BNY MELLON

The Bank of New York Mellon S.A./N.V.

Annual Accounts

December 31, 2021

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KEY FINANCIAL FIGURES & LETTER FROM THE CEO

This is a summary of the key figures extracted from the consolidated financial statements disclosed from page 77 onwards.

	2021 In € '000	2020 In € '000
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Net interest income	105,125	131,465
Net fee and commission income	509,881	491,950
Profit before taxes from continuing operations	**298,258**	**326,243**
NET PROFIT FOR THE YEAR	**228,867**	**245,214**

	2021 In € '000	2020 In € '000
ASSETS		
Cash and cash balances with central banks	19,861,195	17,562,524
Derivative financial instruments	368,555	500,209
Loans and advances to customers	6,318,493	7,902,902
Investment securities	12,805,769	13,388,973
Other assets	480,774	306,912
Property, plant and equipment	40,562	41,818
Goodwill and other intangible assets	68,633	28,990
Tax assets	12,675	20,107
TOTAL ASSETS	**39,956,655**	**39,752,434**
LIABILITIES		
Derivative financial instruments	316,735	583,009
Financial liabilities measured at amortized cost	35,468,797	35,161,070
Other liabilities	375,028	279,406
Provisions	141,796	156,477
Tax liabilities	59,121	86,223
TOTAL LIABILITIES	**36,361,477**	**36,266,185**
TOTAL EQUITY	**3,595,178**	**3,486,249**
TOTAL LIABILITIES AND EQUITY	**39,956,655**	**39,752,434**
CLIENT ASSETS		
Assets under custody (€ trillions)	3.3	2.9
TOTAL	**3.3**	**2.9**
PERSONNEL		
Number of employees (full time employee equivalent)		
In Belgium	511	*538*
Abroad	*1,079*	*1,039*
TOTAL	**1,590**	**1,577**

Letter from the CEO

The Bank of New York Mellon SA/NV (BNY Mellon SA/NV) showed a passion for excellence and great resilience in 2021, despite the continued effects of the coronavirus pandemic on the global macroeconomic environment and financial markets. We continued to operate without disruption to business continuity or outsourced operations. We also achieved significant progress towards advancing our strategic priorities.

We are a global custodian and fund servicing entity to our clients based in the European Union. We offer Securities Services (Asset Servicing and Issuer Services), and Market Services (Treasury Services and Clearance and Collateral Management). We service our clients through our headquarters in Belgium and our branch and subsidiary network in Denmark, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, and Spain.

In 2021, we successfully completed the integration of the depositary business that we acquired from Nykredit into our Copenhagen branch, underpinning our strong commitment to the Nordic region. In Madrid, we opened our ninth branch, serving our clients in the Iberian markets.

For the group, BNY Mellon SA/NV is a key component of the group's ambitious international growth strategy and acts as a gateway to Europe. We are contracting entity for business lines within the group such as Asset Servicing, Markets, Issuer Services and Clearance and Collateral Management. BNY Mellon SA/NV is also the group’s sub-custody bank providing access to TARGET2-Securities, the securities settlement platform within the European Union.

Our financial results remained resilient, and our balance sheet remained stable. We achieved a return on equity of 7.0% (vs 8.1% in 2020). The reduction is mainly attributed to lower net interest income (-20%) and was mitigated by an increase of the non-interest income (+7%). Securities servicing fees from external clients increased by 6% in 2021 and our investment portfolio decreased by 4%.

BNYM SA/NV is strongly capitalized with total regulatory capital of 3,281 million euros on 31 December 2021 (vs 3,543 million euros in 2020) and a common equity tier 1 ratio at 59.0% (vs 63.9% on 31 December 2020). The total capital ratio was 59.0% at year-end vs 70.8% on 31 December 2020. The decrease is due to an increase in risk-weighted assets (+11%) and a decrease of the total regulatory capital, mainly driven by the redemption of the tier 2 capital instrument during 2021.

We are proud of our longstanding deep and enduring client partnerships in Europe and are grateful for the trust our clients have in us. We service banks, broker-dealers, insurance companies, asset owners and investment managers. With our breadth of experience, technological expertise, and Data and Platform Solutions we meet the needs of all institutional clients in the region.

Strength in diversity is one of our core values, which resonates strongly in our teams across Europe. I am proud of our team’s ability to consistently deliver for our clients and communities. I’d like to thank all our employees for their hard work and commitment.

Together with our employees, the Executive team and the Board of Directors, we are excited about driving our purpose-driven growth agenda forward in 2022.

Sincerely,

Björn Storim
Chief Executive Officer

REPORT OF THE BOARD OF DIRECTORS[1]

[1] This report was established according to the article 3:32 of the Belgian Code on Companies and Associations (BCCA).

1. Profile: The Bank of New York Mellon SA/NV

The Bank of New York Mellon SA/NV ("BNY Mellon SA/NV" hereafter) is a wholly owned subsidiary of The Bank of New York Mellon. The Bank of New York Mellon is the main banking entity of The Bank of New York Mellon Corporation (BNY Mellon).

BNY Mellon is an NYSE listed financial holding company focusing its activities on Investment Management (Asset and Wealth Management) and Investment Services (Asset Servicing, Corporate Trust, Global Markets, Global Collateral Services, Depository Receipt Services and Broker Dealer Services). Investment Services represents approximately 65% of the fee revenues of BNY Mellon.

History

30/9/2008	The Bank of New York Mellon SA/NV incorporated as a Belgian public limited liability company.
10/3/2009	Banking license granted.
1/10/2009	Merger with BNY Mellon Asset Servicing BV leading to the creation of branches in Amsterdam, London, Frankfurt and Luxembourg and a representation office in Copenhagen.
1/10/2010	BNY Mellon acquired BHF Asset Servicing and FSKAG in Germany
1/6/2011	Merger with BNY Mellon Asset Servicing Gmbh. FSKAG becomes fully an owned subsidiary.
1/12/2011	Creation of the Paris branch.
12/2012	Status of Assimilated Settlement Institution (Custodian Bank) granted.
1/2/2013	Merger with The Bank of New York Mellon (Ireland) Limited, creating the Dublin branch.
1/04/2017	Merger with The Bank of New York Mellon (Luxembourg) S.A. leading to the integration of the activities of The Bank of New York Mellon (Luxembourg) S.A into the existing Luxembourg branch and the creation of a branch in Milan.
29/11/2019	Merger with BNY Mellon Trust Company (Ireland) Limited.
01/12/2020	Conversion of the Copenhagen representation office into a branch.
01/02/2021	Conversion of the Madrid representation office of The Bank of New York Mellon into a branch of The Bank of New Mellon SA/NV

Headquartered in Brussels, BNY Mellon SA/NV distributes products and services through its branch network in Europe and is BNY Mellon's largest banking subsidiary in the Europe, Middle-East and Africa (EMEA) region and focuses its activities on the Investment Services segment. Its main activity is Asset Servicing, which is provided both to third party and to internal clients within The Bank of New York Mellon group (BNY Mellon group).

BNY Mellon SA/NV is strategically important for the BNY Mellon group as it is the primary contracting entity for Asset Servicing in Europe. BNY Mellon SA/NV will be the custody bank for the European Union (EU) and the distribution channel for business lines servicing our target market of Collective Investment Schemes, Pensions, Banks and Corporates in the EU. In the role as custodian, BNY Mellon SA/NV acts as the custodian for EU assets for affiliate companies as well as the global custodian for clients in the EU. BNY Mellon SA/NV is also the servicing entity for Investment Services products for the BNY Mellon group. BNYM SA/NV operates through its headquarters in Brussels, a network of nine branches and a subsidiary in Germany (BNY Mellon Service Kapitalanlage-Gesellschaft). Any expansion across EU markets will be lead through the expansion of BNY Mellon SA/NVs branch network. Resources and funding over the next years will be dedicated to execute on regulatory driven initiatives, major corporate change programs and infrastructure developments.

Based on its Operating Model BNY Mellon is favorably positioned to support its clients with stability and optionality through BNY Mellon SA/NV in the EU, BNY Mellon International Limited in the UK, as well as through branches of BNY Mellon's US Institutional Bank.

The Investment Services segment generates substantial operational cash balances that are managed by the Treasury of BNY Mellon SA/NV that appropriately balance the risk/return rewards.

The client base of BNY Mellon SA/NV consists of international institutional clients investing in or issuing financial assets. Main client segments are pension funds, insurance companies, financial institutions and asset managers.

As any bank incorporated in Belgium, BNY Mellon SA/NV is subject to dual supervision: for conduct matters, this supervision is exercised by the Financial Services and Markets Authority (FSMA); for prudential matters, this supervision is exercised by the European Central Bank, together with the National Bank of Belgium, because BNY Mellon SA/NV is a significant bank within the Single Supervision Mechanism. As custodian bank, BNY Mellon SA/NV is also supervised by the National Bank of Belgium.

In the context of the regular review and audit, the regulators are formulating recommendations and BNY Mellon SA/NV is following up on these recommendations and has detailed plans to address them.

1.1. Business Model

BNY Mellon SA/NV's business model is consistent with the BNY Mellon's business model in providing investment services across the entire investment lifecycle and being largely fee-driven.

Around 90% of the revenue is provided by non-interest fee income, providing a more annuity-like revenue stream that is less sensitive to stress scenarios. This results in a stable deposit base and revenue streams, even during periods of market stress. In addition, BNY Mellon SA/NV experiences a low level of non-performing assets as a majority of its clients are large corporations and financial institutions. Furthermore, the bank is not active in lending but only in operational loans performed in the context of contractual settlement. Those exposures are covered through a lien on the assets. Our balance sheet is characterized by highly liquid assets and a robust capital structure. Furthermore, the balance sheet is liability driven and managed in a way that ensures access to external funding sources at competitive rates if it would be required in a stress condition. Overall BNY Mellon SA/NV's business model is structured in a way that benefits from periods of global growth.

1.2. Services and Products

Asset Servicing & Digital
Asset Servicing & Digital primarily comprises Global and Local Custody services but also includes Trustee & Depositary Services, Institutional Accounting, Fund Accounting, Transfer Agency services, Middle Office Solutions, Alternative Investments Services and Global Risk Solutions.

Global Custody is the main service provided by BNY Mellon SA/NV. It provides custodial services for clients including services selected and utilized by owners of securities (or their advisors) to assist in providing instruction capture, settlement, corporate actions and income and tax services related to their securities. Global Custody collects all revenues on behalf of its clients and alerts clients to take all required actions as owners.

BNY Mellon SA/NV is providing global custodian services primarily to European Economic Area based clients and BNYM SA/NV is the global custodian for BNY Mellon for the Target2 (direct) markets in Continental Europe.

As of 31 December 2021, BNY Mellon SA/NV had €3,3 trillion in Assets under Custody.

Issuer Services

Corporate Trust

BNY Mellon SA/NV offers Corporate Trust services, acting in a broad range of agency roles including, but not limited to: trustee, registrar, issuing and paying agent, common depository, exchange agent, custodian and collateral/ portfolio administration.

Depositary Receipts

BNY Mellon SA/NV Dublin Branch performs certain operational activities relating to Depository Receipts, predominantly issuance and cancellation. Depository Receipts facilitate cross-border investment solutions for companies and investors. They are negotiable financial securities issued by a bank to represent foreign companies' publicly traded securities, allowing them to have their stocks traded in foreign markets.

Clearance and Collateral Management

Global Clearance

Global Clearance provides Settlement and Custody services for fixed- income and equity securities.

Collateral Management

BNY Mellon acts as Tri-Party agent to collateral providers and receivers for collateral management transactions including, but not limited, to tri-Party Repo, securities lending and pledge transactions.

Markets

Foreign Exchange

BNYM SA/NV provides passive currency hedging and negotiated foreign exchange services that enable clients to achieve their investment, financing and cross-border objectives.

Liquidity Services and Segregation

BNYM SA/NV provides liquidity services (safekeeping of margin balances, reporting and, purchase and redemption of money market instruments), margin management services and segregation and valuation services.

