prepayments and accrued Income | **17.4** | 17.4 | 17.4 | — | — | 17.4 | — |
| Debtors - Other assets and taxation (inc. amounts due from group undertakings) | **29.4** | 29.4 | 29.4 | — | — | 29.4 | — |
| Current Asset Investments | **133.4** | 133.4 | 133.3 | — | — | 133.3 | 0.1 |
| Fixed Assets | **18.3** | 18.3 | 18.3 | — | — | 18.3 | — |
| Goodwill & Intangibles | **78.9** | 78.9 | 5.0 | — | — | — | 73.9 |
| **Total assets** | **1,125.6** | **1,125.6** | **669.4** | **382.2** | **—** | **1,046.6** | **74.0** |
| **Liabilities** | | | | | | | |
| Bank loans and overdrafts | **30.5** | 30.5 | — | — | — | 30.5 | — |
| Creditors - Third parties | **427.0** | 427.0 | — | — | — | 427.0 | — |
| Creditors - Other creditors including taxation | **62.3** | 62.3 | — | — | — | 62.3 | — |
| Creditors - Accruals and deferred income | **11.2** | 11.2 | — | — | — | 11.2 | — |
| Amounts due to group undertakings | **307.8** | 307.8 | — | — | — | 307.8 | — |
| Provisions for liabilities and charges | **1.2** | 1.2 | — | — | — | 1.2 | — |
| **Total liabilities** | **840.0** | **840.0** | **—** | **—** | **—** | **840.0** | **—** |

## Table 4: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

| | | Items subject to | | | |
|---|---|---|---|---|---|
| At 31 December 2020 (£m) | Total | Credit risk framework | CCR framework | Securitisation framework | Market risk framework |
| **Assets carrying value amount under the scope of regulatory consolidation** | **1,051.6** | **669.4** | **382.2** | **—** | **1,046.6** |
| **Liabilities carrying value amount under the regulatory scope of consolidation** | **—** | **—** | **—** | **—** | **840.0** |
| Total net amount under the regulatory scope of consolidation | **1,051.6** | 669.4 | 382.2 | — | 206.6 |
| Differences due to different netting rules, other than those already included in row 2 | **(39.2)** | (39.2) | — | — | (161.3) |
| Differences due to amounts not being subject to capital requirements | **(364.7)** | — | (364.7) | — | — |
| **Exposure amounts considered for regulatory purposes** | **647.7** | **630.2** | **17.5** | **—** | **45.3** |

## Table 5: CC1 - Composition of regulatory capital

This table shows the composition of PHUK Group's regulatory Own Funds, including all regulatory adjustments and a comparison to the prior year.

| Regulatory capital (£m) | 31-Dec-20 | 31-Dec-19 |
|---|---|---|
| **Common Equity Tier 1 ('CET1') capital** | | |
| Capital instruments | **291.1** | 291.1 |
| Retained earnings | **(14.1)** | (31.4) |
| Other comprehensive income | **4.2** | 2.7 |
| CET1 adjustments | **(74.0)** | (77.7) |
| **Total CET1 capital** | **207.2** | 184.7 |
| **Additional Tier 1 ('AT1') capital** | | |
| Total AT1 capital | — | — |
| **Total Tier 1 capital** | **207.2** | 184.7 |
| Tier 2 ('T2') capital | **—** | — |
| **Total T2 capital** | **—** | **—** |
| **Total own funds** | **207.2** | 184.7 |

## Table 6: TLAC1 - Total loss absorbing capacity

| Equity instruments, reserves and regulatory adjustments at 31 December 2020 (£m) | Amount at disclosure date |
|---|---|
| **CET1 capital: Instruments and reserves** | |
| Capital instruments and the related share premium accounts | 291.1 |
| of which: ordinary shares | 291.1 |
| Retained earnings | (14.1) |
| Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) | 4.2 |
| CET1 capital before regulatory adjustments | 281.2 |
| **CET1 capital: regulatory adjustments** | |
| Prudential valuation adjustments | (0.1) |
| Intangible assets (net of related tax liability) | (73.9) |
| Total regulatory adjustments to CET1 | (74.0) |
| **CET1 capital** | 207.2 |
| **AT1 capital** | — |
| **T1 capital** | 207.2 |
| **T2 capital** | — |
| **Total capital** | 207.2 |
| Total risk-weighted assets | 372.5 |
| **Capital ratios and buffers** | |
| CET1 (as a percentage of risk exposure amount) | 55.6 % |
| T1 (as a percentage of risk exposure amount) | 55.6 % |
| Total capital (as a percentage of risk exposure amount) | 55.6 % |
| Combined buffer requirement | 2.50 % |
| of which: capital conservation buffer requirement | 2.50 % |
| CET1 available to meet buffers (as a percentage of risk exposure amount) | 55.6 % |
| **Amounts below the thresholds for deduction (before risk-weighting)** | |
| Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | 1.1 |

## Table 7: CCA - Main features of regulatory capital instruments

This table provides a description of the main features of regulatory instruments issued and included as tier 1 capital in Table 2.

| Capital instruments main features [1] | At 31 December 2020 |
|---|---|
| Issuer | Pershing Holdings (UK) Limited |
| Governing law(s) of the instrument | Law of England and Wales |
| **Regulatory treatment** | |
| Capital classification | Common Equity Tier 1 |
| Level | Not applicable |
| Instrument type | Ordinary shares |
| Amount recognised in regulatory capital | £291.1m |
| Issue price | £1 |
| Accounting classification | Shareholders' equity |
| Original date of issuance | 1 April 2013 |
| Perpetual or dated | No maturity |
| **Coupons / dividends** | |
| Fixed or floating dividend | Fully discretionary |
| Other pertinent information | None |

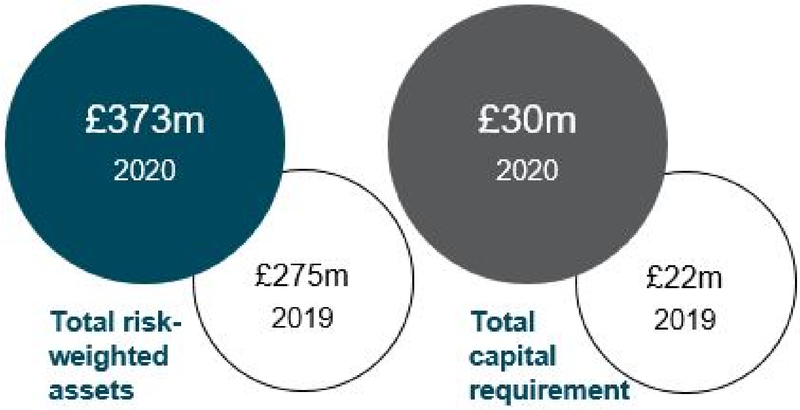
[1] This table is based on Annex II of ITS Regulation (EU) No. 1423/2013. Some 'not applicable' lines have been omitted.

### Capital and reserves

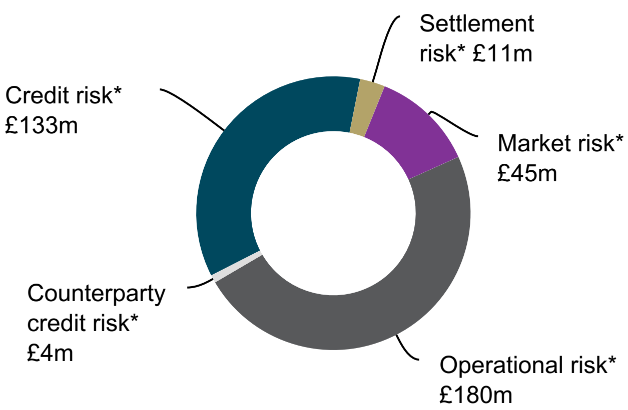
| | 2020 | 2019 |
|---|---|---|
| **Allotted, called up and fully paid** | £000 | £000 |
| 291,135,619 ordinary shares of £1 each | 291,136 | 291,136 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

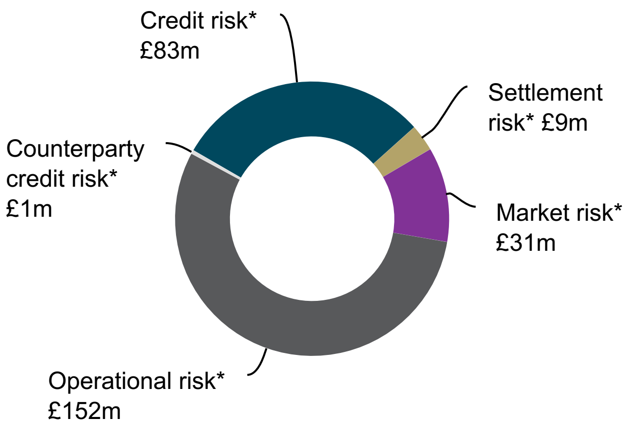
# 3 Article 438 CRR - Capital requirements



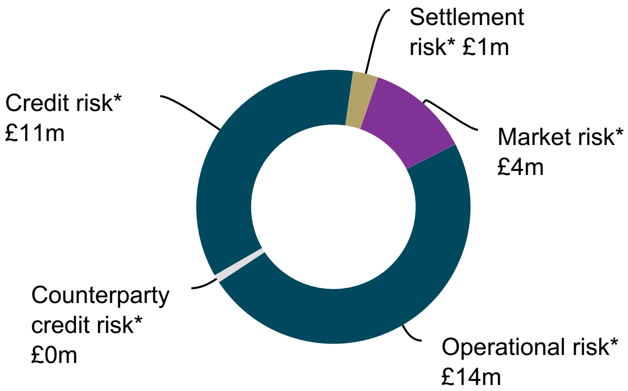

### Risk exposure by risk type at 31 December 2020



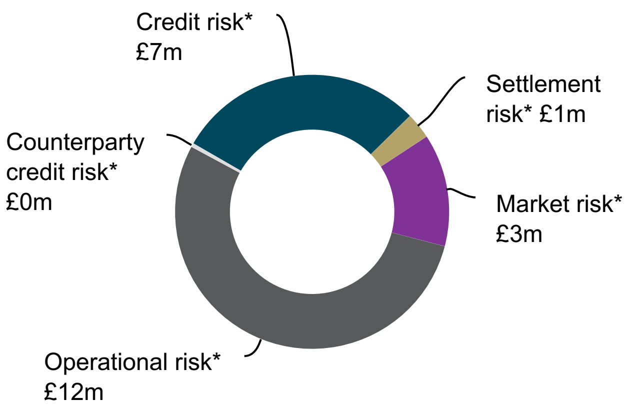

### Risk exposure by risk type at 31 December 2019




### Capital requirements by risk type at 31 December 2020




### Capital requirements by risk type at 31 December 2019




*Standardised approach

## 3.1 Calculating capital requirements

The PHUK Group has an Internal Capital Adequacy Assessment Process ('ICAAP') which defines the risks that the PHUK Group is exposed to, and sets out the associated capital plan which aims to ensure that the PHUK Group holds an appropriate amount of capital to support its business model, through the economic cycle and given a range of plausible but severe stress scenarios.

CRD IV allows for different approaches for calculating capital requirements. The standardised approach is used for calculating the risk-weights assigned to each risk component including credit risk, counterparty credit risk, market risk and operational risk.

### Table 8: EU OV1 - Overview of RWAs

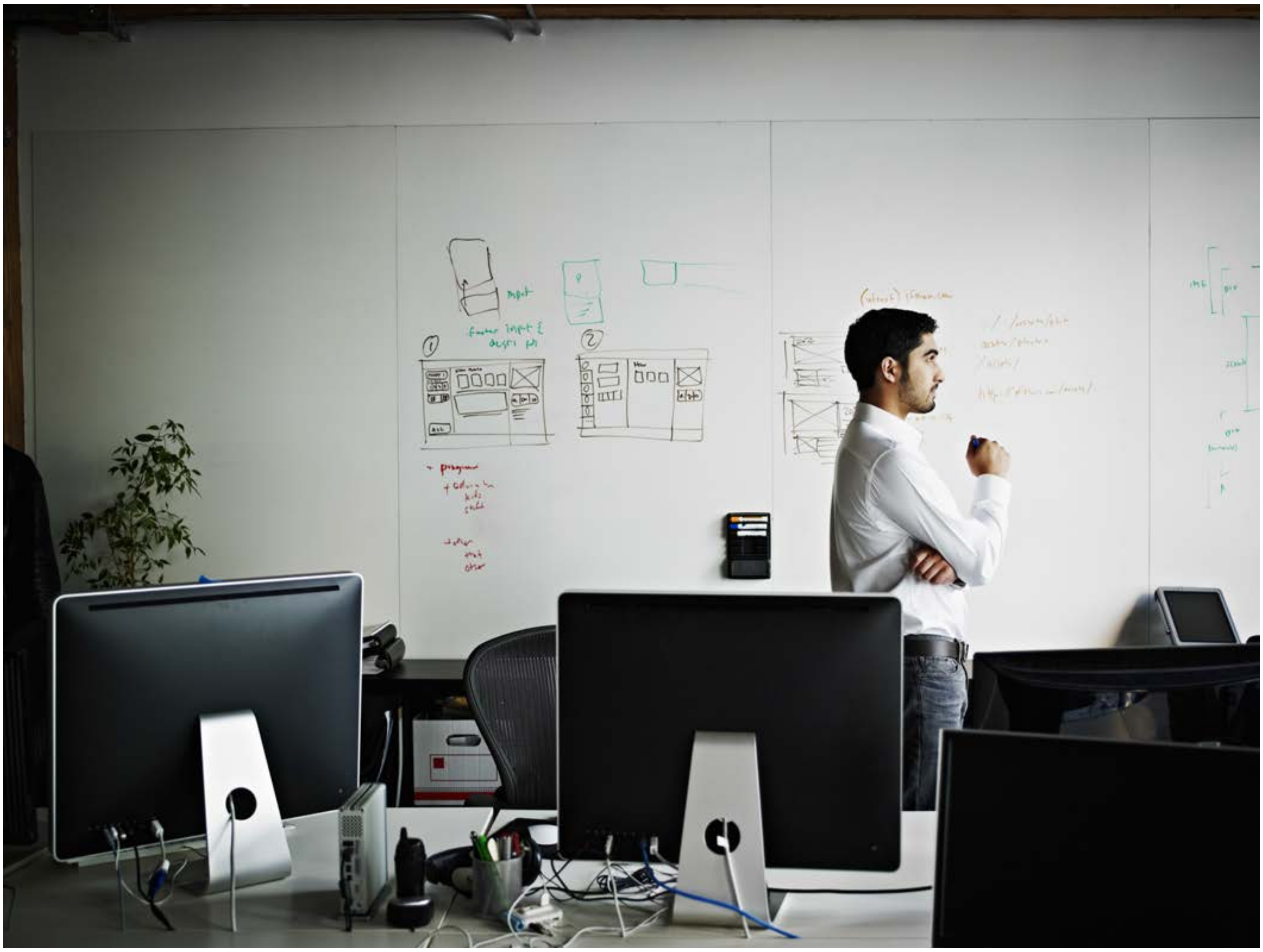
This table shows the risk-weighted assets using the standardised approach and their respective capital requirements. Significant subsidiaries, PSL and PL, are shown in Appendix 3.

| | Risk exposure amount | | Capital requirements | |
|---|---|---|---|---|
| **Type of risk (£m)** | **31-Dec-20** | **31-Dec-19** | **31-Dec-20** | **31-Dec-19** |
| Credit risk* | **132.8** | 82.6 | **10.6** | 6.6 |
| Counterparty credit risk* | **3.5** | 1.3 | **0.3** | 0.1 |
| Settlement risk* | **11.0** | 8.7 | **0.9** | 0.7 |
| Market risk* | **45.3** | 30.7 | **3.6** | 2.5 |
| of which: Foreign exchange position risk | **45.3** | 30.7 | **3.6** | 2.5 |
| Operational risk* | **179.9** | 151.6 | **14.4** | 12.1 |
| of which: Standardised approach | **179.9** | 151.6 | **14.4** | 12.1 |
| Credit valuation adjustment* | **—** | — | **—** | — |
| **Total** | **372.5** | **274.9** | **29.8** | **22.0** |
| **Total capital** | | | **207.2** | **184.7** |
| Surplus capital | | | 177.4 | 162.7 |

* Standardised approach

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

Risk



# 4 Article 435 CRR - Risk management objectives and policies

### Risk statement

Pershing adopts a prudent approach to all elements of risk to which it is exposed. It is risk averse by nature and manages its business activities in a manner consistent with the tolerances and limits defined within its risk appetite quantitative and qualitative measures.

Pershing seeks to manage risk through a collection of complementary processes and methodologies, designed to enable risks to be consistently identified, measured, managed and ultimately reported through its governance structure.

Clients and other market participants need to have confidence that PHUK Group and its subsidiaries will remain strong and continue to deliver operational excellence and minimise disruption throughout market cycles and especially during periods of market turbulence. PHUK Group is committed to maintaining a strong balance sheet and this philosophy is also consistent with Pershing Group LLC and BNY Mellon as a whole.

## 4.1 Board of Directors

The PHUK Group Board is the senior strategic and decision making body and consists of representatives of BNY Mellon and Senior PHUK Group Management. There are two independent non-executive directors on the Boards of Pershing Holdings (UK) Limited, PL and PSL, and one independent non-executive director on the Board of PSIL.

The Board has overall responsibility for the establishment and maintenance of PHUK Group's risk management framework and for the approval of the risk appetite statement. The Board ensures that strategic business plans are consistent with the approved risk appetite.

The Board is also responsible for both the management and the oversight of risks, together with the quality and effectiveness of internal controls, but delegates risk management oversight to the PHUK Group Executive Committee, supported by the risk management committees. It is also responsible for reviewing, challenging and approving all risk management processes including risk identification and assessment, stress testing and capital adequacy. The various control functions provide further support for the management of risk within the business.

The Board meets at least quarterly and the directors who served during 2020 were:

| Board member | Function at PHUK Group | Name of the other company in which an external function is exercised | Location (country) | Type of activities | Listed company (Y/N) | External mandate (title) | Capital connection with PHUK (Y/N) |
|---|---|---|---|---|---|---|---|
| E Canning | Chief Operating Officer, Pershing | Providence Row | United Kingdom | Social work activities, housing | N | Chair of the Trustees | N |
| L Dobson | Chief Financial Officer, Pershing | | | | | | |
| E Gilvarry* | Independent Non-Executive Director | Kerry Group plc | Ireland | Food service organisation | Y | Independent Non-Executive Director | N |
| | | Greencoat plc | Ireland | Investment Company in renewable energy | Y | Senior Independent Director | N |
| | | Innovu Limited | Ireland | Acquisition and consolidation activities | N | Chair | N |
| | | Ireland West Airport | Ireland | Regional Airport | N | Board member | N |
| | | Board of Ireland Funds | Ireland | Philanthropic investment in projects in Ireland | N | Board member | N |
| | | Victoria House Foundation | Ireland | Library | N | Chair | N |
| J Jack | Group Non-Executive Director | The St Giles Christian Mission | United Kingdom | Religious organisation | N | Director | N |

| Board member | Function at PHUK Group | Name of the other company in which an external function is exercised | Location (country) | Type of activities | Listed company (Y/N) | External mandate (title) | Capital connection with PHUK (Y/N) |
|---|---|---|---|---|---|---|---|
| M McPhail | Independent Non-Executive Director and Chair PL, PSL and PHUK Boards | Medical and Dental Defence Union of Scotland | United Kingdom | Professional indemnity and medical/dental legal advice | N | Non-Executive Director | N |
| | | MDDUS Services Limited | United Kingdom | Professional indemnity and medical/dental legal advice | N | Non-Executive Director | N |
| | | Scottish Widows Group Limited | United Kingdom | Insurance (non-life) and financial services | Y | Director | N |
| | | Scottish Widows Financial Services Holdings | | | | | |
| | | Scottish Widows Limited | | | | | |
| | | Scottish Widows Unit Trust Managers Limited | | | | | |
| | | Lloyds Bank General Insurance Holdings Limited | | | | | |
| | | Lloyds Bank General Insurance Limited | | | | | |
| | | BUPA Insurance Services Limited | United Kingdom | Non-life insurance | Y | Director | N |
| | | BUPA Insurance Limited | | | | | |
| | | Chance to Shine Foundation Limited | United Kingdom | Charity, Cricket | N | Trustee | N |
| G Towers | Chief Executive Officer, Pershing | | | | | | |

* Appointed to the Board of Pershing Holdings (UK) Limited on 13 July 2020.

** Resigned from the Board of Pershing Holdings (UK) Limited on 11 May 2020.

PHUK Group has established a Diversity Policy, which sets out its approach to promoting diversity on the PHUK Group Boards.

PHUK Group has a commitment to diversity and inclusion. This commitment is not only important to PHUK Group's culture and to each director as individuals, it is also critical to PHUK Group's ability to serve its clients and grow its business. PHUK Group recognises the benefits of having individuals with diverse backgrounds, experience and viewpoints on the Board for the different perspective and unique contributions they provide. Board appointments are based on an individual's knowledge, skills, experience, performance, and other valid role-related requirements.

The Nomination Committee (the 'Committee') is responsible for reviewing the structure, size and composition of the Boards of PHUK, PSL and PL, including their skills, knowledge, experience, and diversity, and making recommendations to these Boards with respect to any appointment. In identifying suitable candidates for a particular appointment, the Committee considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on these Boards, including gender.

## 4.1 Board of Directors

The PHUK Group Executive Committee delegates specific responsibilities to various committees and councils to provide an appropriate oversight and direction to various risk and regulatory processes and activities, including:

**Pershing Risk Committee ('PRC')** provides a senior management oversight to the overall risk framework and identified risk types that could potentially impact PHUK Group. The PRC reports to the PHUK Group Executive Committee and forms a central point for the oversight and management of risk and the escalation of significant risk issues and events to PHUK Group Senior Management, PHUK Group Executive Committee and the PHUK Group Boards. Subsidiary risk committees and councils report to the PRC to ensure a consistent and effective reporting of risks and these include the Credit and Market Risk Committee, the Business Acceptance Committee and Asset and Liability Committee. The PRC is chaired by the Chief Risk Officer.

**Credit and Market Risk Committee** oversees the review of all credit and market risk issues associated with and impacting on business undertaken by PHUK Group. The committee's principal credit risk responsibility is to achieve and maintain an acceptable credit exposure to PHUK Group's clients, as well as to market makers, custodians and banks. It is chaired by the Head of Credit and Market Risk.

**Asset and Liability Committee ('ALCO')** is responsible for overseeing the asset and liability management activities of the balance sheets of PHUK Group and for ensuring compliance with all treasury related regulatory requirements.

ALCO is also responsible for ensuring that the policy and guidance set through the BNY Mellon's Global ALCO and EMEA ALCO is understood and executed locally. This includes the strategy related to the investment portfolio, placements, interest rate risk, capital management and liquidity risk. It is chaired by the Chief Financial Officer.

**Business Acceptance Committee** ('BAC') is an integral part of the new business process and is responsible for the review and approval of all new clients, products/services and material changes to existing processes before they are executed or implemented and includes responsibility for the pricing of new and existing client activity, products and services. The BAC was chaired by the Chief Executive Officer for part of 2019 during which time responsibility passed to the Chief Information Officer and includes representatives of all of the risk and control functions, as well as line support functions.

**Irish Compliance, Risk and Oversight Committee** oversees the adherence of Pershing Securities International Limited to applicable Irish laws, guidelines and notices effecting its operations and to fulfill the requirements of the Standards for Stockbrokers, as issued by the Central Bank of Ireland ('CBI').

**Jersey Compliance and Oversight Council** oversees the adherence of Pershing (Channel Islands) Limited to applicable Jersey laws, guidelines and notices effecting its operations and to fulfil the requirements of the investment firms, as issued by the Jersey Financial Services Commission ('JFSC').

## 4.3 Risk management framework

Suitable policies and procedures have been adopted by PHUK Group in order to ensure an appropriate level of risk management is directed at the relevant element of the business. In line with global policy, PHUK Group has adopted the 'Three Lines of Defence' model in deploying its risk management framework (figure 2 below).

### Figure 2: Managing Three Lines of Defense


## 4.4 Risk appetite

Risk is inherent in all of PHUK Group business activities and it is important that the Board establishes an acceptable risk profile and set limits on the level and nature of the risk that PHUK Group is willing to assume in achieving its strategic objectives and business plans. The Risk Appetite Statement serves this purpose and guides decision making processes, including the manner by which PHUK Group pursues its business strategy and the method by which it manages risk and determines whether its risk position is within the risk appetite.

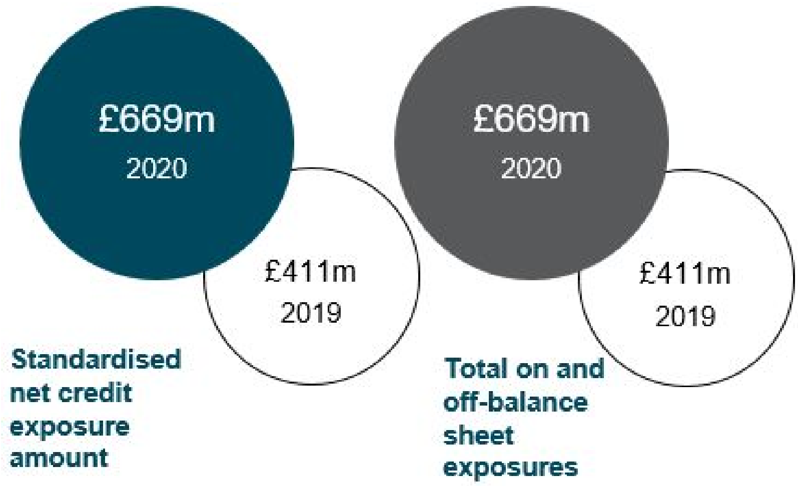
## 4.5 Stress testing

Capital Stress testing is undertaken at PHUK Group to monitor and quantify risk exposures and capital requirements to ascertain whether or not there are sufficient capital resources on a forward-looking basis. The process involves developing stressed scenarios that identify an appropriate range of adverse circumstances of varying nature, severity and duration relevant to PHUK Group's risk profile and business activities. Scenarios are derived from current, emerging, and plausible future risks and strategy, and reviewed, discussed and agreed by PHUK Group PRC, Executive Committee and the Board.

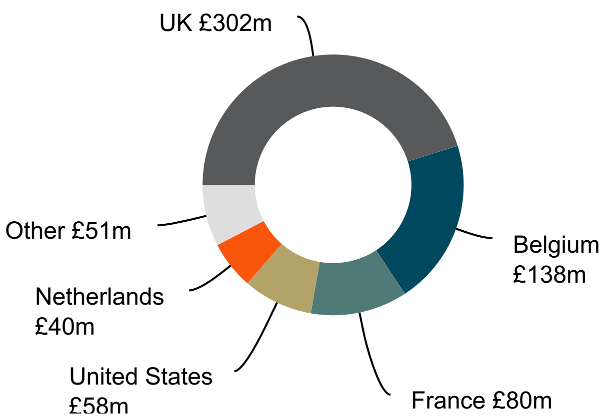
## 4.6 Recovery and resolution planning ('RRP')

PHUK Group updates its recovery plan annually, in accordance with regulatory guidance. The recovery plan is designed to ensure that the PHUK Group has credible and executable options to meet the challenges that may arise from potential future financial and/or operational crises. PHUK Group also submits its resolution information to the regulator every two years, as prescribed by supervisory policy.

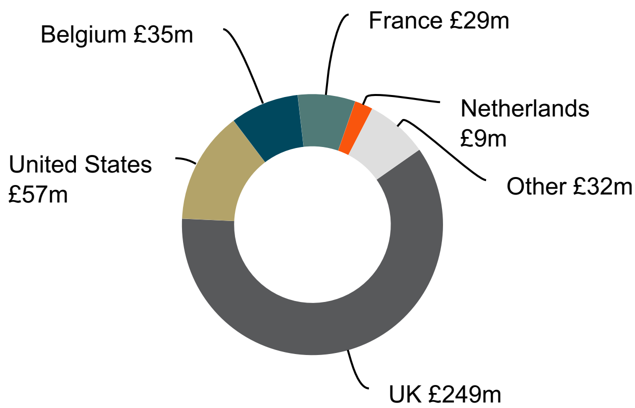
# 5 Article 442 CRR - Credit risk adjustments



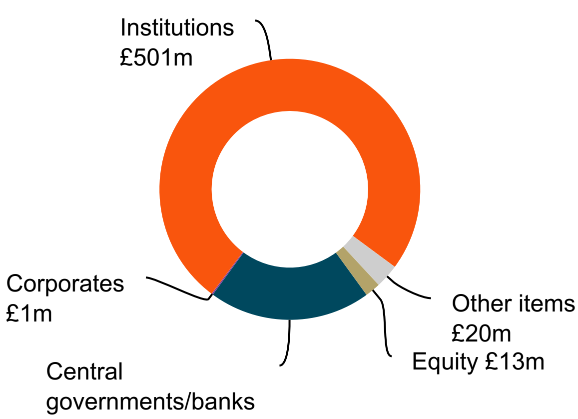

### Standardised net credit exposure by country at 31 December 2020



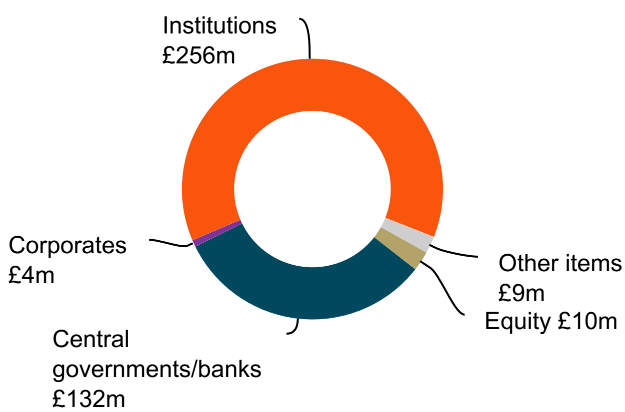

### Standardised net credit exposure by country at 31 December 2019




### Standardised net credit exposure by counterparty at 31 December 2020




### Standardised net credit exposure by counterparty at 31 December 2019



## 5.1 Definition and identification

Credit risk is the risk of loss in the event that a client, underlying investor or counterparty fails to meet its contractual obligations to the PHUK Group.