Securities Finance

BNYM SA/NV provides standard agency lending including third party lending; cash reinvestment and agency cash investment products

BNY Mellon SA/NV provides most of these products to its international client base. BNY Mellon SA/NV clients contract with BNY Mellon SA/NV for all of the above services except Depositary Receipt Services. BNY Mellon SA/NV only provides the latter services to other legal entities within The Bank of New York Mellon (BNY Mellon) group. BNY Mellon SA/NV's core product is Custody (part of Asset Servicing).

The drivers of various businesses within BNY Mellon SA/NV are considered below:

- The drivers for financial results of the Asset Servicing business include:
  a) Levels of client transaction activity;
  b) Volatility of the securities markets; and
  c) Market value of assets under administration and custody.
- Market interest rates affect the earnings on client deposit balances.
- Broker-dealer fees depend on the level of activity in the fixed income and equity markets and on the financing needs of clients, which are typically higher when the equity and fixed income markets are volatile.
- Foreign Exchange (FX) trading revenues are influenced by the volume of client transactions, the spread realized on these transactions, market volatility in major currencies, the level of cross-border assets held in custody for clients, the level and nature of underlying cross-border investments and other transactions undertaken by corporate and institutional clients.

Business expenses principally are driven by correspondent expenses, staffing levels and technology investments.

2. External Factors Influencing BNY Mellon SA/NV

The coronavirus pandemic had a significant effect on the global macroeconomic environment and markets in 2020 and 2021. Nevertheless, BNY Mellon SA/NV continued to operate business as usual without disruption to business continuity or outsourced operations.

Equity market levels have rebounded rapidly since the first quarter 2020 and steadily increased throughout 2021 resulting in increased asset-based fees in securities services compared with 2020.

Interest rates have continued to remain at a low level in 2020. The ECB persevered its deposit facility rate at -0.50% unchanged for 2021.

Short-term interests USD rates declined significantly in the first quarter of 2020 and have remained low through 2021, which resulted in lower net interest revenues. This has been partially offset by average deposit balances.
In this context, we continued to maintain a strong balance sheet with high levels of capital, liquid assets and low levels of leverage. This demonstrates the Company's resilience to any short (i.e. ongoing Covid-19 pandemic) to medium term financial shock which may impact the Company's business and that the Company is a low risk institution for our clients and regulators.

The value of the US dollar has appreciated significantly during the last quarter of 2021, and was 1.14 at year-end compared to an average of 1.18. However, the impact of the US dollars evolution had a limited impact on the net results.

3. Business Evolution in 2021

3.1. Main Events

On January 27th 2021, BNY Mellon SA/NV and Nykredit, one of Denmark's leading financial services companies, agreed to deepen their long-standing alliance with the transfer of Nykredit's depositary business to BNY Mellon.

This investment was the latest step in BNY Mellon's deliberate international growth strategy and commitment to the Nordic region. It followed the opening of the branch in Copenhagen, deepening alliances with regional technology providers, and was another milestone in BNY Mellon's clear focus on delivering choice and a best-in-class client experience.

Working together since 2008, BNY Mellon has provided custody, and Nykredit depositary services, to a wide range of clients including several of the largest investors in Denmark.

With the depositary business of Nykredit becoming part of the BNY Mellon organization, BNY Mellon is now able to provide depositary services directly to clients in Denmark looking for strong local expertise and global capabilities. BNY Mellon offers the scale, technological resources and commitment needed to meet the increasing regulatory requirements faced by clients, while ensuring the depositary services business remains efficient and effective into the future.
As a part of the agreement, a small team of employees was transferred to BNY Mellon. The team has already worked closely with BNY Mellon for many years.

On February 1st, 2021, BNYM SA/NV Bank opened a new branch in Madrid.
This has contributed to strengthen existing local and regional client relationships and allow to service clients more efficiently, from a local base and in the local language, to secure its strong position in the region

3.2. Analysis of Financial Figures

The net profit after tax of BNY Mellon SA/NV amounted to €228.9 million in 2021, down -7% compared to the net income of €245.2 million in 2020, resulting in a positive 7.0% return on equity in 2021 (vs positive 8.1% in 2020). The reduction is mainly attributed to lower net Interest revenues (-20%), primarily reflecting lower interest rates on interest-earning assets, partially offset by the benefit of lower funding and deposit rates and larger deposit balances.

To mitigate, the non-interest income has increased by 7% compared to 2020. This is explained by higher Asset servicing fee income (+9%) reflecting higher market values and client activity.

In 2021, 29% of the non-interest income is coming from the BNYM Group in line with 2020 (28%).

Operating expenses have increased by 10% in 2021 primarily explained by higher revenue-related expenses, higher contribution to the single resolution fund and technology expenses.

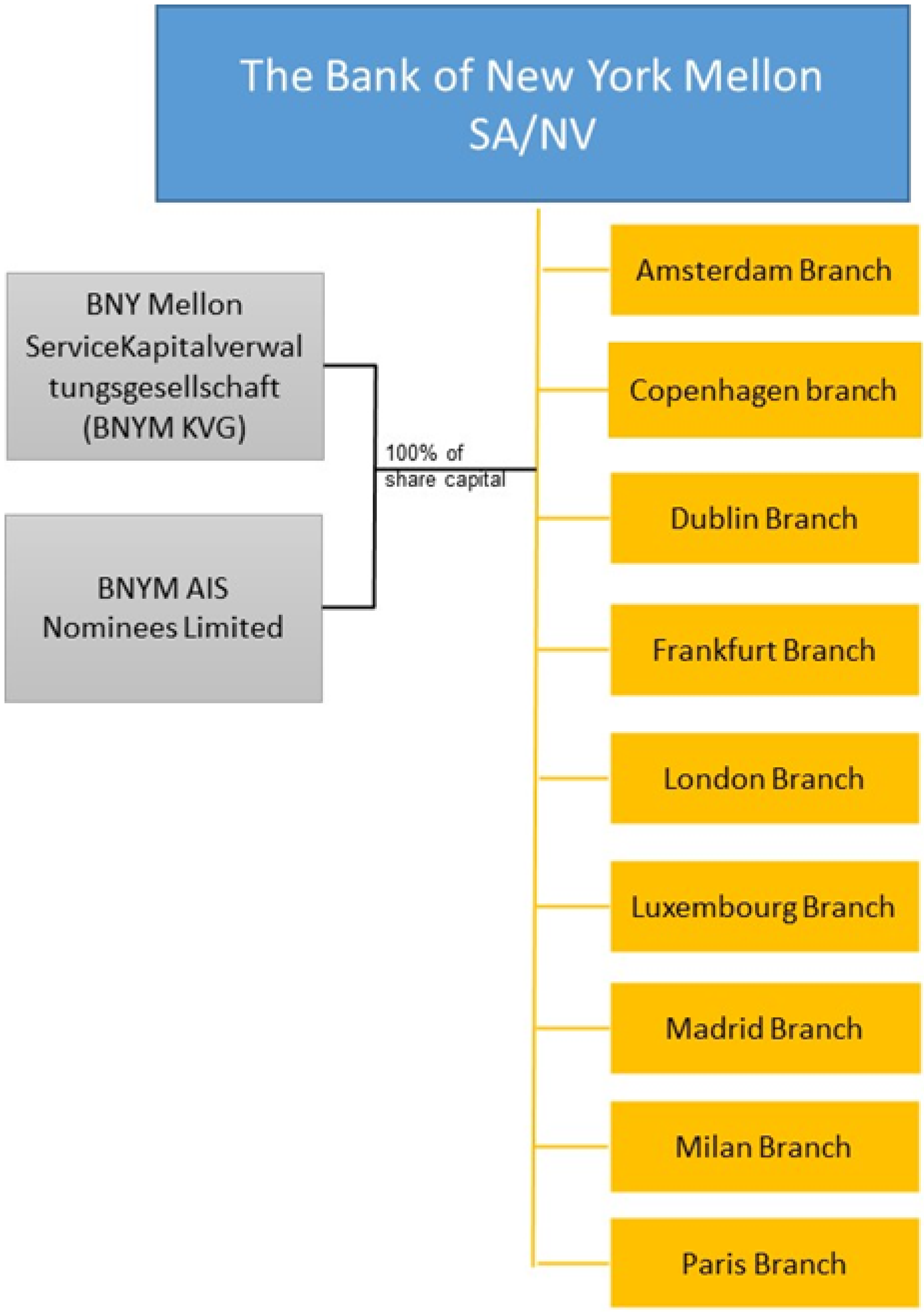
The balance sheet remained stable at year-end of 2021 at spot compared to 2020.

The positive net results after tax has resulted in a positive return on assets of 0.6% in 2021 (vs positive 0.6% in 2020).

4. Structure and Corporate Governance

4.1. Structure of BNY Mellon SA/NV

As at 31 December 2021 BNY Mellon SA/NV has nine branches across Europe and two subsidiaries based in Germany and Ireland. The structure of BNY Mellon SA/NV is shown below.



Shareholding Structure and the agenda of the General Meetings
The shareholder structure of BNY Mellon SA/NV is given in the table below.

Shareholder Structure on 31 December 2021	*Number of ordinary shares*	*%*
The Bank of New York Mellon (BNY Mellon)	1,689,386	99.9999%
BNY International Financing Corporation (BNY IFC)	1	0.0001%
Total	1,689,387	100%

The Bank of New York Mellon ("BNY Mellon") is located at 240 Greenwich Street, New York, New York 10286, United States and is a subsidiary of The Bank of New York Mellon Corporation (the group's holding company). BNY International Financing Corporation ("BNY IFC") is a subsidiary of BNY Mellon. BNY IFC is located at the same address as BNY Mellon and holds 1 share of BNY Mellon SA/NV. The annual meeting of shareholders of BNY Mellon SA/NV is held each year on the last Tuesday of the month of May. The items on the agenda of the annual meeting of shareholders typically include:

- approval of the annual accounts and allocation of profits;
- review of directors' report and statutory auditor's report;
- appointment and resignation of directors;
- discharge of liability of directors and statutory auditor.

4.2. Composition and Activities of the Board and its Committees

The table below shows the members of the Board and its committees on 31 December 2021[2]:

[2] Leonique van Houwelingen resigned as Executive Director and Chief Executive Officer with effect from 16 July 2021. The transition of Leonique van Houwelingen to Non-Executive Director had been acknowledged by the Board and shareholders of BNYM SA/NV in July 2021. This transition was not approved by the Belgian National Bank/Central European Bank in 2021. This director was therefore not included in the table.

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Name	*Position*
Non-Executive Directors	
Olivier Lefebvre	Independent Chair of the Board of Directors, Independent Member of the Audit Committee, Independent Chair of the Nomination, Governance and ESG Committee and Independent Member of the Remuneration Committee
Marie-Hélène Crétu	Independent Chair of the Audit Committee,Independent Member of the Remuneration Committee and Independent Member of the Risk Committee
Marcia Cantor-Grable	Independent Chair of the Risk Committee and Independent Member of the Audit Committee
Roderick Munsters	Independent Chair of the Remuneration Committee, Independent Member of the Risk Committee and Independent Member of the Nomination, Governance and ESG Committee
Hani Kablawi	Member of the Remuneration Committee and Member of the Risk Committee
Susan Revell	Member of the Audit Committee and Member of the Nomination, Governance and ESG Committee
Senthilkumar Santhanakrishnan	Member of the Risk Committee
Executive Directors	
Björn Storim	Chief Executive Officer Chair of the Executive Committee
Hedi Ben Mahmoud	Chief Risk Officer Member of the Executive Committee
Annik Bosschaerts	Chief Operations Officer Member of the Executive Committee
Eric Pulinx	Chief Financial Officer Deputy Chief Executive Officer Member of the Executive Committee
Marnix Zwartbol	Head of Operations Member of the Executive Committee

Changes in the composition of the Board and the Committees in 2021

During the year 2021, the main changes to the composition of the Board and its Committees were:

- As of 16 July 2021, Leonique van Houwelingen resigned as Executive Director and Chief Executive Officer.
- As of 16 July 2021, Björn Storim was appointed as Executive Director and Chief Executive Officer, subject to regulatory approval.

Report on the activities of the Board

The primary responsibilities of the Board of Directors are to define the strategy and risk policy of BNY Mellon SA/NV and to supervise BNY Mellon SA/NV's management.