Due to the nature of PHUK Group's business as a provider of clearing and settlement services, credit risk mainly arises from the risk of loss in the event that a client, underlying investor or market counterparty fails to meet its contractual obligations to pay for a trade, or to deliver securities for sale.

## 5.2 Management of credit risk

PHUK Group manages credit risk exposure as follows:

1. Setting minimum thresholds for the type of client acceptable to PHUK Group in terms of net worth and business profile, including:
   - the type of business to be conducted through PHUK Group (e.g. retail vs. institutional; agency/matched principal vs. proprietary trading / market-making);
   - markets and financial instruments in which the client can trade; and
   - any special conditions clients are subject to (e.g. cash on account).

   Obtaining credit approval for a particular client is the primary responsibility of the business as the first line of defence alongside guidance and oversight from Credit Risk as the second line. Any new relationship requires approval from the Business Acceptance Committee.

2. Monitoring all exposures (both pre- and post-settlement) on a daily basis against various limits for its clients, as follows:
   - trade limit (set per client following analysis of the financial strength, management expertise, nature of business and expected - or historical - peak and average exposure levels);
   - gross exposure limit (calculated with reference to the security deposit and net worth of the client and utilised as the higher of total purchases or total sales); and
   - negative mark-to-market exposures.

   Breaches are reported to senior management which may lead to management action such as requesting additional collateral, or requiring the client to inject additional capital into the business.

## 5.3 Analysis of credit risk

PHUK Group's minimum credit risk capital requirement is calculated using the standardised approach and is expressed as 8% of risk-weighted exposures. Where available, issuer ratings from External Credit Ratings Assessment Institutions ('ECAI') are used in the determination of the relevant risk-weighting across all exposure classes. Where ECAI ratings differ, the more conservative rating is applied.

A breakdown of PHUK Group's credit risk exposures as at 31 December 2020 is provided below.

The definitions below are used in the following tables:

- **Exposure at Default ('EAD')** is defined as the amount expected to be outstanding, after any Credit Risk Mitigation, if and when a counterparty defaults. Exposure reflects drawn balances as well as allowance for undrawn amounts of commitments and contingent exposures over a one-year time horizon. As such, exposure in this context may differ from statutory IFRS accounting balance sheet carrying values;
- **Credit Conversion Factor ('CCF')** converts the amount of a free credit line and other off-balance-sheet transactions (with the exception of derivatives) to an EAD amount. This function is used to calculate the exposure at default;
- **Credit Risk Mitigation ('CRM')** is defined as a technique to reduce the credit risk associated with an exposure by application of credit risk mitigants such as collateral, guarantees and credit protection;
- **Geographic area** is based on the country location for the counterparty; and
- **Residual maturity** is defined as the period outstanding from the reporting date to the maturity or end date of an exposure.

## Table 9: EU CRB-B - Total and average net amount of exposures

The following tables show the credit risk pre-CRM techniques using the standardised approach by exposure class.

| At 31 December 2020 (£m) | Net value of exposures at the end of the period | Average net exposures over the period |
|---|---|---|
| Central governments/banks | 134.3 | 134.4 |
| Corporates | 1.0 | 2.0 |
| Institutions | 501.5 | 453.8 |
| Other items | 19.7 | 14.5 |
| Equity | 12.8 | 11.2 |
| **Total** | **669.3** | **615.9** |

## Table 10: EU CRB-C - Geographical breakdown of exposures

This table shows pre-CRM exposure by class and by geographic area of the counterparty.

| At 31 December 2020 (£m) | UK | Belgium | France | United States | Netherlands | Other | Total |
|---|---|---|---|---|---|---|---|
| Central governments/banks | 115.7 | — | — | 18.6 | — | — | 134.3 |
| Corporates | 1.0 | — | — | — | — | — | 1.0 |
| Institutions | 154.7 | 137.7 | 80.2 | 39.0 | 40.5 | 49.4 | 501.5 |
| Other items | 17.5 | — | — | — | — | 2.2 | 19.7 |
| Equity | 12.8 | — | — | — | — | — | 12.8 |
| **Total** | **301.7** | **137.7** | **80.2** | **57.6** | **40.5** | **51.6** | **669.3** |

### Table 11: EU CRB-D - Concentration of exposures by counterparty types

This table shows the credit exposure pre-CRM classified by class and by counterparty type.

| At 31 December 2020 (£m) | General governments | Credit institutions | Other financial corporations | Various balance sheet items | Total |
|---|---|---|---|---|---|
| Central governments/banks | 134.3 | — | — | — | 134.3 |
| Corporates | — | — | 1.0 | — | 1.0 |
| Institutions | — | 501.5 | — | — | 501.5 |
| Other items | — | — | — | 19.7 | 19.7 |
| Equity | — | — | — | 12.8 | 12.8 |
| **Total** | **134.3** | **501.5** | **1.0** | **32.5** | **669.3** |

### Table 12: EU CRB-E - Maturity of exposures

This table shows the exposure pre-credit risk mitigation, classified by credit exposure class and residual maturity.

| At 31 December 2020 (£m) | On demand | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total |
|---|---|---|---|---|---|---|
| Central governments/banks | — | 86.3 | 48.0 | — | — | 134.3 |
| Corporates | — | 1.0 | — | — | — | 1.0 |
| Institutions | 444.9 | 56.6 | — | — | — | 501.5 |
| Other items | — | 9.9 | — | — | 9.8 | 19.7 |
| Equity | — | — | — | — | 12.8 | 12.8 |
| **Total** | **444.9** | **153.8** | **48.0** | **—** | **22.6** | **669.3** |

## 5.4 Analysis of past due and impaired exposures

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

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

- **past due** exposure is when a counterparty has failed to make a payment when contractually due; and
- **impaired exposure** is when the entity does not expect to collect all the contractual cash flows when they are due.

As at 31 December 2020, PHUK Group had no material impaired assets for which a specific or general provision was required. There were no material assets past due greater than 90 days. PHUK Group did not incur any material write-offs of bad debts or make any recovery of amounts previously written off during the year.

### Table 13: EU CR1-A - Credit quality of exposures by exposure class and instrument

This table provides a comprehensive picture of the credit quality of on- and off-balance sheet exposures.

| At 31 December 2020 (£m) | Exposures | | Credit risk adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | Defaulted | Non-defaulted | Specific | General | Accumulated write-offs | Credit risk adjustment charges of the period | Net values |
| Central governments/ banks | — | 134.3 | — | — | — | — | 134.3 |
| Corporates | — | 1.0 | — | — | — | — | 1.0 |
| Institutions | — | 501.5 | — | 39.1 | — | 39.1 | 462.4 |
| Other items | — | 19.7 | — | — | — | — | 19.7 |
| Equity | — | 12.8 | — | — | — | — | 12.8 |
| **Total** | **—** | **669.3** | **—** | **39.1** | **—** | **39.1** | **630.2** |

| At 31 December 2019 (£m) | Exposures | | Credit risk adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | Defaulted | Non-defaulted | Specific | General | Accumulated write-offs | Credit risk adjustment charges of the period | Net values |
| Central governments/ banks | — | 132.3 | — | — | — | — | 132.3 |
| Corporates | — | 3.5 | — | — | — | — | 3.5 |
| Institutions | — | 256.4 | — | 31.3 | — | 31.3 | 225.1 |
| Other items | — | 8.7 | — | — | — | — | 8.7 |
| Equity | — | 10.1 | — | — | — | — | 10.1 |
| **Total** | **—** | **411.0** | **—** | **31.3** | **—** | **31.3** | **379.7** |

### Table 14: EU CR1-B - Credit quality of exposures by industry

This table provides a comprehensive picture of the credit quality of on- and off-balance sheet exposures by industry.

| At 31 December 2020 (£m) | Exposures | | Credit risk adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | Defaulted | Non-defaulted | Specific | General | Accumulated write-offs | Credit risk adjustment charges of the period | Net values |
| Financial and insurance activities | — | 668.3 | — | 39.1 | — | 39.1 | 629.2 |
| Other services | — | 1.0 | — | — | — | — | 1.0 |
| **Total** | **—** | **669.3** | **—** | **39.1** | **—** | **39.1** | **630.2** |
| Of which: On-balance sheet exposures | — | 669.3 | — | 39.1 | — | 39.1 | 630.2 |

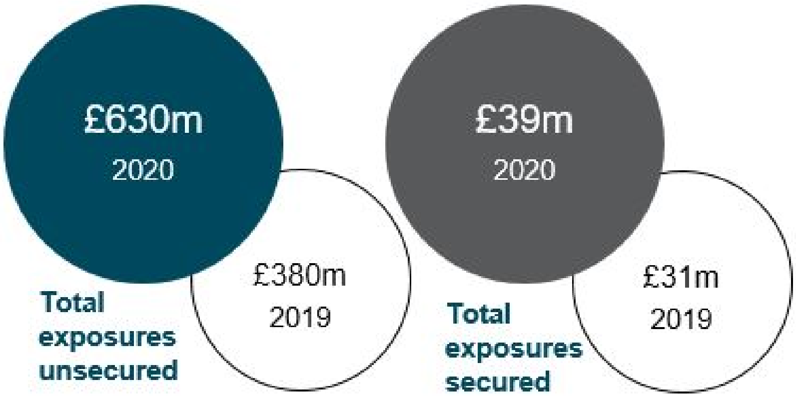
| At 31 December 2019 (£m) | Exposures | | Credit risk adjustments | | Accumulated write-offs | Credit risk adjustment charges of the period | Net values |
|---|---|---|---|---|---|---|---|
| | Defaulted | Non-defaulted | Specific | General | | | |
| Financial and insurance activities | — | 407.5 | — | 31.3 | — | 31.3 | 376.2 |
| Other services | — | 3.5 | — | — | — | — | 3.5 |
| **Total** | **—** | **411.0** | **—** | **31.3** | **—** | **31.3** | **379.7** |
| Of which: On-balance sheet exposures | — | 411.0 | — | 31.3 | — | 31.3 | 379.7 |

## Table 15: EU CR1-C - Credit quality of exposures by geography

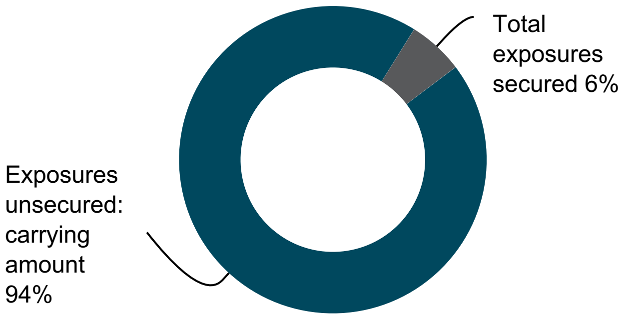
This table shows an analysis of past due, impaired exposures and allowances by country using the IFRS methodology.

| At 31 December 2020 (£m) | Exposures | | Credit risk adjustments | | Accumulated write-offs | Credit risk adjustment charges of the period | Net values |
|---|---|---|---|---|---|---|---|
| | Defaulted | Non-defaulted | Specific | General | | | |
| United Kingdom | — | 301.7 | — | 39.1 | — | 39.1 | 262.6 |
| Belgium | — | 137.7 | — | — | — | — | 137.7 |
| France | — | 80.2 | — | — | — | — | 80.2 |
| United States | — | 57.6 | — | — | — | — | 57.6 |
| Netherlands | — | 40.5 | — | — | — | — | 40.5 |
| Other | — | 51.6 | — | — | — | — | 51.6 |
| **Total** | **—** | **669.3** | **—** | **39.1** | **—** | **39.1** | **630.2** |

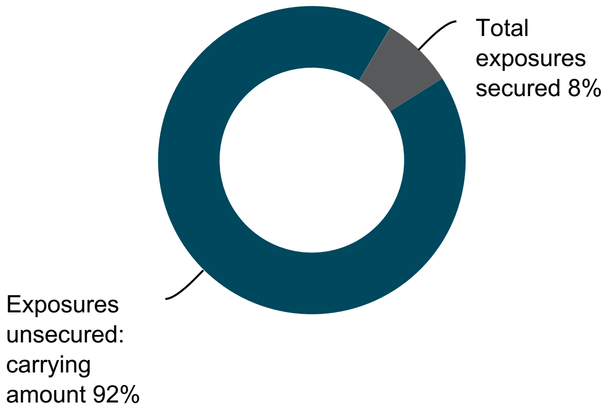
# 6 Article 453 CRR - Credit risk mitigation




**Credit risk mitigation at 31 December 2020**




**Credit risk mitigation at 31 December 2019**




PHUK Group mitigates credit risk through a variety of strategies including obtaining collateral, and indemnities from clients.

## 6.1 ISDA master agreements and netting

The International Swaps and Derivatives Association ('ISDA') Master Agreement incorporates schedules that allow the contracting parties to customise the terms and conditions to their mutual satisfaction to cover termination events, netting arrangements, security and other matters.

Netting may take two different forms, close-out netting and settlement netting. Whilst PHUK does not currently offer Foreign Exchange ('FX') Forward business, PHUK Group does adhere to the ISDA dispute resolution Stay Protocol whereby adopting institutions agree to obey resolution-related regulatory stays (up to 48 hours) imposed by any of 6 major jurisdictions with respect to other adopting institutions.

## 6.2 Collateral valuation and management

Financial and other eligible collateral can include cash, debt securities, or equities, and their values are taken into account for the purposes of calculating the risk weighted exposure amount of the underlying exposure.

There are no exposures covered by guarantees or credit derivatives at 31 December 2020. Using guarantees has the effect of replacing the risk-weight of the underling exposure with that of the institution providing the credit protection. Guarantors are primarily rated as investment grade.

## 6.3 Wrong-way risk

PHUK Group takes particular care to ensure that wrong-way risk between collateral and exposures does not exist. Wrong-way risk results when the exposure to the client or market counterparty increases when the counterparty's credit quality deteriorates.

## 6.4 Credit concentration risk

PHUK Group is exposed to credit concentration risk through exchanges and central counterparties, correspondent banks and issuers of securities. These risks are managed and mitigated through the establishment of various limits, on-going monitoring of exposure, collateral and contractual obligations upon the client, including margin calls.

Ongoing assessments of credit concentration risk are performed as part of the Pillar 2 risk assessment process.

The number of counterparties PHUK Group is willing to place funds with is limited and hence, concentration risk can arise from cash balances placed with a relatively small number of counterparties. To mitigate this, exposures are only placed on a very short-term basis, generally overnight (maximum of 180 days), ensuring ability to withdraw funds in a timely manner.