The main duties and responsibilities of the Board of Directors of BNY Mellon SA/NV include, but are not limited to:

- defining the general business strategy, objectives and values of the Company in line with these of The Bank of New York Mellon;
- plan and monitor the implementation of the general business strategy, objectives and values within the Company;

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

The structure of the Board's Committees and report on its activities

The Board has set up an Executive Committee exclusively composed of Board members entrusted with the general management of the Company with the exception of (i) the determination of the strategy and general policy of the Company and (ii) the powers reserved to the Board by Law or by the Articles of Association. The members of the Executive Committee are executive directors.

The Board may create advisory committees within the Board and under its responsibility in view of performing its responsibilities more efficiently. As at 31 December 2020, the Board had four advisory committees: the Audit Committee, the Risk Committee, the Nomination, Governance and ESG Committee and the Remuneration Committee. Those committees must be established by the Board in accordance with the requirements of the Belgian Banking Law.
The Audit Committee assists the Board in fulfilling its oversight responsibilities in respect of: (i) the integrity of the BNY Mellon SA/NV financial reporting process and financial statements; (ii) the efficiency of BNY Mellon SA/NV internal control and risk management systems, (iii)

the performance of the BNY Mellon SA/NV internal audit function, and (iv) the statutory auditor's qualifications, independence, provision of additional services and performance.

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

The Nomination and Governance Committee (i) makes recommendations to the Board with respect to the nominations of Company's directors and the composition of the Board and its committees, (ii) oversee and assess the overall governance of the Company and recommend any changes to the Board and (iii) oversee and assess the ESG developments and impact thereof on the Company's governance and strategy.

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

The Executive Committee ("ExCo") of BNY Mellon SA/NV has been established by the Board of Directors in accordance with Article 24 of the Act of 25 April 2014 on the status and oversight of credit institutions and Article 7:104 of the Belgian Companies and Associations Code. The ExCo has been entrusted with the general management of BNY Mellon SA/NV with the exception of (i) the determination of the strategy and general policy of BNY Mellon SA/NV and (ii) the powers reserved to the Board by Law or the Articles of Association. The ExCo is responsible for running the general management of BNY Mellon SA/NV within the strategy and the general policy defined by the Board and for ensuring that the culture across BNY Mellon SA/NV facilitates the performance of business activities with integrity, efficiency and effectiveness. The ExCo shall review corporate initiatives including strategic initiatives, financial performance, new business initiatives, policy changes, controls and organizational development. The ExCo has responsibility across all Lines of Business performed in or that impact BNY Mellon SA/NV and its branches and subsidiary.

In addition, the ExCo may create sub-committees under its responsibility and delegate them some of its responsibilities in view of performing its responsibilities more efficiently. Responsibilities were delegated by the ExCo to the following sub-committees:

- Risk Management Committee
- Technology Risk Committee
- BNYM SA/NV Asset and Liability Committee
- Credit Risk Oversight Committee
- Capital and Stress Testing Committee

- Business Acceptance Committees

4.3. External Functions Performed Outside of the Group

The following table provides an overview of the external functions performed outside of the BNY Mellon group by the directors (as at 31 December 2021):

Board member	Function at BNY Mellon SA/NV	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 SA/NV (Y/N)
Non-Executive Directors							
Olivier Lefebvre	Independent Chair of the Board, Independent Member of the Audit and Remuneration Committees, Independent Chair of the Nomination, Governance and ESG Committee	Climact SA	Belgium	Environmental consultancy	N	Chairman of the Board	N
		Ginkgo Management II SARL	Luxembourg	Real Estate Fund Management	N	Independent Director	N
		An Other look to efficiency SPRL	Belgium	Management company	N	Administrator	N
		Perma-Project SPRL	Belgium	Support to starters in Permaculture	N	Director	N
Marie-Hélène Cretu	Independent Chair of the Audit Committee, Independent member of the Remuneration and Risk Committees	CoDiese	France	Management company	N	President	N
		Global Reporting Company	United Kingdom	Finance consultancy	N	Director	N
		PREF-X SAS	France	Finance consultancy	N	Director	N
		Montpensier Finance	France	Assets Management Company	N	Independent Director	N
Marcia Cantor-Grable	Independent Chair of the Risk Committee, Independent member of the Audit Committee	Modulr FS Ltd.	United Kingdom	E-money Institution	N	Independent Director	N
		Societe Generale Internaltional Ltd.	United Kingdom	Execution only Prime Broker	N	Independent Director	N
		Brown Shipley & Co., Ltd	United Kingdom	Wealth Planning and Investment	N	Independent Director	N
Roderick Munsters	Independent Chair of the Remuneration Committee, Independent member of the Risk Committee and Independent member of the Nomination, Governance and ESG Committees	UnibailRodamcoWestfield SE *	France	Real Estate Company	N	Independent Director	N
		Moody's Investors Service	UK/ France / Germany	Credit Ratings Company	N	Independent Director (UK & FR) Member of the Beirat in Germany	N
		PGGM Asset Management	The Netherlands	Management & Asset Services to pensions funds	N	Independent Director	Y
		Athora Netherlands NV	The Netherlands	Insurance Company	N	Chairman of the Supervisory Board	N
Susan Revell	Member of the Audit Committee and Member of the Nomination, Governance and ESG Committee	Sweetwater Training LLP	United Kingdom	Leisure	N	LLP Designated Member	N
Hani Kablawi	Member of the Remuneration and Risk Committees	OMFIF advisory council	United Kingdom	Independent financial think tank for central banks and public	N	Deputy Chairman	N
Senthilkumar Santhanakrishnan	Member of the Risk Committee	-	-	-	-	-	-

Board member	Function at BNY Mellon SA/NV	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 SA/NV (Y/N)
Executive Directors							
Björn Storim	Chief Executive Officer and Chair of the Executive	-	-	-	-	-	-
Hedi Ben Mahmoud	Chief Risk Officer and Member of the Executive Committee	-	-	-	-	-	-
Annik Bosschaerts	Chief Operations Officer and Member of the Executive Committee	-	-	-	-	-	-
Eric Pulinx	Chief Financial Officer, Deputy Chief Executive Officer and Member of the Executive Committee	Delen Private Bank	Belgium	Credit institution	N	Independent director	N
		Finax	Belgium	Financial holding	N	Independent director	N
Marnix Zwartbol	Head of Operations and Member of the Executive Committee	-	-	-	-	-	-

Leonique van Houwelingen resigned as Executive Director and Chief Executive Officer with effect from 16 July 2021. The transition of Leonique van Houwelingen to Non-Executive Director had been acknowledged by the Board and shareholders of BNYM SA/NV in July 2021. As the transition of the mandate was not approved by the regulator before 31 December 2021, this director is not included in the table above. Leonique van Houwelingen resigned as Non-Executive Director on 31 January 2022.

A director has declared personal conflicts of interest that gave rise to the application of article 7:96 of the Belgian Companies and Associations Code.

4.4. Individual and Collective Competency/Skills

In order to ensure that the members of the Board Committees have individually and collectively the adequate skills in order for each Board Committee to properly fulfill its role and duties, the Nomination and Governance Committee reviewed the composition of the Board Committees.
The Nomination, Governance and ESG Committee confirmed that the respective membership of the following Board Committees is adequate in order for such Board Committees to be collectively competent to fulfill the following respective responsibilities and for each of its respective members to have the necessary skills, knowledge and experience to understand and assess the following respective aspects:

- the **Audit Committee** for the review of the Company's financial reporting activities, accounting and audit;

  The Chair of the Audit Committee, Marie-Hélène Crétu is an independent non-executive director. She has over 30 years of diversified and multicultural leadership and managerial experience mostly in the financial industry, with proven track record in defining strategy and value proposition, creating business start-ups or reorganising the business and managing operations until self-supporting. Mrs. Crétu has significant experience in finance, operations, audit and compliance in various financial company environments, with extensive international exposure through global project leadership and company directorship and strong knowledge of global cash and derivatives markets and their key players. She held various leadership positions at Cargill Investor Services Paris, London and Chicago during 10 years, a global clearer on derivative markets. Mrs. Crétu worked for Ernst & Young as an auditor and for exchanges (MTS, NYSE-Euronext), defining and implementing strategy and business development.

- the **Risk Committee** for the review of the Company's risks and system of internal controls;
- the **Nomination, Governance and ESG Committee** for the exercise of relevant and independent judgment on the composition and functioning of the Board and its Committees and the suitability of the committees' members; and
- the **Remuneration Committee** for the exercise relevant and independent judgment on the Company's remuneration policy and on the incentives.

As part of this exercise, the Nomination, Governance and ESG Committee also reviewed the chairmanship of each of those Board Committees. Further to the review of the general composition of the Board and its committees and the suitability assessments of those directors exercising responsibilities on the Board Committees, the Nomination, Governance and ESG Committee concluded that each director is fit and proper for their respective functions and that the Board Committees possess collectively the necessary balance of skills and experience to adequately fulfill their respective role and responsibilities.

The membership of each director in Board committees is available in section 4.3. of this report.

5. Subsequent Event

On February 24th, 2022, Russia invaded Ukraine, launching the biggest military offensive in Europe since World War II.
The Ukraine War has now shaken financial markets, hitting all assets and causing global risk aversion. This emerging issue is adversely affecting us and creates significant risks and uncertainties for our business, and the ultimate impact of this war will depend on future developments.

To date, since the events in Ukraine / Russia started unfolding BNY Mellon SA/NV has observed a modest change in deposit levels and increasing upwards trend and volatility over the past weeks. Similar to other market related crisis', it is expected that in times of stress and volatility there can be corresponding increase in deposit and balance sheet levels. Year to date BNY Mellon SA/NV 3rd party customer deposits have ranged from a low of 28.5 bln (4 Jan) to a high of €32.3 bln (Mar 7) compared to a December 2021 year-end balance of €28.7 bln. BNY Mellon SA/NV continues to closely monitor the situation and deposit levels and while there are no immediate current concerns that the events will have a material impact on BNY Mellon SA/NV's Liquidity or Capital Metrics at this stage, Treasury is closely monitoring on-going volatility and deposit increases particularly in the context of BNY Mellon SA/NV's leverage exposure and consequential management of leverage based requirements following the withdrawal of central bank exemption and addition of TLAC / MREL eligible debt as previously communicated.

Specific to Russia and Ukraine, BNY Mellon SA/NV currently has no direct Money Market or Securities portfolio exposure to Russian / Ukrainian counterparties. BNY Mellon SA/NV has minimal RUB and UAH exposure currently held on accounts with Nostro providers (Rosbank primary RUB Nostro and Citi primary UAH Nostro). Treasury continues to receive multiple daily positioning reports in RUB balances and monitoring of daily balance sheets in RUB and UAH. BNY Mellon SA/NV Treasury maintains a prudent liquidity management strategy in RUB, with deployment of end of day balance is left on account with the primary RUB Nostro account. BNY Mellon SA/NV Treasury remains in close contact and coordination with key stakeholder groups including Cash Operations, Finance, Markets, Risk and Network Management as the situation evolves.

On March 28th, 2022, BNY Mellon SA/NV contracted a 10-year subordinated loan arrangement with The Bank of New York Mellon ("BNYM") for the purposes of ensuring compliance with regulatory capital requirements for own funds and eligible liabilities ("MREL") and internal total loss absorbing capacity ("TLAC"). The majority of the subordinated loan is funded with the repayment of an existing €800 Mio loan from BNYM to BNY Mellon SA/NV originated in February 2021 with a 10-year maturity. Moreover, two-long term intercompany trades for $1B and €1.5B were reclassified to the long-term liabilities in December 2021.

Following a thorough assessment of its operating model and to enable sustainable growth driven by clients demand for new products and services as well as the necessity to adapt our infrastructure to new technologies and digitization, several transformations of the Brussels headquarters and some branches (Netherlands and Germany) are being contemplated. The European Bank has launched on May 3, 2022 an information and consultation process with the workers council in its head office in Brussels.

6. Proposal of Allocation of Net Income

The net profit for the year amounts to €229 million. Retained earnings as of the end of 2021 amount to €1,744 million.

No dividend is distributed on the profit of 2021.