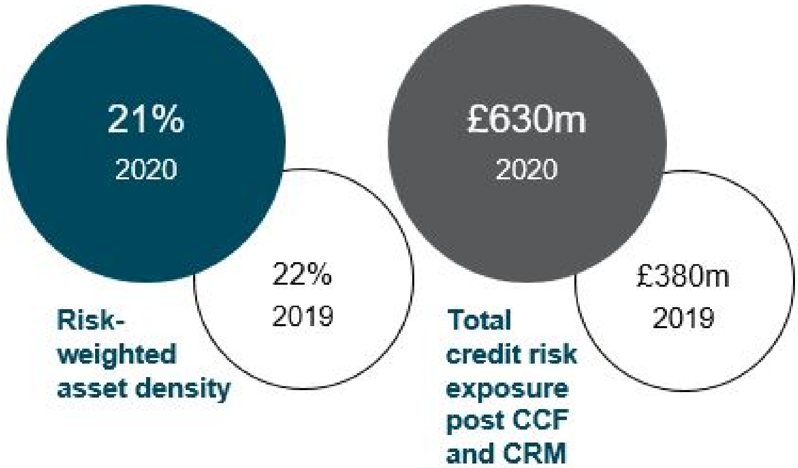
### Table 16: EU CR3 - Credit risk mitigation techniques - overview

This table shows the extent of credit risk mitigation techniques utilised by PHUK Group.

| At 31 December 2020 (£m) | Exposures unsecured: carrying amount | Total exposures secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
|---|---|---|---|---|---|
| Central governments/banks | 134.3 | — | — | — | — |
| Corporates | 1.0 | — | — | — | — |
| Institutions | 462.4 | 39.1 | 39.1 | — | — |
| Other items | 19.7 | — | — | — | — |
| Equity | 12.8 | — | — | — | — |
| **Total exposures** | **630.2** | **39.1** | **39.1** | **—** | **—** |
| Of which defaulted | — | — | — | — | — |

Financial and other eligible collateral can include cash, debt securities, or equities, and their values are taken into account for the purposes of calculating the risk-weighted exposure amount of the underlying exposure.

# 7 Article 444 CRR - External credit rating assessment institutions




The standardised approach requires PHUK Group to use risk assessments prepared by External Credit Rating Assessment Institutions ('ECAI') to determine the risk-weightings applied to rated counterparties. PHUK Group uses S&P Global Ratings, Moody's and Fitch Ratings as its chosen ECAIs. There has been no change to these ECAIs during the year.

### Table 17: Mapping of ECAIs credit assessments to credit quality steps

PHUK Group uses Credit Quality Steps ('CQS') to calculate the RWAs associated with credit risk exposures. Each CQS maps to the ECAIs' credit assessments.

This table shows the mapping of PHUK Group's nominated ECAIs' credit assessments to the credit quality steps.

| Credit quality steps | S&P Global Ratings | Moody's | Fitch Ratings |
|---|---|---|---|
| 1 | AAA to AA- | Aaa to Aa3 | AAA to AA- |
| 2 | A+ to A- | A1 to A3 | A+ to A- |
| 3 | BBB+ to BBB- | Baa1 to Baa3 | BBB+ to BBB- |
| 4 | BB-+ to BB- | Ba1 to Ba3 | BB+ to BB- |
| 5 | B+ to B- | B1 to B3 | B+ to B- |
| 6 | CCC+ and below | Caa1 and below | CCC+ and below |

### Table 18: Credit quality steps and risk-weights

ECAI risk assessments are used for each exposure class except eligible retail exposures which are assigned a risk-weight of 75%. In accordance with the regulations, institutions with a residual maturity of three months or less denominated and funded in the national currency of the borrower shall be assigned a risk-weight different to institutions with a risk-weight of more than three months. This distinction is shown in the table below.

This table shows the prescribed risk-weights associated with the credit quality steps by exposure class.

| Exposure class | CQS 1 | CQS 2 | CQS 3 | CQS 4 | CQS 5 | CQS 6 |
|---|---|---|---|---|---|---|
| Central governments and central banks | 0 % | 20 % | 50 % | 100 % | 100 % | 150 % |
| Public sector entities | 20 % | 50 % | 100 % | 100 % | 100 % | 150 % |
| Institutions | 20 % | 50 % | 50 % | 100 % | 100 % | 150 % |
| Institutions up to 3 months residual risk | 20 % | 20 % | 20 % | 50 % | 50 % | 150 % |
| Unrated institutions | 20 % | 50 % | 100 % | 100 % | 100 % | 150 % |
| Corporates | 20 % | 50 % | 100 % | 100 % | 150 % | 150 % |
| Securitisation | 20 % | 50 % | 100 % | 350 % | 1250 % | 1250 % |
| Institutions and corporates with short-term credit assessment | 20 % | 50 % | 100 % | 150 % | 150 % | 150 % |
| Collective investment undertakings (‘CIUs’) | 20 % | 50 % | 100 % | 100 % | 150 % | 150 % |
| Covered bonds | 10 % | 20 % | 20 % | 50 % | 50 % | 100 % |

The risk systems maintain the credit quality step mappings to customers in their database. When calculating the risk-weighted value of an exposure using the ECAI risk assessments, the system will identify the customer, the maturity of the transaction and the relevant credit quality step to determine the risk-weight percentage.

## Table 19: EU CR4 - Credit risk exposure and credit risk mitigation ('CRM') effects

This table shows the effect of the standardised approach on the calculation of capital requirements for PHUK Group. Risk-weighted exposure amount ('RWA') density provides a synthetic metric on the riskiness of each portfolio.

| | Exposures pre-CCF and CRM | | Exposures post-CCF and CRM | | | |
|---|---|---|---|---|---|---|
| | Balance sheet amount | | Balance sheet amount | | | |
| At 31 December 2020 (£m) | On- | Off- | On- | Off- | RWA | RWA density |
| Central governments/banks | 134.3 | — | 134.3 | — | — | — % |
| Corporates | 1.0 | — | 1.0 | — | 1.5 | 150 % |
| Institutions | 501.5 | — | 462.4 | — | 97.1 | 21 % |
| Other items | 19.7 | — | 19.7 | — | 21.4 | 109 % |
| Equity | 12.8 | — | 12.8 | — | 12.8 | 100 % |
| **Total** | **669.3** | **—** | **630.2** | **—** | **132.8** | **21 %** |

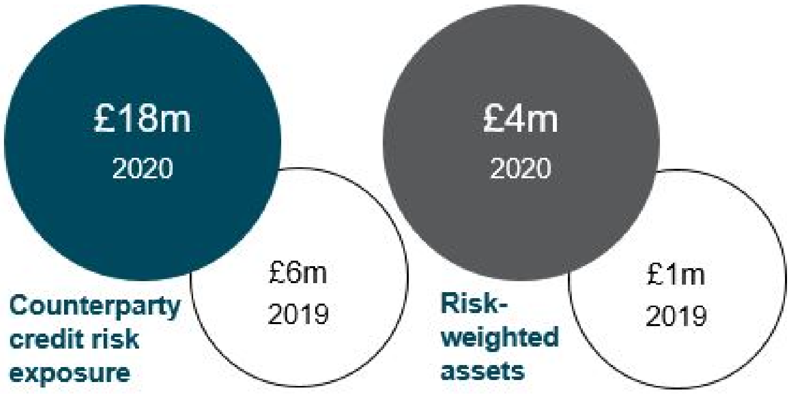
### Table 20: EU CR5 - Credit risk exposure by risk weight post CCF and CRM

This table shows the breakdown of exposures for after the application of both conversion factors and risk mitigation techniques.

| At 31 December 2020 (£m) | — % | 20 % | 50 % | 75 % | 100 % | 150 % | 250 % | 1,250 % | Total | Unrated |
|---|---|---|---|---|---|---|---|---|---|---|
| Central governments/ banks | 134.3 | — | — | — | — | — | — | — | 134.3 | — |
| Corporates | — | — | — | — | — | 1.0 | — | — | 1.0 | — |
| Institutions | 0.5 | 455.4 | 2.6 | — | 3.8 | — | — | 0.1 | 462.4 | — |
| Other items | — | — | — | — | 18.6 | — | 1.1 | — | 19.7 | 19.7 |
| Equity | — | — | — | — | 12.8 | — | — | — | 12.8 | — |
| **Total** | **134.8** | **455.4** | **2.6** | **—** | **35.2** | **1.0** | **1.1** | **0.1** | **630.2** | **19.7** |

| At 31 December 2019 (£m) | — % | 20 % | 50 % | 75 % | 100 % | 150 % | 250 % | 1,250 % | Total | Unrated |
|---|---|---|---|---|---|---|---|---|---|---|
| Central governments/ banks | 132.3 | — | — | — | — | — | — | — | 132.3 | — |
| Corporates | — | — | — | — | — | 3.5 | — | — | 3.5 | — |
| Institutions | 0.5 | 219.0 | 4.4 | — | 0.4 | — | — | 0.8 | 225.1 | — |
| Other items | — | — | — | — | 7.6 | — | 1.1 | — | 8.7 | 8.7 |
| Equity | — | — | — | — | 10.1 | — | — | — | 10.1 | — |
| **Total** | **132.8** | **219.0** | **4.4** | **—** | **18.1** | **3.5** | **1.1** | **0.8** | **379.7** | **8.7** |

# 8 Article 439 CRR - Exposure to counterparty credit risk




Counterparty credit risk arises in limited circumstances when PHUK Group approves a client or counterparty to deliver a security against payment, or vice versa, at a settlement or delivery date that is later than the market standard for this particular type of transaction or five business days after the date on which the parties enter into the transaction, whichever is earlier.

### Table 21: EU CCR1 - Analysis of the counterparty credit risk ('CCR') exposure by approach

This table shows a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

| Counterparty credit risk (£m) | | |
|---|---|---|
| **Long settlement transactions - mark-to-market method** | **31 December 2020** | **31 December 2019** |
| Gross positive fair value of contracts | — | — |
| Potential future credit exposure | — | — |
| Netting benefits | — | — |
| Net current credit exposure | 17.5 | 6.4 |
| Collateral held notional value | — | — |
| Exposure and collateral adjustments | — | — |
| **Net credit exposure** | **17.5** | **6.4** |
| Risk-weighted assets | 3.5 | 1.3 |
| **SFT - under financial collateral comprehensive method** | **31 December 2020** | **31 December 2019** |
| Net current credit exposure | — | — |
| Net SFT credit exposure | — | — |
| Risk-weighted assets | — | — |
| **Counterparty credit risk exposure** | **17.5** | **6.4** |

Note: SFT (Securities Financing Transactions)

## 8.1 Credit valuation adjustment

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

As at 31 December 2020 PHUK Group has no exposure subject to the credit valuation adjustment capital charge.

### Table 22: EU CCR3 - CCR exposures by regulatory portfolio and risk

This table shows the breakdown of counterparty credit risk exposures by exposure class and risk-weight attributed according to the standardised approach.

| At 31 December 2020 (£m) | — % | 20 % | 75 % | 100 % | Other | Total |
|---|---|---|---|---|---|---|
| Institutions | — | 17.5 | — | — | — | 17.5 |
| **Total** | **—** | **17.5** | **—** | **—** | **—** | **17.5** |

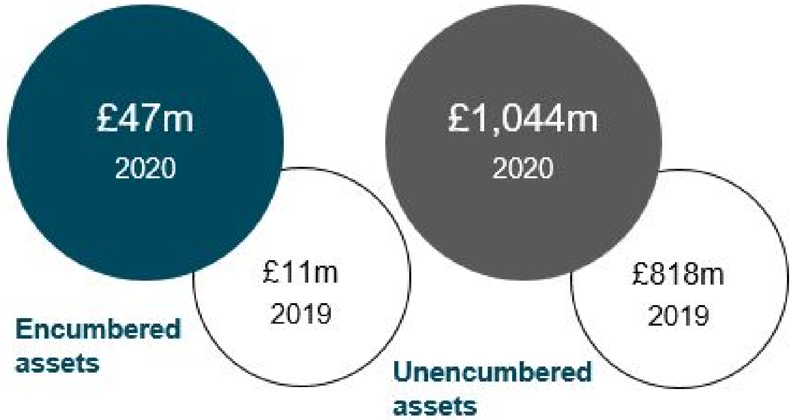
| At 31 December 2019 (£m) | — % | 20 % | 75 % | 100 % | Other | Total |
|---|---|---|---|---|---|---|
| Institutions | — | 6.4 | — | — | — | 6.4 |
| **Total** | **—** | **6.4** | **—** | **—** | **—** | **6.4** |

### Table 23: EU CCR5-A - Impact of netting and collateral held on exposure values

This table provides an overview of the collateral held on exposures.

| 31 December 2020 (£m) | Gross positive fair value or net carrying amount | Netting benefits | Netted current credit exposure | Collateral held | Net credit exposure |
|---|---|---|---|---|---|
| Long settlement transactions | 17.5 | — | 17.5 | — | 17.5 |
| Securities financing transactions | — | — | — | — | — |
| Cross-product netting | — | — | — | — | — |
| **Total** | **17.5** | **—** | **17.5** | **—** | **17.5** |

# 9 Article 443 CRR - Asset encumbrance




### Table 24: AE-A - Encumbered assets

The carrying and fair value of encumbered assets by type, based on median values in 2020, are as follows:

| At 31 December 2020 (£m) | Encumbered assets | | | | Unencumbered assets | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | of which notionally eligible EHQLA and HQLA | Fair value | of which notionally eligible EHQLA and HQLA | Carrying amount | of which EHQLA and HQLA | Fair value | of which EHQLA and HQLA |
| **Assets of the reporting institution** | **47.0** | **—** | **—** | **—** | **1,045.9** | **—** | **—** | **—** |
| Equity instruments | — | — | — | — | 10.7 | — | — | — |
| Debt securities | — | — | — | — | 133.5 | — | 133.5 | — |
| of which: issued by general governments | — | — | — | — | 133.5 | — | 133.5 | — |
| Other assets | 47.0 | — | — | — | 899.9 | — | — | — |

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

## Table 25: AE-B - Collateral

The reportable encumbered collateral received, or available for encumbrance are presented below:

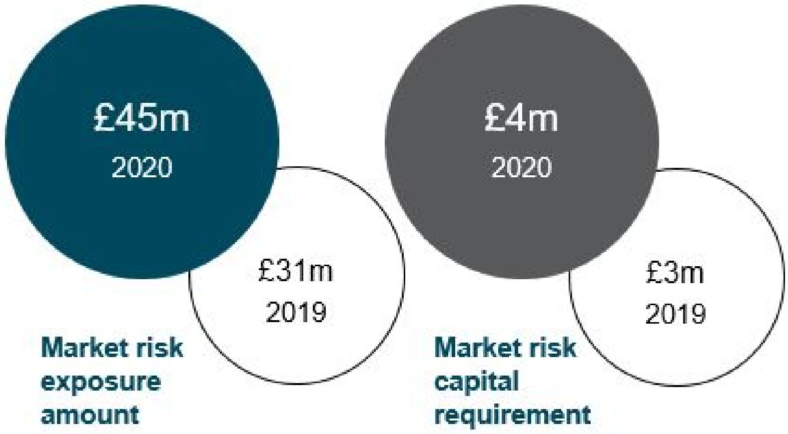
| At 31 December 2020 (£m) | Fair value of encumbered collateral received or own debt securities issued | | Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance | |
|---|---|---|---|---|
| | | of which notionally elligible EHQLA and HQLA | | of which EHQLA and HQLA |
| **Collateral received by the reporting institution** | **—** | **—** | **—** | **—** |
| Equity instruments | — | — | — | — |
| Debt securities | — | — | — | — |
| of which: issued by general governments | — | — | — | — |
| Other collateral received | — | — | — | — |
| **Total assets, collateral received & own debt securities issued** | **47.0** | **—** | **—** | **—** |

## Table 26: AE-C - Sources of encumbrance

| At 31 December 2020 (£m) | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered |
|---|---|---|
| **Carrying amount of selected financial liabilities** | **47.0** | **47.0** |
| Deposits | 47.0 | 47.0 |
| Collateralised deposits other than repurchase agreements | 47.0 | 47.0 |
| **Total sources of encumbrance** | **47.0** | **47.0** |

Note: ABS ('Asset-Backed Securities')

## 10 Article 445 CRR - Exposure to market risk




Market risk is the risk of adverse change to the economic condition of PHUK Group resulting from variations in prices, rates, implied volatilities, or correlations of market risk factors. Market risk factors include but are not limited to interest rates, foreign exchange rates, equity prices, credit spreads, prepayment rates, and commodity prices. All open positions are closely monitored.

### Table 27: EU MR1 - Market risk

This table shows components of the capital requirements and risk-weighted assets for market risk using the standardised approach.

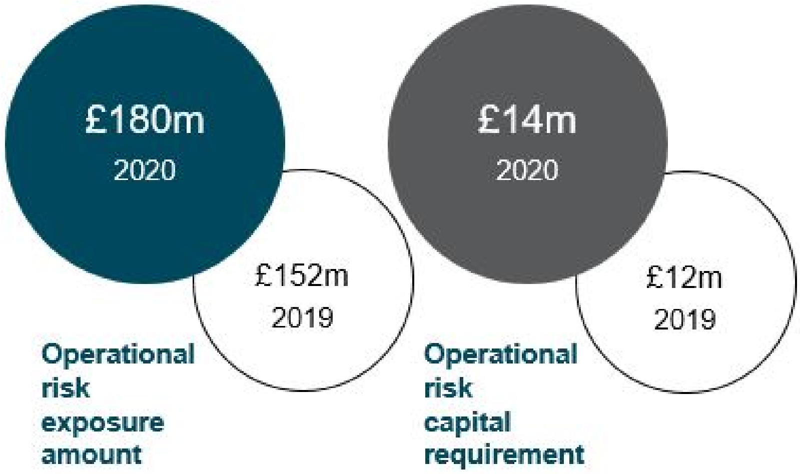
| At 31 December 2020 (£m) | Risk-weighted assets | Capital requirements |
|---|---|---|
| Foreign exchange risk | 45.3 | 3.6 |
| **Total** | **45.3** | **3.6** |

# 11 Article 448 CRR - Interest rate risk in the banking book

Interest rate risk ('IRR') is the risk associated with changes in interest rates that affect net interest income ('NII') from interest-earning assets and interest-paying liabilities. IRR exposure in the non-trading book arises from on and off-balance sheet assets and liabilities and changes with movements in domestic and foreign interest rates.

PHUK Group does not have any material exposure to interest rate risk in its non-trading book.

# 12 Article 446 CRR - Operational risk




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

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

Operational risk includes any operational risk to achieving the business objectives of PHUK Group and causing financial loss, regulatory action or reputational damage to the standing of PHUK Group.

## 12.1 Operational risk management framework

PHUK Group seeks to manage the inherent risk within its operational processes through an Operational Risk Management Framework ('ORMF').

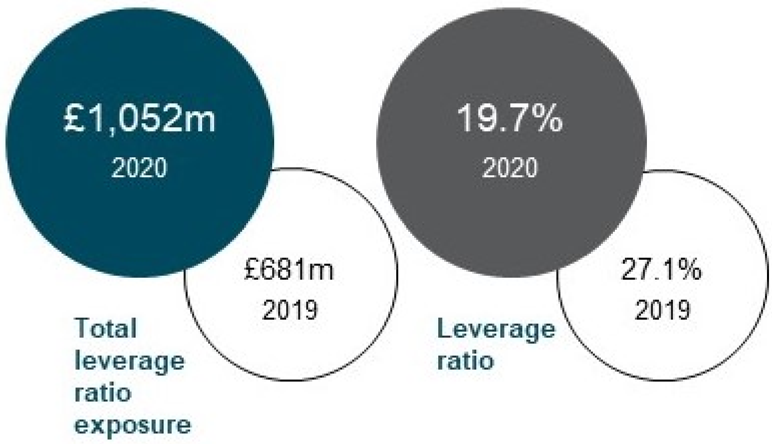
The ORMF provides consistent capture, management and governance of operational risks. It is aligned around the elements of the risk management cycle (Identify, Measure, Manage and Report) and includes the requirements of good governance and capital planning as key elements.

## 12.2 Operational risk capital resource requirement

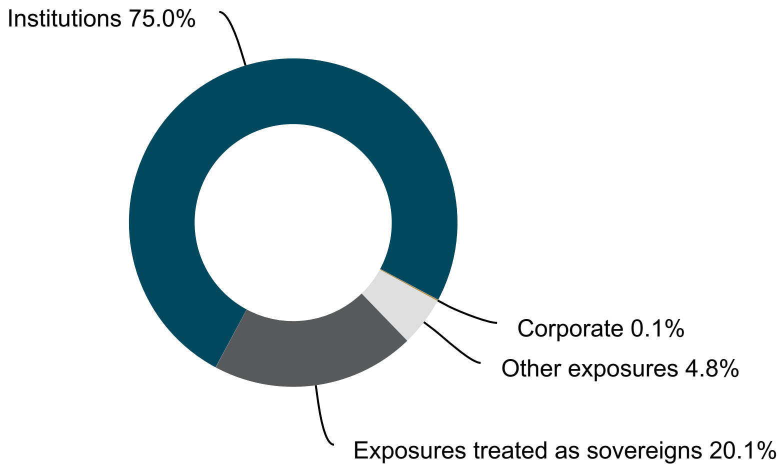
PHUK Group calculates the Pillar 1 operational risk capital resource requirement under the standardised approach. Pershing has three applicable business lines as below with their beta factor.

| Category | Beta |
|---|---|
| Trading and sales | 18% |
| Agency services | 15% |
| Retail brokerage | 12% |

# 13 Article 451 CRR - Leverage




### CRR banking book leverage ratio exposures




PHUK Group is not subject to a leverage ratio requirement in the UK and the ratio is provided for information purposes only.

In accordance with article 499 (2) and (3) of the CRR the leverage ratio is calculated based on Tier 1 capital and is calculated using the end-of-quarter leverage ratio as per the EBA implementing technical standards ('ITS') on the disclosure of the leverage ratio under Article 451(2) of Regulation (EU) No 575/2013 (CRR). The capital measure for the leverage ratio is the Tier 1 capital of the risk-based capital framework, taking into account transitional arrangements. Total exposure measure is the sum of the following exposures:

- on-balance sheet exposures;
- derivate exposures;
- security financing transaction ('SFT') exposures; and
- off-balance sheet items.

Although the BNY Mellon Corporation manages its leverage ratio in line with US regulatory limits, the PHUK Group itself is not subject to a leverage ratio requirement in the UK.

Nevertheless the PHUK Group monitors its leverage position and reports accordingly. The table below is reflective of the standard EBA reporting format, but the PHUK Group is mindful of the exclusion for Bank of England reserves from the leverage exposure value that has been prescribed by the PRA, which would dramatically reduce this value and hence increase the leverage ratio itself.

### Table 28: LR1 - Leverage ratio summary

This table shows PHUK Group's summary reconciliation of accounting assets and leverage ratio exposures.

| At 31 December 2020 (£m) | |
|---|---|
| **Total assets** | **1,125.6** |
| Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation | — |
| Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (13) of Regulation (EU) No 575/2013 "CRR" | — |
| Adjustments for derivative financial instruments | — |
| Adjustments for securities financing transactions (SFTs) | — |
| Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | — |
| Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013 | — |
| Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013 | — |
| Other adjustments | (74.0) |
| **Total leverage ratio exposure** | **1,051.6** |

### Table 29: LR2 - Leverage ratio common disclosure

This table shows the calculation of the leverage ratio and total exposures.

| Regulatory leverage ratio exposures at 31 December 2020 (£m) | |
|---|---|
| **On-balance sheet exposures (excluding derivatives and SFTs)** | |
| On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 1,125.6 |
| Asset amounts deducted in determining Tier 1 capital | (74.0) |
| **Total on-balance sheet exposures (excluding derivatives and SFTs)** | **1,051.6** |
| **Derivative exposures** | |
| Replacement cost associated with derivatives transactions | — |
| Add-on amounts for PFE associated with derivatives transactions | — |
| Exposure determined under Original Exposure Method | — |
| **Total derivative exposures** | **—** |
| **Securities financing transaction exposures** | |
| SFT exposure according to Article 220 of CRR | — |

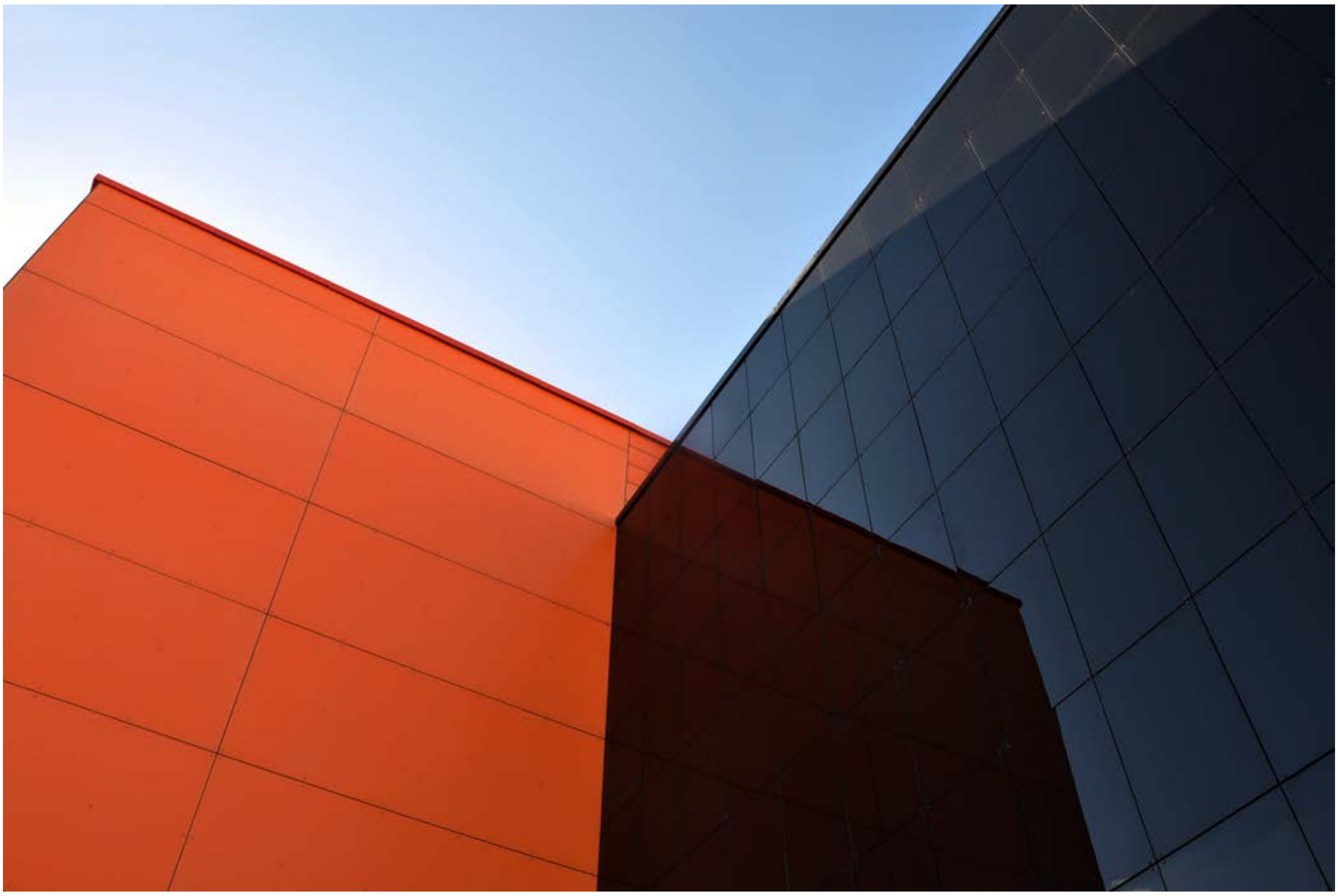
| Regulatory leverage ratio exposures at 31 December 2020 (£m) | |
|---|---|
| SFT exposure according to Article 222 of CRR | — |
| **Total securities financing transaction exposures** | **—** |
| **Off-balance sheet exposures** | |
| Off-balance sheet exposures at gross notional amount | — |
| Adjustments for conversion to credit equivalent amounts | — |
| **Total off-balance sheet exposures** | **—** |
| **Capital and total exposures** | |
| Tier 1 capital | 207.2 |
| Exposures of financial sector entities according to Article 429(4) 2nd of CRR | — |
| **Leverage ratios** | |
| **Total exposures** | **1,051.6** |
| Leverage ratio - using a transitional definition of Tier 1 capital | 19.7 % |
| **Choice on transitional arrangements and amount of derecognised fiduciary items** | |
| Choice on transitional arrangements for the definition of the capital measure | Transitional |
| Amount of derecognised fiduciary items in accordance with Article 429(11) of CRR | — |

## Table 30: LR3 - Composition of on-balance sheet exposures

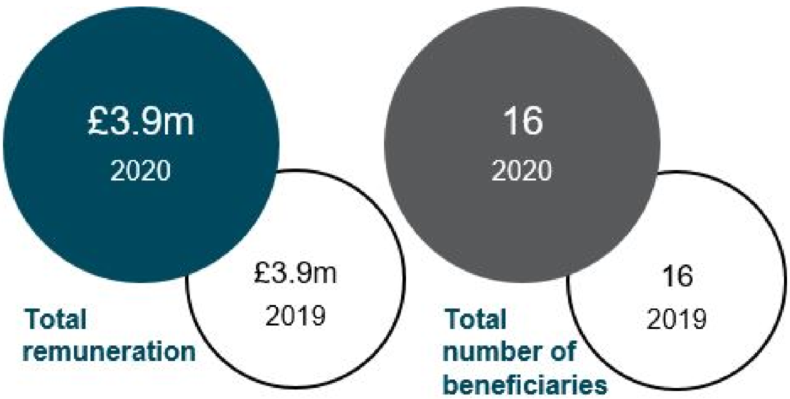
This table shows the composition of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures at 31 December 2020.

| CRR leverage ratio exposures (£m) | |
|---|---|
| **Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:** | **1,051.6** |
| Trading book exposures | 383.0 |
| Banking book exposures, of which: | 668.6 |
| Covered bonds | — |
| Exposures treated as sovereigns | 134.3 |
| Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns | — |
| Institutions | 500.9 |
| Retail exposures | — |
| Corporate | 1.0 |
| Exposures in default | — |
| Other exposures | 32.4 |

# Human resources



## 14 Article 450 CRR - Remuneration policy




### 14.1 Governance

The governance of remuneration matters for BNYM and its group entities, including Pershing, is overseen by four committees, each with separate responsibilities in respect of remuneration as summarised below:

**Human Resources and Compensation Committee of BNY Mellon ('HRCC')** is responsible for overseeing BNYM's employee compensation and benefits policies and programmes globally. It reviews and is responsible for the compensation plans, policies and programs in which the senior officers participate and has general oversight for the other incentive, retirement, welfare and equity arrangements for all employees globally. The members of the HRCC are non-executive members of the BNYM's Board of Directors, acting on behalf of the BNYM Board of Directors.