Allocation of Profit	*In Mio €*
Profit of the current year	229
Dividend of the current year	—
Profit brought-forward	229

The Board has formally adopted a (non-)dividend policy by which all profits are systematically carried forward and recommended the same for approval to the shareholders' meeting. On 17 May 2011, the shareholders unanimously ratified this Board resolution. During 2021, the Board continued to apply the (non-)dividend distribution policy.

7. Contingent Liability

Claims – Legal actions

In 2013 a Swedish Arbitral Tribunal issued an award of over USD500m against the Republic of Kazakhstan ("RoK") in favour of the "Stati Parties". The Stati Parties sought to legally enforce this award in numerous jurisdictions against RoK's assets held by any party. In

October 2017 BNYM SA/NV London Branch ("SA/NV") was served with a conservatory garnishment order in Belgium, ordering SA/NV to freeze certain assets belonging to RoK and its National Fund. Accordingly, and in compliance with SA/NV's legal obligations, SA/NV froze assets held by its client, the National Bank of Kazakhstan ("NBK"), for the National Fund. On 25 May 2018 the amount of the Belgian freeze was reduced, but remained in place pending the outcome of further legal proceedings in England regarding the nature of the relationship among RoK, NBK and SA/NV and the accuracy of SA/NV's prior statements as the garnishee in the Belgian proceedings. On 22 April 2020 the English Court handed down judgment and determined certain English law questions. However, questions concerning the relationship between RoK/NBK were referred back to the Belgian court. On 16 November 2021, in what are referred to as 'executory proceedings', a Belgian judge unexpectedly found that the arbitral award the Statis are seeking to enforce may be tainted by fraud. Following this, the Stati parties confirmed on 25 November 2021 that they agreed to lift the conservatory garnishment. This had the effect of unilaterally lifting the freezing order concerning the USD530m immediately and without any further court order being required. There now remains a number of legal and administrative steps that need to take place to close off other proceedings in Belgium which BNYM are involved with, but the substantive dispute involving BNYM has come to a close.

German authorities are investigating past "cum/ex" trading, which involved the purchase of equity securities on or shortly before the dividend date, but settled after that date, potentially resulting in an unwarranted refund of withholding tax. German authorities have taken the view that past cum/ex trading may have resulted in tax avoidance or evasion. BNY Mellon SA/NV and its German subsidiary have been informed by German authorities about investigations into potential cum/ex trading by certain third-party investment funds, where BNY Mellon SA/NV had acquired entities that served as depositary and/or fund manager for those third-party investment funds. We have received information requests from the authorities relating to pre-acquisition activity and are cooperating fully with those requests. In August 2019, the District Court of Bonn ordered that the German subsidiary be joined as a secondary party in connection with the prosecution of unrelated individual defendants. The trial commenced in September 2019. In March 2020, the court stated that it would refrain from taking action against the subsidiary in order to expedite the conclusion of the trial. The court convicted the unrelated individual defendants, and determined that the cum/ex trading activities of the relevant third-party investment funds were unlawful. In May 2020, pursuant to legal advice from outside counsel indicating a legal obligation to correct tax returns, disclosure letters were sent to the tax authorities disclosing certain facts related to the judgment in the Bonn trial and maintaining that the cases were time barred. In November and December 2020, we received secondary liability notices from the German tax authorities related to pre-acquisition activity in various funds for which the entities we acquired were depositary and/or fund manager. We have appealed the notices. In connection with the acquisition of the subject entities, BNY Mellon SA/NV obtained an indemnity for liabilities from the sellers that BNY Mellon SA/NV intends to pursue as necessary. Whilst we continue to pursue our claims under the indemnity, until we have confirmation of payment, we assess recovery as less than virtually certain as referred to in IAS 37. The provision booked with respect to this legal matter has been determined based on management judgment of the most likely liability that will be owed to German authorities (including legal interest at 6%; no penalties are expected). There is estimation uncertainty in the final outcome of this legal matter.

The Dutch Tax Authorities ("DTA") are investigating a number of Dutch dividend withholding tax ("DWT") reclaims filed by BNYM as part of its global custody business between 2014 - 2017. BNY Mellon SA/NV provides DWT reclaim services in the Netherlands for clients who hold Dutch issued securities. The provision of these services by BNY Mellon SA/NV is via an electronic portal that is owned and controlled by the DTA. On 16 December 2019 BNYM SA/NV received tax assessments in the sum of €1.63Mio (including interest) for the year 2014. On 4 February 2020, BNY Mellon SA/NV also received formal tax assessments for the years 2015-2017 in the sum of €12.04Mio (including interest). These tax assessments relate to former BNY Mellon clients. This provision will be reimbursed by the Company of the Group that holds the contractual relationships with the clients for which a reimbursement asset has been accrued. In this regard, the former BNY Mellon clients have now either made full payment to BNY Mellon in accordance with their contractual indemnification obligations or provided contractual undertakings to comply with their indemnification obligations following the outcome of certain tax appeals to which BNY Mellon is not a party.

8. Research & Development

There are no research & development activities performed by BNY Mellon SA/NV.

9. Risk Management

BNY Mellon SA/NV acknowledges risk taking as a fundamental characteristic of providing financial services. It is inherent to the business of banking and arises in every transaction BNY Mellon SA/NV undertakes. The capacity to take risk and pursue profits is constrained by the balance sheet and the reputation of the BNY Mellon brand in the marketplace as well as by regulatory requirements.

BNY Mellon SA/NV's risk management framework maintains a capable, effective, adequately resourced and forward looking organization that is well placed to identify and manage emerging risks in a timely manner for BNY Mellon SA/NV.

The risk management function monitors and identifies emerging risks with a forward looking approach. It provides risk management information reporting to the BNY Mellon SA/NV Board and governance committees, and contributes to a "no-surprise" risk culture. It aligns closely with Compliance (second line of defense) and Internal Audit (third line of defense) plus Finance and Treasury (as first line of defense control functions). It independently educates staff, promotes risk awareness and continually makes improvements, whilst monitoring progress against defined success criteria for improving the effectiveness of the risk function.

Detailed information on the risks faced by BNY Mellon SA/NV, as well as our risk management strategies, policies and processes can be found in BNY Mellon SA/NV Pillar 3 report on www.bnymellon.com and in Note 28 to the consolidated financial statements.

10. Additional Information regarding BNY Mellon SA/NV

Non-Financial Information

According to article § 3:32 of the Belgian Companies' and Associations Code (and article § 3:6 of such Code for the annual accounts), BNY Mellon SA/NV is exempted to provide detailed Non-Financial Information in this section of the annual accounts, as BNY Mellon discloses Non-Financial Information in a separate report called "2021 Enterprise ESG Report"- which is appended to these annual accounts.

BNY Mellon's policies framework, Enterprise ESG strategy and long-terms goals as detailed in the appended "2021 Enterprise ESG Report" are fully applicable to BNY Mellon SA/NV and its personnel.

Our annual updates in this report are not just about our company's environmental and social impact, but also about how we view and integrate ESG considerations throughout our operations, leveraging opportunities and mitigating risks cross-functionally and across our lines of business.

At BNY Mellon, we're committed to putting the *Future First*SM by using our global reach, influence and resources not just to power success today, but to help safeguard the future. Central to our environmental, social and governance (ESG) approach is to *Consider Everything*SM*,* starting with our own enterprise-wide practices addressing the business impacts of global issues and contributing to opportunities that help communities thrive. We expand our actions by providing leading products and services, which empower our clients to meet their own goals. This way, we accelerate the evolution of ESG – on behalf of clients, investors, communities and all stakeholders – to make a positive impact on people and the planet.

There is global momentum to address climate change and other societal challenges and its related impacts with creative, concerted action. BNY Mellon contributes to this progress by striving to mitigate environmental risk and impact in our operations. The company adheres to policies that guide ethical action and adhere to global standards, including the protection of human rights for our partners and employees.

We help our clients manage their ESG-related risks and opportunities, such as those relating to climate, by continuing to develop and offer ESG products and services.

This is the 13th report using the Global Reporting Initiative's (GRI) framework, the world's most widely used sustainability reporting framework. BNY Mellon prepared the report according to GRI Standards Comprehensive option.

The report is available via the following link:
https://www.bnymellon.com/content/dam/bnymellon/documents/pdf/2021-enterprise-esg-report.pdf

Further Climate and Environmental related disclosures are provided in section 10.1 here after.

Within BNY Mellon SA/NV several achievements were reached in 2021 by different Employees/Business Resource Groups among which are presented here in section 10.2.

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The Bank of New York Mellon SA/NV
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1000 Brussels
Belgium

Corporate Headquarters
BNY Mellon
240 Greenwich Street
New York, NY 10286

United States

10.1 Climate and Environmental Related Disclosures

Our climate ambition and strategy

At Bank of New York Mellon, we're committed to putting the *Future First*SM by using our global reach, influence and resources not just to power success today, but to help safeguard the future. This is also true of The Bank of New York Mellon SA/NV ("BNYM SA/NV"). Delivering on our environmental, social and governance (ESG) strategy, we *Consider Everything*SM, starting with our own enterprise-wide practices. We are committed to the development of programmes that help us reduce the carbon footprint of our operations and manage the risks that arise from climate change. As part of a global financial services provider, we recognise the important role we play in transitioning to a climate-stable world. To that end, we endeavour to provide best-in-class, climate-friendly client solutions to the global community. We are also acutely aware that climate change represents a key risk driver to BNY Mellon and the global economy at large. As such, we will continue to recognise and consider climate and environmental related risks in the execution of our business objectives and risk taking, including the development of new products and services.
In this iteration of reporting, we aim to illustrate the progress we have made in this space as well as openly acknowledge the actions we need to make to enhance our efforts and impact in the fight against climate change. However, where enhancements need to be made, we have highlighted this in the future developments' column in the below table.

Governance	
BNYM SA/NV oversight of climate and environmental related risks and opportunities – The Board recognises the importance of climate and environmental related risks and has taken steps to enhance its oversight in this area. The Board operates on a model whereby it has established advisory committees to perform these responsibilities more efficiently. Accordingly, the Nomination Committee has become the 'Nomination, Governance and ESG Committee' (NGESGC), which oversees and assesses the ESG developments and impacts on BNYM SA/NV's governance and makes recommendations to the Board on ESG strategy (as set out in its Terms of Reference). The Risk Committee which also assists the Board in fulfilling its oversight responsibilities now includes specific consideration of climate and environmental risks; the Terms of Reference have been updated to formally reflect this. In addition, the Executive Committee of BNYM SA/NV has also established an ESG Council to advise the Executive Committee on ESG matters (as further explained below). – The Board meets at least on a quarterly basis and receives updates from the Executive Committee, as well as the above-mentioned committees, with respect to climate and environmental related risks ensuring effective oversight from the Board. – BNY Mellon Group has set out the approach to incorporate consideration of climate and environmental risk and updated risk policies to highlight the importance of including consideration of climate within ongoing decision making. To this effect enhancements to policies have been made for the following frameworks: Enterprise Risk Management, Operational Risk, Credit Risk, Liquidity Risk, Market Risk, Resiliency Risk and Conduct Risk. – Key Risk Indicators (KRIs) have been developed to enable the Board and committees to enhance their monitoring of climate and environmental related risks, and accordingly identify any associated opportunities as well.	– A climate and environmental risk dashboard has been developed and will be introduced in the second quarter of 2022 to enable the BNYM SA/NV Board to enhance their monitoring of climate and environmental related risks, as well as identify any associated opportunities. – The BNYM SA/NV Board will continue to maintain oversight over enhancements to BNYM SA/NV's strategy which will continue to leverage the evolving BNY Mellon Group ESG strategy.. – To further realise the climate and environmental strategy BNYM SA/NV will formally monitor the ESG expertise of its directors and review opportunities for further training and

- The Board has adopted a climate and environmental strategy, which sets forth the direction of BNYM SA/NV in relation to ESG and a commitment to address the impacts from climate change on business operations. In this context the strategy covers three key areas (see table 1). Please refer to the BNY Mellon ESG Reports[1] for the latest disclosed performance against these targets.