**Compensation Oversight Committee of BNY Mellon ('COC')** is responsible for ensuring compensation plans are based on sound risk management, it provides governance and risk oversight and advises the HRCC on any compensation risk issues. The members of the COC are senior members of BNY Mellon management, including the Chief Human Resources Officer, the Chief Risk Officer, the Chief Financial Officer and the Head of Compensation & Benefits. The Chief Executive Officer is responsible for the funding and design of incentive plans. All new material incentive plans, material changes to existing incentive/sales plans and funding accrual decisions are subject to the review and approval of the CEO and CFO, prior to the oversight by the HRCC.

**EMEA Remuneration Governance Committee ('ERGC')** is a regional governance committee that was established to ensure alignment of remuneration arrangements operated within BNYM EMEA with local laws and regulations impacting on remuneration. The ERGC is responsible for ensuring that local BNYM EMEA offices implement processes and practices that are consistent with the requirements of local regulators and also have oversight of the functioning and decisions taken by the Remuneration Committees of subsidiaries of BNYM (excluding IM), which are incorporated within the EMEA region, with the exclusion of oversight over individual award decisions.

**Incentive Compensation Review Committee ('ICRC')** is the coordinating body of senior executives responsible for the oversight of the process to evaluate and recommend compensation reductions for all employees. These decisions are based on feedback regarding risk, compliance, audit and legal outcomes as well as situations of an employee engaged in fraud or directly or indirectly to have contributed to a financial restatement or other irregularity. The ICRC is a management-level committee that reports its recommendations to the HRCC. Ex ante adjustments are recommended by the employee's management for review and approval by the committee and ex post adjustments are formulated by the committee. The Chief Human Resources Officer chairs the committee supported by the Global Head of Compensation and Benefits. Voting members include the Chief Executive Officer, Chief Risk Officer, Chief Compliance & Ethics Officer, Chief Auditor, Chief Financial Officer and General Counsel.

BNY Mellon undergoes an annual attestation process to ensure that its remuneration practices comply with all local laws and regulations as well as best market practice. The implementation of BNY Mellon's remuneration policies is subject to an annual independent internal review by the internal audit function.

## 14.2 Aligning pay with performance

BNY Mellon's compensation philosophy is to offer a total compensation opportunity that supports our values, client focus, integrity, teamwork and excellence. We pay for performance, both at the individual and corporate level. We value individual and team contributions and reward based on how both contribute to business results. In support of this philosophy, variable compensation is used as a means of recognising performance.

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

## 14.3 Fixed remuneration

Fixed remuneration is composed of (i) salary, (ii) any additional non-performance related amounts paid as a result of contractual obligations or applicable law, or as a result of market practice, including role-based allowances, and (iii) any benefits in kind which are awarded as a result of the responsibilities of the job rather than the performance within the job.

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

Employees who are directors of other BNY Mellon group entities are not remunerated separately in their capacity as a director of those entities. Independent directors of BNY Mellon only receive fixed remuneration, as disclosed in our annual Proxy Statement to shareholders.

## 14.4 Ratio between fixed and variable pay

In respect of remuneration to material risk takers as determined under the requirements of the PRA and FCA (“MRTs”), the shareholder of Pershing, The Bank of New York Mellon Corporation, approved an increase in the maximum ratio of Variable to Fixed pay from 100% to 200%. This increase was confirmed by the HRCC on 27 January 2014 on the grounds that the increased ratio would not affect the firm’s ability to maintain a sound capital base, and allows for appropriate incentivisation and reward in accordance with our Pay for Performance philosophy.

## 14.5 Variable compensation funding and risk adjustment

The employees of Pershing are eligible to be awarded variable compensation but have no entitlement to such awards which are discretionary in nature.

In general, the incentive pools for the business lines are based on the profitability of each business line, with the potential for adjustment by the COC on the basis of a number of factors, including risk management.

Typically, the line of business incentive plans are determined primarily based on pre-tax income, which is a profit rather than revenue based measure. The plans are subject to discretionary adjustment by the business head, COC and HRCC based on factors in assessing the earnings including (but not limited to) significant non-recurring activity, market conditions, interest and currency rates.

The incentive pools for the business partner groups are based on a management approved fixed pool, adjusted for a number of factors, including corporate performance and risk management.

Variable compensation may consist of both cash and equity and both upfront and deferred components and is determined by the functional hierarchy of the business or business partner service to which the individual staff member belongs, and in accordance with the terms and conditions of the incentive compensation plan that is applicable for the business or business partner service.

For MRTs, the variable compensation portion of an award comprises four different parts: upfront cash, upfront equity, deferred cash and deferred equity, in order to comply with local regulations. The deferred compensation component awarded in the form of BNY Mellon restricted stock units aligns a portion of the variable compensation award with the management of longer-term business risk.

Variable compensation is determined by the business performance as outlined above and an individual's performance as measured against feedback on the following aspects:

- corporate goals;
- individual results-based performance;
- individual behaviours (including alignment to BNY Mellon's global competencies and values; adherence to risk, compliance and ethical obligations/competencies; and goals related to diversity and inclusion); and
- regulatory fitness and propriety assessment (applicable to MRTs).

MRTs are subject to an additional layer of performance assessment, referred to as the Risk Culture Summary Scorecard ("RCSS"). The RCSS score for each individual is based on separate ratings of five risk factor areas:

- compliance;
- reputation;
- operational Risk;
- risk Exposures; and
- audit.

## 14.6 Deferral policy and vesting criteria

Corporate Policy (General): Awards are delivered to employees entirely in cash (payable shortly after the date of award), except where the employee's total incentive award exceeds a particular threshold (or where they are of a particular level of role. (This is set out in the table below). In this case, a portion of the annual incentive award is deferred over a period of at least four years – this portion vests in equal portions on the first, second, third and fourth anniversary of the date of award (subject to the employee remaining in employment on each of these dates).

| | Total incentive award (US$000) | | | | |
|---|---|---|---|---|---|
| Level | < 50.0 | 50.0 to 149.9 | 150 to 249.9 | 250 to 499.9 | >= 500.0 |
| J, K and L | — | 15.0% | 20.0% | 25.0% | 30.0% |
| M | — | 25.0% | 30.0% | 35.0% | 40.0% |
| S | — | 32.5% | 40.0% | 45.0% | 50.0% |

Regulatory Policy : For identified MRTs, in receipt of total remuneration of £500,000 or more, and variable remuneration greater than 33% of total remuneration, the Corporate Deferral Rules are superseded by the Regulatory Deferral Rules as follows:

a) At least 40% of variable remuneration is deferred unless the MRT is a Director of a significant entity or if their variable remuneration exceeds £500,000, in which case 60% of variable remuneration is deferred.

b) Variable remuneration is deferred for 3-5 years depending upon the MRT category.

c) At least 50% of variable remuneration (upfront and deferred) is delivered in shares or equivalent instruments.

d) Each tranche of deferred vested equity is subject to a retention period post vesting before it may be sold, 6 months for Risk Managers and 12 months for Senior Managers and other MRTs.

| 40% Deferral Table | | |
|---|---|---|
| | Upfront | Deferred |
| Cash | 30.0% | 20.0% |
| Equity | 30.0% | 20.0% |

| 60% Deferral Table | | |
|---|---|---|
| | Upfront | Deferred |
| Cash | 20.0% | 30.0% |
| Equity | 20.0% | 30.0% |

## 14.7 Variable remuneration of control function staff

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

## 14.8 Quantitative disclosures

The tables below provide details of the aggregate remuneration of senior management and MRTs for Pershing for the year ending 31 December 2020.

The figures illustrate figures from three Pershing financial legal entities:

- Pershing Ltd;
- Pershing Securities International Limited;

For completeness, this group of staff is limited to those identified as MRTs. The remuneration amounts are presented on a gross basis, regardless of the time spent by BNY Mellon staff in respect of Pershing to reflect the full reporting period.

The tables below show the combined remuneration data for six Senior Manager MRTs and ten Other MRTs.

MRTs categorised as 'Senior Managers' carry out a senior management function as determined by the relevant regulators.

### Table 31: REM1 - Aggregate remuneration expenditure by business

This table shows the aggregate remuneration expenditure for MRTs in 2020 by business.

| | Pershing | Other [2] | Total |
|---|---|---|---|
| **Total remuneration (£000s)** [1] | **3,426** | **426** | **3,852** |

[1] Includes base salary and other cash allowances, plus any incentive awarded for full year 2020. Pension contribution is not included.

[2] Other consists of the functions Risk & Compliance and Technology.

## Table 32: REM2 - Aggregate remuneration expenditure by remuneration type

This table shows the aggregate remuneration expenditure for MRTs by remuneration type in 2020.

| Identified staff | Senior management | Other MRTs | Total MRTs |
|---|---|---|---|
| Number of beneficiaries | 6 | 10 | 16 |
| Total remuneration (£000s) | 2,211 | 1,641 | 3,852 |
| Total variable remuneration vs total remuneration (%) | 36 % | 20 % | 29 % |
| Total fixed remuneration (£000s) [3] | 1,424 | 1,309 | 2,733 |
| Total variable remuneration (£000s) | 787 | 332 | 1,119 |
| Variable cash (£000s) | 402 | 243 | 645 |
| Variable shares (£000s) | 385 | 89 | 474 |
| Total deferred remuneration awarded during the financial year (£000s) | 342 | 89 | 430 |
| Total deferred remuneration paid out during the financial year (£000s) | 379 | 61 | 440 |
| Total deferred remuneration reduced through performance adjustments (£000s) | — | — | — |

[3] Fixed remuneration includes base salary and any cash allowances. Pension contribution is not included.

## Table 33: REM3 - Deferred variable remuneration

This table shows the total deferred remuneration for MRTs outstanding from previous years.

| Identified staff | Senior management | Other MRTs | Total MRTs |
|---|---|---|---|
| Number of beneficiaries | 6 | 6 | 12 |
| Total deferred variable remuneration outstanding from previous years (£000s) | 1,029 | 272 | 1,301 |
| Total vested (£000s) [4] | 379 | 61 | 440 |
| Total unvested (£000s) [5] | 650 | 211 | 861 |

[4] Includes total vested cash and equity. Equity portion is valued as at the date the award vested.

[5] Includes total unvested cash and equity. Equity portion is valued as at 1 January 2021.

Details of the aggregate severance payments of Material Risk Takers for Pershing Limited for the year ending 31 December 2020 cannot be disclosed on the grounds of data confidentiality.

There were also no individuals remunerated EUR 1 million or more.

# Appendix 1 Other risks

## Liquidity risk

PHUK Group defines Liquidity risk as 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, at a reasonable cost in order to meet its short-term (up to one year) obligations.

Liquidity risk can arise from funding mismatches, market constraints from the inability to convert assets to cash, meet Client Free Money withdrawals, or contingent liquidity events. Changes in economic conditions or exposure to credit, market, legal, operational and reputational risks also can affect PHUK Group's liquidity risk profile and are considered in the liquidity risk framework.

The Board has established the PHUK Group's liquidity risk appetite and tolerances that are appropriate for the its business strategy and reflect the financial condition and funding capacity. In this context, ALCO and the Board consider PHUK Group to be risk adverse due to the nature of its main business; i.e. clearing and settlement services.

Recognising the fact that PHUK Group business is driven not by balance sheet size, but is transaction based by nature, the ALCO has set overall liquidity risk appetite measures and thresholds, which have been approved by the Board, to ensure that PHUK Group maintains strong liquidity at all times.

A mix of metrics and limits are a quantitative and qualitative reflection of PHUK Group's liquidity risk tolerance. PHUK Group seeks to ensure that the overall liquidity risk that it undertakes stays within its risk appetite.

## Group risk

Group risk is the risk that the financial position of PHUK Group may be adversely affected by its relationships and arrangements (financial and non-financial) with other entities in the BNY Mellon group or by risks that may affect the whole group.

PHUK Group maintains appropriate oversight and ownership of all processes and activities outsourced to other group entities. Because group risk typically arises as a consequence of another risk event and, as such, PHUK Group considers group impact as part of its overall risk management process.

## Business and financial risk

### Business risk

Business risk is the risk to PHUK Group arising from changes in its business including the acute risk to earnings posed by falling or volatile income; and the broader risk of PHUK Group's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; or its remuneration policy.

The PHUK Group business model has been clearly defined, in place for a number of years, is relatively transparent and contained within its business sector. This is not envisaged to change.

### Non-trading book exposures in equities

As at 31 December 2020 PHUK Group had £12.8 million of non-trading book exposures in equities. All equity investments are unquoted.

## Residual risk

Residual risk may arise from the partial performance or failure of credit risk mitigation techniques for reasons, such as ineffective documentation, a delay in payment or the inability to realise collateral held by the underlying client in a timely manner.

Given the nature of PHUK Group's business, residual risk occurs only in respect of the right to use securities as collateral and the Credit and Market risk capital calculation, therefore, includes the potential impact of residual risk.

Any shortfall remaining after the application of the collateral may be covered by:

- legal recourse to pursue either PHUK Group's client or the underlying investor, while also retaining the right to proceed against the other party in respect of any shortfall in the amount recovered;
- ultimately, PHUK Group retains the right to restrict or terminate a relationship that presents an unacceptable risk to its business; and
- insurance claim under PHUK Group's own Professional Indemnity cover or against third parties.

## Appendix 2 Glossary of terms

The following acronyms may be used in this document:

| Acronym | Description |
|---|---|
| ABS | Asset-Backed Securities |
| ACPR | Autorite de Controle Prudentiel et de Resolution |
| AFR | Available Financial Resources |
| AIF | Alternative Investment Fund |
| ALCO | Asset and Liability Committee |
| AML | Anti-Money Laundering |
| AS | Asset Servicing |
| AT1 | Additional Tier 1 |
| AUC | Assets Under Custody |
| BAC | Business Acceptance Committee |
| BAU | Business as usual |
| BaFin | Federal Financial Supervisory Authority / Bundesanstalt fur Finanzdienstleistungsaufsicht |
| BDAS | Broker-Dealer and Advisory Services |
| BDF | Banque De France |
| BEMCO | Belgium Management Council |
| BI | Banca D'Italia |
| BNY Mellon | The Bank of New York Mellon Corporation |
| BNY Mellon SA/NV | The Bank of New York Mellon SA/NV |
| BNY Mellon TDUKL | BNY Mellon Trust & Depositary (UK) Limited |
| BNYIFC | BNY International Financing Corporation |
| BNY Mellon KG | BNY Mellon Service Kapitalanlage-Gesellschaft mbH |
| BRC | Business Risk Committee |
| CASS | Client Asset Sourcebook Rules |
| CBI | Central Bank of Ireland |
| CCF | Credit Conversion Factor |

| Acronym | Description |
|---|---|
| CEO | Chief Executive Officer |
| CEF | Critical Economic Function |
| CET1 | Common Equity Tier 1 |
| CGB | CASS Governance Body |
| CIS | Collective Investment Scheme |
| COC | Compensation Oversight Committee |
| COOC | CASS Operational Oversight Committee |
| COREP | Common Reporting |
| CQS | Credit Quality Steps |
| CRD | Capital Requirements Directive |
| CRM | Credit Risk Mitigation |
| CRO | Chief Risk Officer |
| CROC | Credit Risk Oversight Committee |
| CRR | Capital Requirements Regulation |
| CSD | Client Service Delivery |
| CSRSFI | Committee for Systemic Risks and System-relevant Financial Institutions |
| CSSF | Commission de Surveillance du Secteur Financier |
| CSTC | Capital and Stress Testing Committee |
| CT | Corporate Trust |
| CTS | Client Technology Solutions |
| DB | Deutsche Bank |
| DNB | De Nederlandsche Bank |
| DVP | Delivery versus Payment |
| EAD | Exposure at default |
| EC | European Commission |
| ECL | Expected Credit Losses |
| ECAP | Economic Capital |
| ECB | European Central Bank |
| ECM | Embedded Control Management |

| Acronym | Description |
|---|---|
| EEC | EMEA Executive Committee |
| EHQLA | Extremely High Quality Liquid Assets |
| EMEA | Europe, Middle East and Africa |
| ERGC | EMEA Remuneration Governance Committee |
| ESRMC | EMEA Senior Risk Management Committee |
| EU | European Union |
| EUR | Euro |
| EWI | Early Warning Indicators |
| ExCo | Executive Committee |
| FCA | Financial Conduct Authority |
| FMUs | Financial market utilities |
| FoP | Free of payment |
| FRS | Financial Reporting Standard |
| FSMA | Financial Services and Markets Authority |
| FX | Foreign Exchange |
| G-SIFI | Global Systemically Important Financial Institution |
| GCA | Global Custody Agreement |
| GSP | Global Securities Processing |
| HLA | High-level Assessment |
| HQLA | High Quality Liquid Assets |
| HRCC | Human Resources Compensation Committee |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| ICA | Internal Capital Assessment |
| ICAAP | Internal Capital Adequacy Assessment Process |
| ICRC | Incentive Compensation Review Committee |
| IFPR | Investment Firm Prudential Regime |

| Acronym | Description |
|---|---|
| IFRS | International Financial Reporting Standards |
| ILAAP | Internal Liquidity Adequacy Assessment Process |
| ILG | Individual Liquidity Guidance |
| IRRBB | Interest Rate Risk on Banking Book |
| IMMS | International Money Management System |
| ISDA | International Swaps and Derivatives Association |
| ISM | Investment Services and Markets |
| ILG | Individual Liquidity Guidance |
| IRRBB | Interest Rate Risk on Banking Book |
| IMMS | International Money Management System |
| ISDA | International Swaps and Derivatives Association |
| ISM | Investment Services and Markets |
| IT | Information Technology |
| IWG | ICAAP working group |
| JFSC | Jersey Financial Services Commission |
| KRI | Key Risk Indicator |
| KYC | Know your customer |
| LAB | Liquidity Asset Buffer |
| LCR | Liquidity Coverage Ratio |
| LERO | Legal Entity Risk Officer |
| LOB | Line of Business |
| LOD | Line of Defense |
| MiFID II | Markets in Financial Instruments Directive II |
| MNA | Master Netting Agreements |
| MRMG | Model Risk Management Group |
| MRT | Material Risk Taker |
| MtM | Mark-to-market |
| NAV | Net Asset Value |
| NBB | National Bank of Belgium |

| Acronym | Description |
|---|---|
| NoCo | Nomination Committee |
| NSFR | Net Stable Funding Ratio |
| O-SII | Other systemically important institution |
| OCI | Other Comprehensive Income |
| OEICs | Open-ended Investment Companies |
| ORE | Operational risk event |
| ORMF | Operational Risk Management Framework |
| ORSA | Operational Risk Scenario Analysis |
| OTC | Over the counter |
| P/L | Profit and Loss |
| PFE | Potential Future Exposure |
| PRA | Prudential Regulatory Authority |
| RCoB | Risk Committee of the Board |
| RCSA | Risk and Control Self-Assessment |
| RM | Risk Manager |
| RMC | Risk Management Committee |
| RMP | Risk Management Platform |

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

The following terms may be used in this document:

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

**Basel III:** The capital reforms and introduction of a global liquidity standard proposed by the Basel Committee on Banking Supervision ('BCBS') in 2010

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

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

**CRD IV:** On 27 June 2013, the European Commission published, through the Official Journal of the European Union, its legislation for a Capital Requirements Directive ('CRD') and Capital Requirements Regulation ('CRR'), which together form the CRD IV package. Amendments published on 30 November 2013 were made to the Regulation. The package implements the Basel III reforms in addition to the inclusion of new proposals on sanctions for non-compliance with prudential rules, corporate governance and remuneration. CRD IV rules apply from 1 January 2014 onwards, with certain requirements set to be phased in

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

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

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

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

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

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

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

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

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

**High-level Assessment ('HLA'):** An assessment of the quality of controls in place to mitigate risk and residual risk. Residual risk is assessed as high, moderate to high, moderate, moderate to low and low with direction anticipated

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix 3 Supplementary tables

### CC2 - Reconciliation of regulatory capital for the significant subsidiary PSL

| At 31 December 2020 (£m) | Statutory accounts balance sheet | Regulatory adjustments | Regulatory balance sheet |
|---|---|---|---|
| **Assets** | | | |
| Cash at bank and in hand | 350.8 | — | 350.8 |
| Debtors | 428.1 | — | 428.1 |
| Debtors - Prepayments and accrued Income | 12.3 | — | 12.3 |
| Debtors - Other assets and taxation (inc. amounts due from group undertakings) | 28.0 | — | 28.0 |
| Current Asset Investments | 133.4 | (0.1) | 133.3 |
| Fixed Assets | 12.9 | — | 12.9 |
| **Total assets** | **965.5** | **(0.1)** | **965.4** |
| **Liabilities** | | | |
| Bank loans and overdrafts | 29.6 | — | 29.6 |
| Creditors - Third parties | 418.4 | — | 418.4 |
| Creditors - Other creditors including taxation | 56.8 | — | 56.8 |
| Creditors - Accruals and deferred income | 3.9 | — | 3.9 |
| Amounts due to group undertakings | 318.8 | — | 318.8 |
| **Total liabilities** | **827.5** | **—** | **827.5** |
| **Shareholders' equity** | | | |
| Share capital | 113.4 | — | 113.4 |
| Profit and loss account | 24.5 | — | 24.5 |
| Other reserves | 0.1 | — | 0.1 |
| Deductions from Capital | — | (0.1) | (0.1) |
| **Equity** | **138.0** | **(0.1)** | **137.9** |
| **Out of scope items** | — | | — |
| **Total equity and liabilities** | **965.5** | **(0.1)** | **965.4** |

## CC2 - Reconciliation of regulatory capital for the significant subsidiary PL

| At 31 December 2020 (£m) | Statutory accounts balance sheet | Regulatory adjustments | Regulatory balance sheet |
|---|---|---|---|
| **Assets** | | | |
| Cash at bank and in hand | 28.9 | — | 28.9 |
| Debtors | 1.8 | — | 1.8 |
| Debtors - Prepayments and accrued Income | 3.0 | — | 3.0 |
| Debtors - Other assets and taxation (inc. amounts due from group undertakings) | 3.5 | (0.7) | 2.8 |
| Current Asset Investments | — | — | — |
| Fixed Assets | 121.5 | (111.2) | 10.3 |
| Goodwill & Intangibles | 13.6 | (8.6) | 5.0 |
| **Total assets** | **172.3** | **(120.5)** | **51.8** |
| **Liabilities** | | | |
| Creditors - Third parties | 1.8 | — | 1.8 |
| Creditors - Other creditors including taxation | 0.4 | — | 0.4 |
| Creditors - Accruals and deferred income | 6.3 | — | 6.3 |
| Amounts due to group undertakings | 3.1 | — | 3.1 |
| Provisions for liabilities and charges | 0.9 | — | 0.9 |
| **Total liabilities** | **12.5** | **—** | **12.5** |
| **Shareholders' equity** | | | |
| Share capital | 127.1 | — | 127.1 |
| Share premium | 24.2 | — | 24.2 |
| Profit and loss account | 4.2 | — | 4.2 |
| Other reserves | 4.3 | (4.3) | — |
| Deductions from Capital | — | (120.5) | (120.5) |
| **Equity** | **159.8** | **(124.8)** | **35.0** |
| **Out of scope items** | — | 4.3 | 4.3 |
| **Total equity and liabilities** | **172.3** | **(120.5)** | **51.8** |

## TLAC1 - Transitional own funds disclosure for the significant subsidiary PSL

| Equity instruments, reserves and regulatory adjustments (£m) | Amount at disclosure date |
|---|---|
| **CET1 capital: Instruments and reserves** | |
| Capital instruments and the related share premium accounts | 113.4 |
| of which: ordinary shares | 113.4 |
| Retained earnings | 24.5 |
| Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) | 0.1 |
| CET1 capital before regulatory adjustments | 138.0 |
| **CET1 capital: regulatory adjustments** | |
| Prudential valuation adjustments | (0.1) |
| Total regulatory adjustments to CET1 | — |
| **CET1 capital** | 137.9 |
| **AT1 capital** | — |
| **T1 capital** | 137.9 |
| **T2 capital** | — |
| **Total capital** | 137.9 |
| Total risk-weighted assets | 273.4 |
| **Capital ratios and buffers** | |
| CET1 (as a percentage of risk exposure amount) | 50.4 % |
| T1 (as a percentage of risk exposure amount) | 50.4 % |
| Total capital (as a percentage of risk exposure amount) | 50.4 % |
| **Amounts below the thresholds for deduction (before risk-weighting)** | |
| Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | — |

## TLAC1 - Transitional own funds disclosure for the significant subsidiary PL

| Equity instruments, reserves and regulatory adjustments (£m) | Amount at disclosure date |
|---|---|
| **CET1 capital: Instruments and reserves** | |
| Capital instruments and the related share premium accounts | 151.3 |
| of which: ordinary shares | 127.1 |
| of which: share premium | 24.2 |
| Retained earnings | 4.2 |
| Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) | — |
| CET1 capital before regulatory adjustments | 155.5 |
| **CET1 capital: regulatory adjustments** | |
| Intangible assets (net of related tax liability) | (8.6) |
| Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) | (111.2) |
| Deferred tax assets arising from temporary differences | (0.7) |
| Total regulatory adjustments to CET1 | (120.5) |
| **CET1 capital** | 35.0 |
| **AT1 capital** | |
| **T1 capital** | 35.0 |
| **T2 capital** | — |
| **Total capital** | 35.0 |
| Total risk-weighted assets | 42.1 |
| **Capital ratios and buffers** | |
| CET1 (as a percentage of risk exposure amount) | 83.1 % |
| T1 (as a percentage of risk exposure amount) | 83.1 % |
| Total capital (as a percentage of risk exposure amount) | 83.1 % |
| **Amounts below the thresholds for deduction (before risk-weighting)** | |
| Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities(amount below 10% threshold and net of eligible short positions) | 14.6 |
| Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | 1.1 |

## EU OV1 - Overview of RWAs for the significant subsidiary PSL

| | Risk exposure amount | | Capital requirements | |
|---|---|---|---|---|
| Type of risk (£m) | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Credit risk* | 102.4 | 55.0 | 8.2 | 4.4 |
| Counterparty credit risk* | 17.3 | 1.3 | 1.4 | 0.1 |
| Settlement risk* | 10.3 | 8.5 | 0.8 | 0.7 |
| Market risk* | 9.6 | 6.1 | 0.8 | 0.5 |
| of which: Foreign exchange position risk | 9.6 | 6.1 | 0.8 | 0.5 |
| Operational risk* | 151.0 | 126.9 | 12.1 | 10.2 |
| of which: Standardised approach | 151.0 | 126.9 | 12.1 | 10.2 |
| Credit valuation adjustment* | — | — | — | — |
| **Total** | **290.6** | **197.8** | **23.3** | **15.9** |
| | | | | |
| **Total capital** | | | **137.9** | **125.2** |
| Surplus capital | | | 114.6 | 109.3 |

*Standardised approach

## EU OV1 - Overview of RWAs for the significant subsidiary PL

| | Risk exposure amount | | Capital requirements | |
|---|---|---|---|---|
| Type of risk (£m) | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Credit risk* | 33.1 | 27.9 | 2.6 | 2.2 |
| Counterparty credit risk* | — | — | — | — |
| Settlement risk* | — | — | — | — |
| Market risk* | 1.9 | 1.5 | 0.2 | 0.1 |
| of which: Foreign exchange position risk | 1.9 | 1.5 | 0.2 | 0.1 |
| Operational risk* | 7.2 | 6.9 | 0.6 | 0.6 |
| of which: Standardised approach | 7.2 | 6.9 | 0.6 | 0.6 |
| Credit valuation adjustment* | — | — | — | — |
| **Total** | **42.2** | **36.3** | **3.4** | **2.9** |
| | | | | |
| **Total capital** | | | **35.0** | **30.1** |
| Surplus capital | | | 31.6 | 27.2 |