[1] https://www.bnymellon.com/us/en/about-us/esg-and-responsible-investment.html

- To deliver on this strategy, the Board, the Executive Committee and ESG Council have undertaken climate-risk training to ensure that all members are sufficiently and appropriately trained to have effective oversight of climate and environmental related risks and opportunities.

Table 1 : Key Areas in the BNYM SA/NV Climate and Environmental Strategy

	Reducing our own carbon footprint and environmental impact: – Reduce carbon footprint in line with 2025 operational targets and publicly disclosed commitments – Reduce GHG emissions (scope 1 and 2) by 20% by 2025 from 2018 base – Divert 80% of office waste from landfills by 2025 – Zero technology waste to landfill through 2025 – Achieve paper neutrality – Drive water use reduction in building operations
	Further strengthening of our climate and environmental risk monitoring framework: – Measure and monitor exposures to sectors and geographies identified as presenting potential moderate and high risk of climate change impact – Measure and monitor our credit and investment portfolio’s Weighted Average Carbon Intensity – Measure and monitor fair value stress loss based on climate scenarios. – Measure and monitor operational risk events or contingency arrangements invoked due to natural disasters – Measure and monitor Third Party Vendors ESG

	Partnering with our clients across our lines of business we allow them to analyse and understand the environmental impacts of their portfolios or activities, examples include: – Collateral Management – apply ESG principles to securities that clients are willing to accept or provide as collateral – Corporate Trust – work with clients on administering new green bond issuances and maintaining our position as the leading trustee in green bonds by deal volume. – Asset Servicing – provide regulatory reporting solutions and tools to assist clients with mandatory Sustainable Finance Disclosure Regulation (SFDR) and Taskforce on Climate-related Financial Disclosures (TCFD) reporting – Markets – provide clients with investment options via our Liquidity Direct platform to enable them to align investments with their core	

Management's role in assessing and managing climate and environmental related risks and opportunities: – Dedicated 1st, 2nd and 3rd Lines of Defence (LOD) management are in place to provide support in developing BNYM SA/NV's climate and environmental strategy, as well as provide support to assess and manage climate and environmental risks and identifying opportunities where relevant. In particular, the 2nd LOD is supported by a Global ESG Chief Risk & Compliance Officer ("ESG CRCO") who is responsible across BNY Mellon for the design and implementation of the ESG risk, including climate and environmental risk, requirements relating to global risk frameworks. 1st LOD management are responsible for embedding of these climate and environmental risk requirements and work in partnership with 2nd LOD to achieve this. – BNYM SA/NV has established an ESG Council in charge of advising the Executive Committee in ensuring climate and environmental risks are fully identified, understood and incorporated into management decisions and strategy definition. It advises the Executive Committee on ESG matters, specifically the identification and management of climate and environmental risks impacting the BNYM SA/NV. Its membership is based on suitability and knowledge of ESG matters, as well as relevant experience, and brings together all Lines of Defence. The ESG Council has been tasked with developing BNYM SA/NV's plan to address financial risks and other climate change implications, leveraging the existing governance structure, policies, and procedures. – Consideration of climate change and environmental sustainability are captured in BNYM SA/NV's annually refreshed Strategy and Risk Appetite statement, as well as more generally across the Risk Framework, which are subject to approval by the Board of Directors.	– A new performance goal covering the consideration of climate & environmental risk and opportunities has been distributed to key individuals in BNYM SA/NV. Details of how this will be factored into the remuneration policy are due to be agreed and finalised in 2022

Strategy

Climate and environmental related risks and opportunities identified over the short and long term: – BNYM SA/NV's initial assessment and reporting are focused on material risks that could emerge based on identification of on-balance sheet exposures with a potentially high risk to physical and transitional climate change. This analysis has led to the conclusion that the BNYM SA/NV has limited exposure to these risk areas as supported through initial quantification in both the short- and long-term[1]. [1] Short term 3 years / Long Term 10 years – As a provider of financial services, BNYM SA/NV recognises that it has a role to play by ensuring the products and services developed help clients integrate climate change into their activities. Partnering with our clients across our lines of business we allow them to analyse and understand the environmental impacts of their portfolios or activities. As an example, we offer clients the use of our ESG Data Analytics application[1], a cloud-based application that mass-customizes investment portfolios to clients' individual ESG factor (including climate) preferences. We have made this, as well as other tools, available to our clients to support them in reaching their climate related objectives. Additionally, the current strategy calls for at least one climate / ESG product capability for each of our business lines. [1] https://www.bnymellon.com/us/en/insights/all-insights/a-data-driven-approach-to-responsible-investment.html	– BNYM SA/NV will explore the possibility of expanding its scenario testing to clearly identify the physical and transitional risks it is monitoring, as well as the associated opportunities related to those areas, across short- and long-term horizons. This will be captured in the ICAAP report and in future business model scenario analysis. – BNYM SA/NV will explore the possibility of identifying additional climate-friendly products that will enable the BNYM SA/NV and its clients to have a positive impact on climate change. – Ongoing measurement and reporting will be used by BNYM SA/NV to support management discussion and support the development of risk strategy with respect to climate change. Aggregate reporting across all KRIs (which incorporate climate and environmental risk) will be implemented in second quarter of 2022 for reporting to the Global ESG CRCO and to those governance committees that hold broad risk management responsibilities.
Impact of climate and environmental related risks and opportunities on BNYM SA/NV's businesses, strategy, and financial planning: – The BNYM SA/NV has considered climate and environmental risk across all its risk indicators and processes to support ongoing monitoring and decision making, including decisions relating to ongoing strategy, either within specific decision-making processes or for strategic planning purposes. The impact of climate and environmental risk on business strategy is predominantly focused on changes as part of the development of clients, products, and services. – BNYM SA/NV has performed a business model review to assess the impact of climate and environmental risk across the business. This review considered the impact of internal and external factors (such as physical and transitional risks) on strategy and covered several areas such as: Products & services, Client base, Competitive landscape and, Stakeholder perception The assessment considered the potential indirect effects of structural change on the overall viability and profitability of the business model, outside of direct effects of losses or other events. The analysis considered the potential for systemic changes in either markets, competitiveness, client preferences or other general structural changes to challenge our ongoing business model. This approach will continue to be enhanced and run periodically to inform strategic decision making.	– BNYM SA/NV will disclose further details about climate and envirnomental related risks and opportunities identified and associated decisions and actions as we further mature our approach.

Resilience of BNYM SA/NV's strategy taking into consideration climate and environmental related scenario analysis	
– Analysis undertaken as part of firm wide stress testing used within the BNYM SA/NV's Internal Capital Adequacy Assessment Process (ICAAP) illustrated an immaterial risk from climate to BNYM SA/NV and therefore the overall business strategy remains unchanged. – BNYM SA/NV monitors climate and environmental risks as reported through the development of KRIs and enhancements to stress testing. These are increasingly important considerations for strategy setting and processes are being put in place to ensure management are aware of climate and environmental risks as part of the strategy setting process. Stress testing considers longer term strategic implications directly associated with climate change and considers explicitly the impact to, and response of, BNY Mellon's corporate strategy consistent with Network for Greening the Financial System (NGFS) carbon transition pathways. – The Business Continuity Policy, which has been adopted by BNYM SA/NV, ensures an "all-hazards" planning approach is implemented which facilitates the continuity of business functions regardless of the cause or nature of the disruption (i.e., including climate-related and environmental events). The approach is structured around specific and probable scenarios: loss or unavailability of locations, staff, applications, third-party products and/or service provider and/or a combination of all. Each business must annually review the Location Risk Assessments and must include an evaluation of inherent risk manifesting from natural calamities, climate change and geopolitical events. It must also include recovery strategies in addressing the risk and the level of risk remaining after inherent risks have been addressed.	– BNYM SA/NV will continue to enhance risk identification to refine stress testing and other risk measures. .

Risk Management

Processes for identifying and assessing climate and environmental related risks:	
– BNYM SA/NV has adopted the BNY Mellon Group Climate Risk Framework which defines the approach towards qualitative and quantitative assessment of climate and environmental risk drivers in its materiality assessment across the risk taxonomy. Climate and environmental risks have therefore been incorporated into the existing processes used to identify risk at BNYM SA/NV and the approach for identifying any associated risks follows the process outlined below: When taking on risk through the adoption of a new client, process, product or third-party relationship, a series of risk assessments are performed which focus on all potential sources of risk, and these include dedicated climate considerations defined to identify any material risk that may require mitigation and/or escalation through the decision-making process. When considering existing risks (which includes climate and environmental risk) the group runs defined processes coordinated by the 1st LOD and overseen by 2nd LOD. These processes are used to identify and classify risks from all sources and used to determine where mitigating activities may be required. – Initial assessments have been performed to identify those areas of the business to which physical or transitional effects of climate change may impact the business across a short- and long-term horizon. Table 2 provides an overview of the assessments and initial outputs and table 3 provides an overview of the current time horizon incorporated into these assessments. Please note these are subject to change as BNYM SA/NV continues to enhance its approach to considering climate and environmental risks.. – Quantitative metrics have also been designed to monitor climate and environmental risk drivers across Credit, Market and Operational (including Third Party and Resiliency) risks. – Capital stress testing has also integrated consideration of impacts of climate change, which were included in the 2021 ICAAP. Further enhancements have been made to perform stress testing with reference to NGFS climate change pathway/ scenarios for the 2022 ICAAP.	– Given the low exposure of BNYM SA/NV to climate and nvironmental related risks, and the type of risk BNYM SA/ NV takes through its business activities, capital and liquidity models have not been updated to formally quantify these risks at a detailed level. However, ongoing reviews will continue to take place and if it is determined that BNYM SA/NV's exposure to climate and environmental risk increases, then the relevant models will be updated as needed – Further enhancements on the integration of climate and environmental risk across key processes is expected in 2022. – Capital stress testing considering impacts of climate change utilising NGFS scenarios and macro-economic transition pathway variables, to be included in the 2022 ICAAP. Consideration of the same scenarios will be made with respect to liquidity as part of the 2022 ILAAP.

Table 2 Risk Assessment & Output

Risk Area	Assessment & Output
Credit Risk	Based on the qualitative assessment completed by Subject Matter Experts short term on-balance sheet assets were determined to be out of scope for assessment as they were deemed to be less relevant sources of climate and environmental risk. Following a quantitative assessment of the portfolio in scope it was concluded that climate change was not a material risk driver for the current profile of the credit exposures, the majority of which reside in the investment portfolio. The BNYM SA/NV business model does not include lending activity other than in the placement of liquidity with Central Banks and selected Financial Institutions.

Market Risk	A quantitative assessment was performed by the means of completing stress testing to consider potential materiality of market shocks on both the banking book and trading book. Additional quantitative analysis of the concentration of exposures in the banking book investment portfolio was performed through the assessment of bond exposures to higher risk sectors and geographies using the same external benchmarks as used for credit risk. While these sectors primarily provide considerations for credit risk, extension to potential credit spread shocks was also considered in assessing materiality. It was concluded that climate change was not a material risk driver for market risk.
Reputational & Liability Risk	Reputational risk is embedded in existing frameworks used to identify and mitigate risks as they arise and not considered on the aggregate level. Therefore, existing frameworks have been updated to incorporate reputational risk through the risk identification process, new product approvals, business process change and the onboarding of sub-custodian relationships; the framework used to identify risks associated with new clients is currently under development. However, despite this an assessment was undertaken to assess the potential impact of a range of potential changes to the markets in which BNYM SA/NV operates, which includes assessing the materiality of a range of strategic and business model risks, including potential reputational risk. The review was to capture the viability of BNYM SA/NV's strategy / business model looking at different climate and environmental related scenarios and consider the specific impacts and potential mitigants needed to prevent reputational risks. The output of this indicated a level of exposure relating to transitional risks only.
Liquidity Risk	An analysis was conducted on the impact of climate and environmental related risk on the Liquidity Stress Testing. Environmental related risks such as natural disasters in the last five years have been investigated to identify any adverse impact on client deposits. Furthermore, the analysis done for securities portfolio in the capital stress testing has been considered and the impact of this has been compared to the securities assumptions in the Liquidity Stress Testing Framework. It was concluded that climate change was not a material risk driver
Business Model & Strategic Risk	An initial assessment of strategic and business model risk was completed. The review captured the viability of BNYM SA/NV's strategy / business model looking at different climate and environmental related scenarios and also considering reputational risks. Assessment of business model risk considered the potential indirect effects of structural change on the overall viability and profitability of the business model, outside of direct effects of losses or other events. Business model risk analysis considered the potential for systemic changes in either markets, competitiveness, client preferences or other general structural changes to challenge our ongoing business model. The output of this indicated a level of exposure relating to transitional risks only.