*Standardised approach

## Appendix 4 CRD IV Reference

| CRR ref. | Requirement summary | Compliance ref. | Page ref. |
|---|---|---|---|
| *Scope of disclosure requirements* | | | |
| 431 (1) | Institutions shall publish Pillar 3 disclosures | BNY Mellon publishes Pillar 3 disclosures | N/A |
| 431 (2) | Firms with permission to use specific operational risk methodologies must disclose operational risk information | N/A | N/A |
| 431 (3) | Institutions shall adopt a formal policy to comply with the disclosure requirements | BNY Mellon has a dedicated Pillar 3 policy | N/A |
| 431 (4) | Explanation of ratings decision upon request | N/A | N/A |
| *Non-material, proprietary or confidential information* | | | |
| 432 (1) | Institutions may omit disclosures if the information is not regarded as material (except Articles 435(2)(c), 437 and 450) | Refer to Pillar 3 policy | N/A |
| 432 (2) | Institutions may omit information that is proprietary or confidential if certain conditions are respected | Refer to Pillar 3 policy | N/A |
| 432 (3) | Where 432 (1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed | N/A | N/A |
| 432 (4) | Paragraphs 1, 2 & 3 are without prejudice to the scope of the liability for failure to disclose material information | | |
| *Frequency of disclosure* | | | |
| 433 | Institutions shall publish the disclosures required at least on an annual basis, in conjunction with the date of the publication of the financial statements | Refer to Pillar 3 policy | N/A |
| *Means of disclosure* | | | |
| 434 (1) | Institutions may determine the appropriate medium, location and means of verification to comply effectively | Single Pillar 3 disclosure | N/A |
| 434 (2) | Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate | Any cross-references to accounting or other disclosures are clearly signposted in this document | N/A |
| *Risk management objectives and policies* | | | |
| 435 (1) | Institutions shall disclose their risk management objectives and policies | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (a) | Strategies and processes to manage those risks | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (b) | Structure and organisation of the risk management function | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (c) | Scope and nature of risk reporting and measurement systems | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (d) | Policies for hedging and mitigating risk | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (e) | Approved declaration on the adequacy of risk management arrangements | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (1) (f) | Approved risk statement describing the overall risk profile associated with business strategy | Section 4 Article 435 CRR - Risk management objectives and policies | 24 |
| 435 (2) (a) | Number of directorships held by directors | Section 4.1 Board of Directors | 25 |

| | | | |
|---|---|---|---|
| 435 (2) (b) | Recruitment policy of Board members, their experience and expertise | Section 4.1 Board of Directors | 25 |
| 435 (2) (c) | Policy on diversity of Board membership and results against targets | Section 4.1 Board of Directors | 25 |
| 435 (2) (d) | Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year | Section 4.2 Risk committees | 27 |
| 435 (2) (e) | Description of information flow on risk to Board | Section 4.2 Risk committees | 27 |
| *Scope of application* | | | |
| 436 (a) | The name of the institution to which the requirements of this Regulation apply | Section 1 Article 431 CRR - Scope of disclosure requirements | 6 |
| 436 (b)<br><br><br>436 (b) (i)<br>436 (b) (ii)<br>436 (b) (iii)<br>436 (b) (iv) | Outline the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein, explaining whether they are:<br>fully consolidated;<br>proportionally consolidated;<br>deducted from own funds;<br>neither consolidated nor deducted | Section 1.9 Article 436 CRR - Scope of application | 6 |
| 436 (c) | Current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries | N/A | N/A |
| 436 (d) | Aggregate amount by which the actual Own Funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries | N/A - Entities outside the scope of consolidation are appropriately capitalised | N/A |
| 436 (e) | If applicable, the circumstance of making use of the provisions laid down in Articles 7 & 9 | N/A | N/A |
| *Own funds* | | | |
| 437 (1) | Requirements regarding capital resources table | Section 2 Article 437 CRR -Own Funds | 15 |
| 437 (1) (a) | Full reconciliation of Common Equity Tier 1 (CET1) items | Table 2: CC2 Reconciliation of regulatory own funds | 16 |
| 437 (1) (b) | Description of the main features of the CET1 and Additional Tier 1 and Tier 2 instruments | Table 5: CC1 Composition of regulatory capital | 19 |
| 437 (1) (c) | Full terms and conditions of all CET1, Additional Tier 1 and Tier 2 instruments | Table 5: CC1 Composition of regulatory capital | 19 |
| 437 (1) (d) (i)<br>437 (1) (d) (ii)<br>437 (1) (d) (iii) | Each prudent filter applied<br>Each deduction made<br>Items not deducted | Table 2: CC2 Reconciliation of regulatory own funds | 16 |
| 437 (1) (e) | Description of all restrictions applied to the calculation of Own Funds | N/A - no restrictions apply | N/A |
| 437 (1) (f) | Explanation of the basis of calculating capital ratios using elements of Own Funds | N/A - Capital ratios calculated on basis stipulated in the Regulations | N/A |
| 437 (2) | EBA to publish implementation standards for points above | BNY Mellon follows the implementation standards | N/A |
| *Capital requirements* | | | |
| 438 (a) | Summary of institution's approach to assessing adequacy of capital levels | Section 3 Article 438 CRR - Capital requirements | 22 |
| 438 (b) | Result of ICAAP on demand from authorities | N/A | N/A |
| 438 (c) | Capital requirement amounts for credit risk for each Standardised Approach exposure class | Table 11: CRB-D Concentration of exposures by counterparty types | 32 |
| 438 (d)<br>438 (d) (i)<br>438 (d) (ii)<br>438 (d) (iii)<br>438 (d) (iv) | Capital requirements amounts for credit risk for each Internal Ratings Based Approach exposure class | N/A - internal ratings based approach is not used | N/A |

| | | | |
|---|---|---|---|
| 438 (e) | Own funds requirements for market risk or settlement risk, or large exposures where they exceed limits | Table 8: EU OV1 Overview of RWAs and Section 10 Article 445 CRR - Exposure to market risk | 23 & 45 |
| 438 (f) | Own funds amounts for operational risk, separately for the basic indicator approach, the standardised approach, and the advanced measurement approaches as applicable | Table 8: EU OV1 Overview of RWAs and Section 12 Article 446 CRR - Operational risk | 23 & 47 |
| 438 (endnote) | Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach | Table 8: EU OV1 Overview of RWAs | 23 |
| *Exposure to counterparty credit risk ('CCR')* | | | |
| 439 (a) | Description of process to assign internal capital and credit limits to CCR exposures | Section 8 Article 49 CRR - Exposure to counterparty credit risk | 41 |
| 439 (b) | Discussion of process to secure collateral and establishing reserves | Section 8 Article 49 CRR - Exposure to counterparty credit risk | 41 |
| 439 (c) | Discussion of management of wrong-way exposures | Section 8 Article 49 CRR - Exposure to counterparty credit risk | 41 |
| 439 (d) | Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade | N/A - Credit ratings downgrade is managed at the BNY Mellon Corp level | N/A |
| 439 (e) | Derivation of net derivative credit exposure | Section 8 Article 49 CRR - Exposure to counterparty credit risk | 41 |
| 439 (f) | Exposure values for mark-to-market, original exposure, standardised and internal model methods | Section 8 Article 49 CRR - Exposure to counterparty credit risk | 41 |
| 439 (g) | Notional value of credit derivative hedges and current credit exposure by type of exposure | N/A - BNY Mellon does not have credit derivative transactions | N/A |
| 439 (h) | Notional amounts of credit derivative transactions for own credit, intermediation, bought and sold, by product type | N/A - BNY Mellon does not have credit derivative transactions | N/A |
| 439 (i) | Estimate of alpha, if applicable | N/A | N/A |
| *Capital buffers* | | | |
| 440 (1) (a) | Geographical distribution of relevant credit exposures | N/A | N/A |
| 440 (1) (b) | Amount of the institution specific countercyclical capital buffer | N/A | N/A |
| 440 (2) | EBA will issue technical implementation standards related to 440 (1) | N/A | N/A |
| *Indicators of global systemic importance* | | | |
| 441 (1) | Disclosure of the indicators of global systemic importance | N/A | N/A |
| 441 (2) | EBA will issue technical implementation standards related to 441 (1) | N/A | N/A |
| *Credit risk adjustments* | | | |
| 442 (a) | Disclosure of bank’s definitions of past due and impaired | Section 5.4: Analysis of past due and impaired exposures | 33 |
| 442 (b) | Approaches for calculating credit risk adjustments | Section 5.4: Analysis of past due and impaired exposures | 33 |
| 442 (c) | Disclosure of pre-CRM EAD by exposure class | Table 9: EU CRB-B Total and average net amount of exposures | 32 |
| 442 (d) | Disclosures of pre-CRM EAD by geography and exposure class | Table 10: EU CRB-C Geographical breakdown of exposures | 32 |
| 442 (e) | Disclosures of pre-CRM EAD by industry and exposure class | Table 11: EU CRB-D Concentration of exposures by counterparty types | 33 |

| | | | |
|---|---|---|---|
| 442 (f) | Disclosures of pre-CRM EAD by residual maturity and exposure class | Table 12: EU CRB-E Maturity of exposures | 33 |
| 442 (g)<br>442 (g) (i)<br>442 (g) (ii)<br>442 (g) (iii) | Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type | Table 13: EU CR1-A Credit quality of exposures by exposure class and instrument | 34 |
| 442 (h) | Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography | Table 15: EU CR1-C Credit quality of exposures by geography | 35 |
| 442 (i)<br>442 (i) (i)<br>442 (i) (ii)<br>442 (i) (iii)<br>442 (i) (iv)<br>442 (i) (v) | Reconciliation of changes in specific and general credit risk adjustments | Section 5.4: Analysis of past due and impaired exposures | 33 |
| 442 endnote | Specific credit risk adjustments recorded to income statement are disclosed separately | Section 5.4: Analysis of past due and impaired exposures | 33 |
| *Unencumbered assets* | | | |
| 443 | Disclosures on unencumbered assets | Section 9 Article 443 CRR - Asset encumbrance | 43 |
| *Use of ECAIs* | | | |
| 444 (a) | Names of the ECAIs used in the calculation of Standardised Approach RWAs, and reasons for any changes | Section 7 Article 444 CRR - External credit rating assessment institutions | 38 |
| 444 (b) | Exposure classes associated with each ECAI | Table 17: Mapping of ECAIs credit assessments to credit quality steps | 38 |
| 444 (c) | Explanation of the process for translating external ratings into credit quality steps | Table 18: Credit quality steps and risk-weights | 38 |
| 444 (d) | Mapping of external rating to credit quality steps | Section 7 Article 444 CRR - External credit rating assessment institutions | 38 |
| 444 (e) | Exposure value pre and post-credit risk mitigation, by credit quality step | Tables 17-20: External credit rating assessment institutions | 38 |
| *Exposure to market risk* | | | |
| 445 | Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk | Section 10 Article 445 CRR - Exposure to market risk | 45 |
| *Operational risk* | | | |
| 446 | Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered | Section 12 Article 446 CRR - Operational risk | 47 |
| *Exposure in equities not included in the trading book* | | | |
| 447 (a) | Differentiation of exposures based on objectives | N/A | N/A |
| 447 (b) | Recorded and fair value, and actual prices of exchange traded equity where it differs from fair value | N/A | N/A |
| 447 (c) | Types, nature and amounts of the relevant classes of equity exposures | N/A | N/A |
| 447 (d) | Realised cumulative gains and losses on sales over the period | N/A | N/A |
| 447 (e) | Total unrealised gains/losses, latent revaluation gains/losses, and amounts included within Tier 1 capital | N/A | N/A |
| *Exposure to interest rate risk on positions not included in the trading book* | | | |

| | | | |
|---|---|---|---|
| 448 (a) | Nature of risk and key assumptions in measurement models | Section 11: The Bank has no significant Balance Sheet Interest Rate Risk because no maturity mismatch exists between client cash deposits and Bank's cash holdings. In addition, interest rates applicable to clients' cash deposits are market driven | 46 |
| 448 (b) | Variation in earnings or economic value, or other measures used by the bank from upward and downward shocks to interest rates, by currency | N/A | N/A |
| *Exposure to securitisation positions* | | | |
| 449 | Exposure to securitisations positions | N/A | N/A |
| *Remuneration disclosures* | | | |
| 450 | Remuneration disclosure regarding remuneration policy and practices | Section 14 Article 450 CRR - Remuneration policy | 51 |
| 450 (1) (a) | Information concerning the decision-making process used for determining the remuneration policy | Section 14.1: Governance | 51 |
| 450 (1) (b) | Information on link between pay and performance | Section 14.2: Aligning pay with performance | 52 |
| 450 (1) (c) | Important design characteristics of the remuneration system | Section 14: Remuneration policy | 51 |
| 450 (1) (d) | Ratios between fixed and variable remuneration | Section 14.4: Ratio between fixed and variable pay | 53 |
| 450 (1) (e) | Information on the performance criteria on which the entitlement to shares, options and variable components of remuneration is based | Section 14.6: Deferral policy and vesting criteria | 54 |
| 450 (1) (f) | Main parameters and rationale for any variable component scheme and any other non-cash benefits | Section 14.7: Variable remuneration of control function staff | 55 |
| 450 (1) (g) | Aggregate quantitative information on remuneration by business area | Table 31: REM1 Aggregate remuneration expenditure by business | 55 |
| 450 (1) (h)<br>450 (1) (h) (i)<br>450 (1) (h) (ii)<br>450 (1) (h) (iii)<br>450 (1) (h) (iv)<br>450 (1) (h) (v)<br>450 (1) (h) (vi) | Aggregate quantitative information on remuneration, broken down by senior staff management and members of staff whose actions have a material impact on the risk profile | Table 32: Aggregate remuneration expenditure by remuneration type | 56 |
| 450 (1) (i) | Number of individuals being remunerated £1 million or more per financial year | Section 14.8: Qualitative disclosures | 55 |
| 450 (1) (j) | Total remuneration for each member of the management body upon demand from the Member State or competent authority | N/A | N/A |
| 450 (2) | For institutions that are significant in terms of their size, internal organisation and the nature, scope and the complexity of their activities, the quantitative information above shall be made available to the public at the level of members of the management body of the institution | N/A | N/A |
| *Leverage* | | | |
| 451 (1) (a) | Leverage ratio | Section 13 Article 451 CRR - Leverage | 48 |

| | | | |
|---|---|---|---|
| 451 (1) (b) | Breakdown of total exposure measure | Table 29: LR2 Leverage ratio common disclosure | 49 |
| 451 (1) (c) | Derecognised fiduciary items | N/A | N/A |
| 451 (1) (d) | Description of the process used to manage the risk of excessive leverage | N/A | N/A |
| 451 (1) (e) | Description of the factors that had an impact on the leverage ratio | Section 13 Article 451 CRR - Leverage | 48 |
| 451 (2) | EBA to publish implementation standards for points above | BNY Mellon follows the implementation standards | N/A |
| *Use of the IRB approach to credit risk* | | | |
| 452 | Risk-weighted exposure under the IRB approach | N/A | N/A |
| *Use of credit risk mitigation techniques* | | | |
| 453 (a) | Use of on- and off-balance sheet netting | Section 6.1: ISDA master agreements and netting | 36 |
| 453 (b) | How collateral valuation is managed | Section 6.2: Collateral valuation and management | 37 |
| 453 (c) | Description of types of collateral used | N/A | N/A |
| 453 (d) | Types of guarantor and credit derivative counterparty, and their creditworthiness | N/A - BNY Mellon's EMEA entities do not enter into credit derivative transactions | N/A |
| 453 (e) | Disclosure of market or credit risk concentrations within risk mitigation exposures | Section 6.4: Credit concentration risk | 37 |
| 453 (f) | For exposures under either the Standardised or Foundation IRB approach, disclose the exposure value covered by eligible collateral | N/A | N/A |
| 453 (g) | Exposures covered by guarantees or credit derivatives | Table 16: EU CR3 Credit risk mitigation techniques - overview | 37 |
| *Use of the Advanced Measurement Approaches to operational risk* | | | |
| 454 | Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk | N/A - Pillar 1: standardised approach, Pillar 2: self-assessment approach | N/A |
| *Use of internal market risk models* | | | |
| 455 | Institutions calculating their capital requirements using internal market risk models | N/A | N/A |
| *Commission Implementing Regulation (EU) No 1423/2013* | | | |
| Article 1 | Specifies uniform templates for the purposes of disclosure | N/A | N/A |
| Article 2 | Full reconciliation of own funds items to audited financial statements | Table 2: CC2 Reconciliation of regulatory capital | 16 |
| Article 3 | Description of the main features of CET1, AT1 and Tier 2 instruments issued (Annex II and III) | Table 7: CCA Main features of regulatory capital instruments | 21 |
| Article 4 | Disclosure of nature and amounts of specific items on own funds (Annex IV and V) | Table 6: TLAC1 Transitional own funds | 20 |
| Article 5 | Disclosure of nature and amounts of specific items on own funds during transitional period (Annex VI and VII) | N/A | N/A |
| Article 6 | Entry into force from 31 March 2014 | Implemented | N/A |

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