Table 3 Risk Assessment & Time Horizons

Process	Time Horizons
ICAAP stress test and Capital Plan	Covers a period of 3 years but has an extended horizon for the purposes of the specific climate change-related scenario and assumptions, whilst taking a static balance sheet assumption over the longer term
Credit risk, including the investment portfolio	Covers a long-term outlook for underlying positions.
Operational risk, including third party, outsourcing and resiliency risks	Covers a long-term outlook for risk, assessed for probability under a 1-year horizon.
Market and liquidity risk, which is documented in the ILAAP	Covers a period of up to one year but includes long-term outlook for underlying positions.
The risk assessment of materiality, referred to as a 'High Level Assessment'	Covers inherent and residual risks within the next year.
Business Model/Reputational Risk	Covers two time-horizons, 3-year period and a 10-year period, reflecting the time it may take for risk to materialise. Additionally, the BNYM SA/NV Strategy is defined with 3-year horizon consideration.

Processes for managing climate and environmental related risks:

- The management of climate and environmental risk has been integrated into BNYM SA/NV's existing risk framework used for the management of all taxonomy risks. The management of climate and environmental related risk follows standard risk management practices, which includes risk identification, materiality assessment and quantification (where possible and relevant) as used for all risk types. The entirety of this process is supported by inclusion in risk management policy and governance.
- Several key business processes formally incorporate the consideration of climate and environmental risk to ensure potential impacts are considered within business decision making. These processes are governed by overarching BNY Mellon global policies and implemented as applicable to all Lines of Business and Legal Entities. The key processes which directly and explicitly incorporate climate and environmental risk assessment are:
  - Underwriting for extension of credit,
  - New product approvals,
  - Business process changes.
  - Location strategy,
  - Third-party vendor assessment,
  - Sub-custodian onboarding.

- Consideration of climate and environmental risk to be integrated into the client due diligence and underwriting processes.
- Further enhancements on the integration of climate and environmental risk across key processes.

BNYM SA/NV 2021

Metrics

BNYM SA/NV GHG Scope 1 & 2 Emissions

Table 4 2021 BNYM SA/NV GHG Emissions based Square Footage

Locations		Scope 2		Scope 1			Grand Total	Entity Total
City	Country	Electric	District Heat	Gas	Oil	Refrigerant	MTCO2e	MTCO2e
Amsterdam	Netherlands	68.2	0	0	0		68.2	66.1
Breda	Netherlands	108.5	0	0	0		108.5	108.5
Brussels	Belgium	263.1	0	234	0	0	497.1	484.4
Dublin	Ireland	80.0	0	110	0	0	189.6	57.9
Frankfurt	Germany	134.8	0	0	0	0	134.8	122.2
Luxembourg	Luxembourg	46.7	15	0	0	90	152.0	141.2
Madrid	Spain	25.8	0	0	0		25.8	12.7
Milan	Italy	36.9	0	0	0		33.9	21.2
Paris	France	4.9	0	0	0		4.9	2.6
	Totals	765.9	15	344	0	90	1214.8	1016.8

Methodology

The BNY Mellon Global Real Estate team provided the total square footage for office space across the BNY Mellon Group and then derived the percentage allocated to BNYM SA/NV based on real estate expenses allocated to business units falling under the remit of BNYM SA/NV.

A third party provided the scope 1 and 2 data, producing the MTCO2 totals which were multiplied by the percentage of square footage allocated to BNYM SA/NV locations.

Scope 3 emissions are not included in the above calculations and although unable to disclose this year BNYM SA/NV will be working on this throughout 2022 with an aim to disclose in next year’s reporting.

Notes:

- The above calculations are based on square footage as of Q1 2022
- Scope 1 and 2 is the whole year data for 2021 although this is not currently third party audited
- COVID-19 will have had an impact on the GHG emissions based on BNY Mellon staff working remotely
- Based on the methodology to derive the square footage the Denmark location was not included as it operates as a branch of BNYM SA/NV through a service office. Service offices are not currently included in the scope of this calculation.
- The legal entity BNY Mellon Service Kapitalanlage-Gesellschaft mbH is included in the Frankfurt calculations

The Consideration of Other Metrics

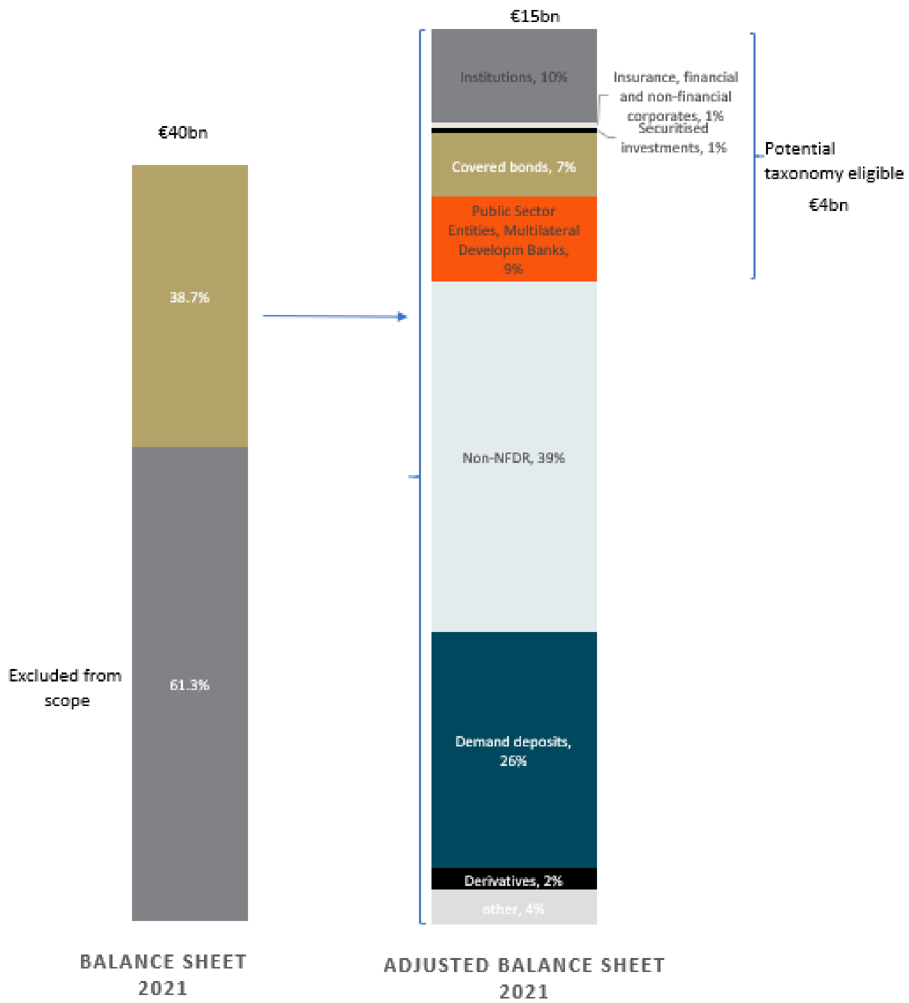
- Climate and environmental related metrics have been developed by BNYM SA/NV but require further enhancements throughout 2022. The aim is to begin disclosing these in next year’s report.

Information about Article 8 of the EU Taxonomy Regulation

Article 8 of EU Taxonomy Regulation requires reporting by companies subject to the Non-Financial Reporting Directive (NFRD), including financial undertakings such as The Bank of New York Mellon SA/NV, on how environmentally sustainable their economic activities are, as assessed under the technical criteria developed for the EU Taxonomy Regulation.
From 2022, financial undertakings shall primarily disclose the proportion in their total assets of exposures to Taxonomy non-eligible and Taxonomy eligible economic activities[3]. However, as of the date of finalisation of this report, no public information is sufficiently available to complete the mandatory reporting or to provide a meaningful reporting on a voluntary basis. Therefore, we disclose 0% for the proportion in our total assets of Taxonomy eligible economic activities. We will broaden the scope of our reporting as more data from our counterparties becomes available.

As a step towards future reporting of Taxonomy eligible activities, we have analysed what the proportion of potential Taxonomy eligible activities in the balance sheet represents.

Balance Sheet Potential Eligibility Ratio



[3] The eligibility ratio covers activities included in the EU Taxonomy Regulation but doesn't determine if they meet the technical criteria to be considered environmentally sustainable.

Under existing rules, exposures towards central governments, central banks and supranational entities are excluded from the calculation of both the numerator and denominator of KPIs (which represent 61% of the total balance sheet). The remaining part, €15bn or 39% of the total balance sheet, has been split between:

a. what could represent potentially Taxonomy eligible activities: €4bn or 11% of the total balance sheet; and
b. activities excluded from the numerator of the Taxonomy eligible ratio (non-NFRD counterparties, derivatives, other assets, on demand interbank loans): €11bn or 28% of the total balance sheet.

	Taxonomy Eligible[4]		**Taxonomy Non-Eligible**		**Coverage**[5]
	%	EUR Bn	%	EUR Bn	%
Potentially eligible	0	0	28 %	4.3	39
Other[6]	0	0	72 %	11.1	

Other exposures to report under Articles 10.3 (b) and (c) of the Disclosures Delegated Act are as follows:

	Proportion of total assets	
	%	EUR Bn
total exposure to central governments, central banks and supranational issuers	61	24.5
total exposures to derivatives	1	0.4
total exposure to non-NFRD undertakings[7]	15	6.1
Trading portfolio	1	0.4
Interbank lending	10	4.1

[4] Sufficient data on taxonomy eligibility of counterparties for the financial years 2020 or 2021 is not yet available. Any information available would be too limited to provide useful information to the reader.

[5] Calculated over total assets*. As exposures to central governments, central banks and supranational issuers are excluded from both the numerator and denominator of the Taxonomy eligible ratio, these are not included in the coverage %. This means that the coverage % is calculated over the adjusted balance sheet total of €15bn.

‘Total assets’ is not defined for the purpose of Taxonomy eligibility disclosures. However, in the FAQs published on 20 December 2021 and 2 February 2022 on how to report Taxonomy eligibility in accordance with Disclosures Delegated Act, the EU Commission stated that “the turnover key performance indicator (KPI), to be disclosed pursuant to Article 8 of the Taxonomy Regulation, should be calculated based on the same accounting principles that apply to the preparation of the undertaking's financial statements.” Although that guidance has been provided in the context of non-financial undertakings, we think it can be argued that the same principle should apply to financial undertakings. Therefore, in accordance with applicable accounting principles, we only cover on-balance sheet assets and related KPIs (and not assets under management and financial guarantees which are off-balance sheet) for the purpose of these disclosures.

[6] “Other” includes amongst others:

a. other assets such as intangible and tangible assets, tax assets, receivables etc.;
b. trading portfolio, which contains only derivatives in BNYM SA/NV, and hedging derivatives;
c. on demand interbank loans;
d. exposures to non-NFRD companies.

[7] The undertakings in/out of scope of NFRD has been determined based on:

i. Location: if outside of EU = not in scope
ii. EU credit institutions and insurance undertakings = in-scope
iii. EU entities that have transferable securities admitted to trading on an EU regulated market = in-scope

10.2 Local Testimonies - ESG Report

BNY Mellon SA/NV Addendum

Employee Resource Groups

Employee resource groups are an important component of our diversity commitment. By presenting opportunities for people to network with others with whom they have shared experiences, BNY Mellon seeks to help all of its employees around the globe feel welcomed and included. BNY Mellon SA/NV is proud to sponsor five cross-company employee resource groups that recognise the value of our diverse and global workforce. Membership is voluntary a open to all employees.

Gen-Edge
is here to leverage generational diversity across BNY Mellon by capturing unique generational perspectives and tapping into the knowledge base as well as individual talents of all employees.

IMPACT
Plays an important role in BNY Mellon's commitment to diversity and inclusion in the workplace, with a specific emphasis on the recruitment, retention, professional development and advancement of multicultural employees.

WIN (Women's Initiative Network)
Acts as a global resource for the professional development and advancement of women who work at BNY Mellon. WIN also plays an important role in BNY Mellon's commitment diversity and inclusiveness in the workplace.

HEART
Promotes an inclusive working environment by increasing awareness of the needs of those with disabilities and providing an educational forum on disabilities for all employees.

Prism
Strives to promote an open and supportive environment for all lesbian, gay, bisexual and transgender (LGBT) employees. By fostering outreach to LGBT employees, Prism contributes to the company's role as a leading corporate citizen.

Tine De Mol, SA/NV
COO Office, Brussels

"I find being in an E/BRG very enriching. It's an environment where you connect with colleagues from around the BNY Mellon globe and get to see other perspectives, rather than staying in our own "work bubble".

Networking and (cross-) collaboration with other E/BRGs help you think outside the box and may give you ideas for a next team project, or it might give you the right tools and contacts to discover what you want to do next in your career."

Tine De Mol, SA/NV COO Office, Brussels

Gilles Seynhaeve,
Business PMO, Brussels

"While engaging on the D&I HEART path, I wanted to do more than talking about it. Awareness and training is obviously critical, but I thought we could possibly make some footprint here; hence the "Diversity Abilities at Work initiative", with the aim of creating a dedicated HR recruiting channel for people with diverse abilities.

I was amazed by the support I received from all angles: colleagues, local management, but also regional and global senior leaders. We are in touch with a specialized not-for-profit organization and a governmental agency. These people are giving their soul for others as a day-to-day life. Then you start interacting with the candidates, and suddenly you truly realize how privileged you are. This experience opens your eyes and is somewhat re-shaping you. I feel privileged."

Gilles Seynhaeve, Business PMO Brussels

Petra Einheuser
Treasury services Europe
Frankfurt

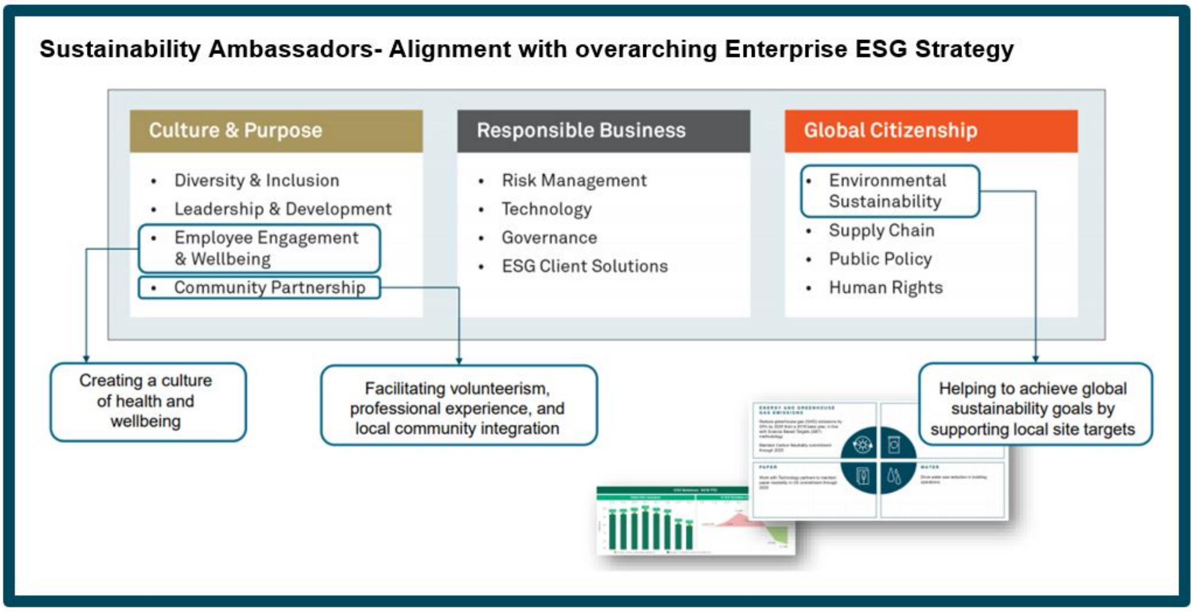
"I personally find it extremely beneficial being an active member in an employee resource group as I have the opportunity to connect with all staff in Frankfurt, cross all Lines of Business and Legal Entities, both in business-oriented field as well as in a more casual setting.

Through our activities and events, we engage all staff in the Frankfurt Office to help us build a highly collaborative and engaging environment where individuals and teams can live up to their full potential"

Petra Einheuser, Treasury Services Frankfurt

Environmental Sustainability: re-energizing the sustainability ambassador network

The sustainability ambassador network is an employee resource group supporting BNY Mellon's global environmental sustainability values, goals, and strategies.



The group aims to:

- Educate and involve employees to create sustainable change in their working environment, at home and in their communities
- Empower employees to make a difference that not only improves the Company's environmental performance, but also has motivational benefits and promotes sustainable teamwork within the organization
- Demonstrate continual improvement and increased awareness of environmental considerations and actions within the multiple locations of BNY Mellon
- Increase overall employee engagement and participation

5 chapters in 2020 are now 21 chapters in EMEA – of which 7 chapters in BNY Mellon SA/NV.

Actions to build greater awareness of ESG matters among employees included:

- Earth Hour (March 27): Stay involved in our future, starting at home. To recognize earth hour, we have invited all colleagues, their family and friends to turn -off the lights for one hour, promoting creative ideas on how to take part to the event – advocating for nature and our planet.
- Earth day (April 22): let's fall in love with our Planet every day. To celebrate the earth day, broadcasted a short film "lessons from next generation", featuring employees' children sharing tips on how we can protect the home we all share, our planet
- Mental Health week: connecting with nature. Mental health week runs from May 10 to May 15 and the theme this year was: Connect with Nature. We hosted several events of events including:

    - A discussion on the impact of nature on our mental health and how we can use nature to improve it.
    - How to find your tech/life balance - Exploring the principles of digital minimalism and learn how to retrain your focus and improve your productivity.
    - A chance to show us your engagement with nature through photographs.
- World Environment Day (June 5) – reimagine, recreate, restore. Promoting actions to protect our ecosystem – such us green our cities, reduce greenhouse gas emissions by taking simple steps as switching off the PC at night, eating seasonal, privileging local producer etc.
- European Mobility Week (16th to the 22nd of September) “Safe and Healthy with Sustainable Mobility”. Employees were asked to vote and comment on how they will make a sustainable change to their mode of travel though:
    - keeping fit physically and mentally, while exploring the beauty of our city, region, or country; and
    - showing consideration for the environment and the health of others when choosing our transport mode.
- In Frigo veritas (July 9): Resources that we use to produce the food that we waste are equivalent to 8% of global CO2 emission. This means that among the different causes of the climate crisis we should add food waste. This blog aimed to raise awareness about food waste and the impact on climate change - promoting a #notwasting food resolution during the holiday season.

Sustainability Ambassadors’ Mission:

Amplify our positive impact in the world and enable our clients to do so too

- Contribute to building a healthier and more sustainable planet
- Contribute to creating more equitable outcomes in the communities we serve

Tiziana Chieca

CAO Office, Brussels

"To me it means taking responsibility for what goes on – something that enables me to influence others and inspire them; it allows me to have a real and lasting impact my workplace environment. Being an ambassador means being able to share information regarding sustainability with my colleagues in a work environment and hopefully effect change in some people to be more environmentally conscious outside of work as well. It's a good chance to learn more about the company's environmental credentials and educate myself further on sustainability topics"

Tiziana Chieca – EMEA Regional Lead Sustainability Ambassadors - Brussels

Michael Lindner

AS COO Office, Frankfurt

"One of my general guiding principles is "Don't wait on action, take action". As I'm very passionate in my private life on sustainability it was clear for me to take a leading part at BNYM in that matter and to amplify the Bank's positive impact on the world. I really like to interact with people, questioning mindsets and to change things to the better … and faster.

My role as Head of the German Chapter gives me a lot of opportunities to get connected to our worldwide network on ESG. This helps to share ideas, to understand the needs and to have an influence.

I really appreciate that BNYM created room for stepping into such initiatives besides our daily work and routine.

Michael Lindner – Frankfurt Chapter Lead Sustainability Ambassadors

SUSTAINABILITY AMBASSADORS NETWORK – Earth Hour – 27th March 2021

As a member of BNY Mellon SA/NV's Sustainability Ambassador Network, Saskia Van Goethem, Trust and Depositary Lead Manager within the Irish Depositary Team of the European Bank, is involved in educating and taking action for greater awareness of our individual and collective impact on the environment. As part of this mission, the Sustainability Ambassador Network invited all BNY Mellon employees, families and friends to join the Sustainability Ambassadors to observe **Earth Hour.**

Earth Hour is a symbolic lights-out event inviting people across the world to show their support for our planet by switching off their lights for one hour on the last Saturday of March. Beyond being a symbolic event, Earth Hour demonstrates support for our planet and making the #SwitchforNature for the future.

Participating in Earth Hour afforded colleagues a personal opportunity to be a visible advocate for nature and our planet. Colleagues from across the world shared pictures of their Saturday evening spent in darkness; enjoying a game of cards or reading a book by candlelight; reconnecting with family away from devices. Others took the opportunity to unwind with yoga in the dark.

Additionally, BNY Mellon showed their commitment to the planet by turning off the lights in a number of our facilities around the world for Earth Hour.

BNY Mellon SA/NV's Sustainability Ambassadors Network have encouraged colleagues to consider actions that go beyond Earth Hour by continuing to make changes in their day-to-day life and to make efforts to reduce their ecological footprint and to take an active part in protecting the environment and reduce global warming.

Diverse Abilities at Work, a HEART initiative - Dublin

HEART is one of the D&I Employee Resource Groups ("ERGs") represented in our office.

EART (Helping Each Ability by Respecting and Teaching) promotes an inclusive working environment by increasing awareness of the needs of those with disabilities and providing an educational forum on disabilities for all employees. HEART also promotes employee wellbeing.

Under the auspices of the HEART ERG, BNY Mellon SA/NV and its branches support the work of a number of charitable organisations and their activities. A sample of those which the Dublin Branch supported and activities participated in throughout 2021 are set out below.

Jack and Jill Foundation

(L – R) Neil Dunlea, Michael Williamson, Jim O' Grady, Zaila Zainal, Brendan Walsh, Kim Jones, David McCann, David Quinlivan. In addition Elaine Sherry, Joanne McArdle, Paul Gregan & PJ Delaney supported the event remotely.

The **Jack and Jill Foundation** offers care and support to children with severe neurological development issues up to the age of four years. It also offers respite directly to parents and families or gives funding to allow them to buy home respite care.

BNY Mellon SA/NV supports the fundraising work of the Jack and Jill Foundation in Ireland by encouraging employees and their families to participate in events to raise much needed funds. As with many other things throughout 2021, the activities were severely curtailed and mostly took place remotely. These included encouraging small groups of colleagues, family or friends (in accordance with lockdown guidelines) to pick a local hill/walk within the permitted distance from their homes or engaging in a range of virtual challenges and requesting a donation from each adult taking part. The magic number of €16 funding 1 hour of home nursing care for an extra special child locally in their area.

An example is the Q4 2021 Fundraising event undertaken by the Irish Chapter of HEART:

- The Irish Finance team met on 22 October 2021 to raise much needed funds for the Jack & Jill foundation which provides respite to the parents of children who have complex medical needs and, in some instances, terminal diagnosis.

- In addition to raising €625 for this wonderful charity it gave the Finance team an opportunity to meet up in person in a safe environment. The first time since March 2020!

- We are currently extending this event to all Dublin Branch employees for Q1 2022. This will achieve HEART objectives of
    - enhancing employee wellbeing by reconnecting teams
    - supporting vulnerable groups in our communities

"basis.point"

Basis.point is another one of the charities which BNY Mellon in Ireland, including the Dublin Branch of BNY Mellon SA/NV supports in a number of ways. The aim of "basis.point" is to make a real contribution to improving educational opportunities for those in need in Ireland, particularly young people and children between the ages of 4-16. The support takes many forms, including providing grants to other charitable organizations to fund programs and initiatives that focus on education and further education opportunities for those living in poverty and children in disadvantaged areas. Many of the young people which "basis.point" supports have a range of challenges including learning disabilities arising from social, emotional and behavioral difficulties. "Basis.point" also provides funding for program such as its "mentoring for achievement program" which has achieved considerable success in improving engagement and staying longer in education by children from disadvantaged backgrounds.

The Dublin Branch is proud to participate in this charity and the great work that it does to improve the lives of children through education. We support "basis.point" by participating in a range of activities including the annual table quiz, annual dinner and charity auction as well as the big favorite – the annual golf outing. Due to the lockdown caused by the Covid 19 pandemic in 2020, many of the events were postponed or held online where possible and through the commitment of the members and supporters, including the European Bank's Dublin Branch, the work of the "basis.point" charity continues.

Diverse Abilities at Work, a HEART initiative – Brussels

HEART is one of our D&I Employee Resource Groups ("ERGs") represented in our Brussels office.

HEART (Helping Each Ability by Respecting and Teaching) promotes an inclusive working environment by increasing awareness of the needs of those with disabilities and providing an educational forum on disabilities for all employees.

With the support of a not-for-profit organization (DiversiCom) and the Brussels region employment office (Actiris Diversity Service), the BNY Mellon SA/NV HEART Brussels chapter and the Human Resources (HR) department are engaged into a two-year project (Sep 2020 – Sep 2022) of setting up a dedicated recruiting channel for people with diverse abilities. An action plan has been agreed with Actiris, it is in progress and is monitored with the support of SA/NV and EMEA D&I leaders.

The project and its action plan have been acknowledged by BNY Mellon SA/NV Enterprise Council as well as the Committee for Prevention and Protection at Work.

The action plan will help us to retain our D&I Actiris label and demonstrates BNY Mellon SA/NV continuing commitment to Diversity & Inclusion. Since the start of project, we completed the staff awareness and the Management & HR training phases, we became a partner of Diversicom and participated to job (interview) days organized by Diversicom, we are sharing list of candidates with managers and onboarded a first candidate for a short-term assignment, and we started to liaise with other institutions to share best practices and experiences.

Year-end festive budget donated to charities - Brussels

354 Brussels employees decided to donate the year-end festive budget to local charities. As a result, a total of EUR 10,620 was donated to 4 local charities:

- La Maisonnée, T'Lampeke, Don Bosco Ganshoren and La Cité Joyeuse

Vitality Spring Festival: supporting mental and physical wellbeing - Brussels

The Committee for Prevention and Protection at Work (CPPW) in Brussels hosted the "Vitality Spring Festival" to help employees maintaining mental and physical wellbeing. These sessions were provided by Securex to support and boost Brussels employees with inspiring, informative, and fun online sessions.

- April 23 -— Changes brings opportunity

  The corona crisis, its impact on our personal lives and the effects on our work, affected our ability to find and explanation to what was happening. We had to process changes and adapt to the new reality. We cannot ignore the fact that many people were and still are going through this phase of mourning.

  During this session we have explained the 5 phases of change/grief/mourning with the aim we get a better understanding of our own behavior through change.

- April 26 – Nudging: Words are sacred. If you get the right ones in the right order, you can nudge the world a little

Nudging is a concept in behavioral economics which proposes positive reinforcement and indirect suggestions as ways to influence the behavior and decision making of groups or individuals.

It includes different types of psychological techniques which can encourage people to make better or healthier choices. "Nudging" literally means "giving a push."

Positive choices are subtly pushed forward, without taking away or disadvantaging the other choice options. Everyone retains their freedom of choice, but through subtle nudging, we are all unconsciously guided to the desired behavior.

In this online session, we explored the possibilities offered by this method to promote small behavior changes with 'a little push in the back'.

- April 30 –Let's talk about it: Relieve the emotional burden

Participants are given the opportunity to share concerns, feelings and experiences under the guidance of an experienced consultant.

We paid attention to emotional discharge, support empathic listening, we encourage reflection on encountered difficulties and on possible resources to deal with the situation and we treat psychosocial questions (stress, organizing work, home situation,) in the Covid-19 context.

- May 17 –Disconnection – How to fight the screen addiction?

During this on-line session, we explored digital detox. When it comes to our phones and other digital technology, we may not be as smart as we think

How many of us tap an icon on the phone to check a quick email or pop-up? Then an hour later, wondering where the time has gone? .

- May 28 - Healthy homemade: Healthy energy in a lunchbox

During this on-line session, we prepared a healthy lunch together and addressed the following questions:
What is healthy food? How do you prepare a quick, nourishing lunch? Which beneficial health effects do certain ingredients have?

- Jun 7 - Yoga Nidra: Discover the art of conscious deep relaxation

.Nidra means 'sleep' in Sanskrit and the whole process is actually a sleep meditation, a very effective method to sleep better.

During this 1 hour and half online session, a coach from Securex helped employees to discover the art of conscious deep relaxation and to practice the technique of 'falling asleep'.

Yoga Nidra exercises relax the body and mind and reduces stress. It includes a body scan and setting an intention through positive affirmations. The U.S. military has been using this technique for a long time for people suffering from post-traumatic stress syndrome.

Plan International Ireland – Hike for Her 2021

During April 2021, in the middle of one of the longest COVID-19 lockdowns in Europe, the European Bank's Irish Depositary Team united, virtually of course, to individually, hike, run and walk 100km in support of Plan International Ireland's efforts to assist girls in West Africa who are trying, against the odds to access the basic human right of an education.

Plan International Ireland is a charity that strives for a just world that advances children's rights and in particular, equality for girls.

At the core of Plan International's work is ensuring girls can learn, lead, decide and thrive in all aspects of their lives.

There is nothing more important than education but, due to conflict, child marriage, food crises, and many more factors, so many children - especially girls - worldwide don't have the opportunity to receive the education they need to thrive.

In support of such a great and unfortunately necessary humanitarian cause, the Depositary teams in Dublin, Cork and Wexford put on their hiking boots to hike, run and walk 100 kilometers – within their lockdown imposed 5km local radius!

The team kept each other updated on MySource Social through sharing photos of the beautiful sights that we take for granted in our local towns and motivated by recording our kilometers on the BNY Mellon Virgin Pulse App.

Through the excellent efforts of our hikers who collectively walked nearly 2,000km and the generosity of the BNY Mellon Community Impact Programme, the team raised an impressive €2184 for this great cause.

The entire Irish Depositary Team within the European Bank embraced this initiative led by Denise Boylan, Matt McKiernan, Gary Dennis, Brian Giblin, Saad Islam, Marguerite Stack, Richard Lee, Mike Donohoe & David Kelly.

Photo courtesy of Matt McKiernan, Lead Manager, Depositary Client Management Team. Taken at Skerries South Beach, County Dublin.

Junior Achievement Europe- Overview

Junior Achievement (JA) is the largest not-for-profit in Europe, dedicated to preparing young people for employment and entrepreneurship.

For 100 years, JA worldwide has delivered hands-on experiential learning in entrepreneurship, work-readiness and financial literacy.

BNY Mellon has supported Junior Achievement for twenty plus years, now providing financial support in eleven EMEA countries: Spain, France, Italy, Poland, U.K., Netherlands, Luxembourg, Belgium, Germany Ireland and UAE—as well as skills-based support and board representation in the U.S.

In 2021, the ongoing outbreak of COVID-19 continued to affect education and businesses globally. The urgent need to adopt digital online tools and platforms to deliver educational content and events to youth during such uncertain times remains. BNY Mellon grant allowed JA Europe to invest in strategic research, assessment and deployment of digital tools for online streaming, content delivery, participants' collaboration, virtual events delivery, educational content digitalization and online learning management systems.

Taking a closer look at individual countries, **LJE (French Belgium)** digital efforts from the previous grant allowed them to run very successful programs, almost doubling their student reach to 609, and engaging 29 BNY Mellon Volunteers, the highest number across the partnership. BNY Mellon also presented the following two student awards: The BNY Mellon Client Excellence Award given to the project Scaneyes and The BNY Mellon Client Excellence Award given to the company DuraLife .

Vlajo (Dutch Belgium) expanded upon their programs to include Dream Coaches, Entrepreneurs in the Classroom, Jury Members SBP, Mystery Shoppers and Skills Masters Classes.

EPA France organized a new 100% online national event that involved 100 Mini Companies from all different parts of the country and a BNY Mellon Volunteer as a Jury Member.

JA Germany and BNY Mellon continued to grow thire collaboration. Together they formed and carried out a new LinkedIn Training Session to help youth develop their professional LinkedIn profiles to attract more recruiters as they begin to apply for jobs. The Female Student Leadership Coaching Programme provided a unique opportunity to a small group of student company leaders, helping to equip females with entrepreneurial qualities.

JA Ireland also placed efforts on encouraging Female in the world of Entrepreneurialism by hosting their JA Inspires workshop as part of BNY Mellon's International Women's Day celebrations.

JA Ireland and JA Italy both were able to focus on reaching disadvantaged youth. 6 BNY Mellon Volunteers were engaged as “Dream Coaches” .

In terms of student reach, Jong Ondernemen (The Netherlands) reached a high number of 725 students, exceeding their target and total reach from the previous grant.

The partnership between JA Europe and BNY Mellon was able to impact an additional 997 students compared to previous year, reaching a total of 4,582 total students. This can be considered a great success, taking into consideration the challenges presented this year including the increased changes in school closures and teaching methods, along with the universal digital fatigue that was experienced by students, educators and workers alike.
In general, countries reported a great appreciation and growing importance for the BNY Mellon JA Partnership with the rapid changes taking place in both society and global workforce.

With the help of BNY Mellon, Junior Achievement has been able to successfully adjust and adapt programs to the current situation and continue to provide such opportunities to help prepare young people for employment and entrepreneurship.

National JA Members	**Students**		**Volunteers**	
	Target	Reach	Target	Reach
Belgium (French)	375	609	25	29
Belgium (Flemish)	150	183	12	7
France	2400	1338	44652	1
Germany	200	368	6	10
Ireland	500	85*	20-25	26
Italy	120	118	5	6
Luxembourg	200	235	12	12
Poland	400	255 (direct) 1,237(indirect)	15	21
Spain	50	0	44716	0
The Netherlands	400	1225 (direct) 500(indirect)	3	2
UAE	150	204	10	0*
UK	375	462	35	0
JA Europe	NA	525+	NA	5
Total	5320	5082	148-158	119

BNY Mellon Future First Award

In July 2021 the Branch Managers from 3 of BNY Mellon SA/NV's branches, Dublin, Frankfurt and Milan participated as judges for the BNY Mellon Future First Award at the Junior Achievement GEN- E 2021 awards. Gen-E is the largest European Entrepreneurship Festival, combining two annual European entrepreneurship contests — the Company of the Year Competition (CoYC) and the European Enterprise Challenge (EEC).

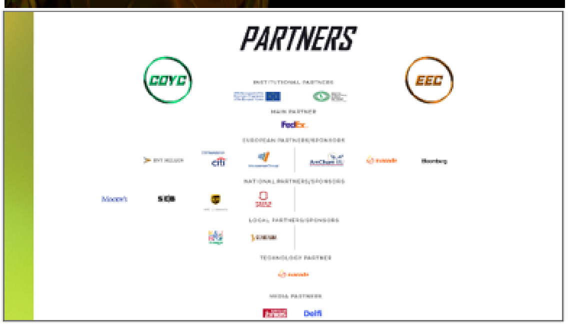
Gen-E is a celebration of entrepreneurship and the achievements of European students, where thousands of young entrepreneurs, 15 years old onwards, will showcase their cutting–edge business ideas and will be competing for the titles of best Company and best Start-Up of the year.

The three Branch managers were asked to judge the BNY Mellon Future First Award at the European Entrepreneurship Festival, GEN 21 E. There were many entrants from many countries around Europe and they were asked to review and consider the 5 top projects which made it through to the finals. The judging criteria was based on the below categories and we assessed the projects against these criteria.

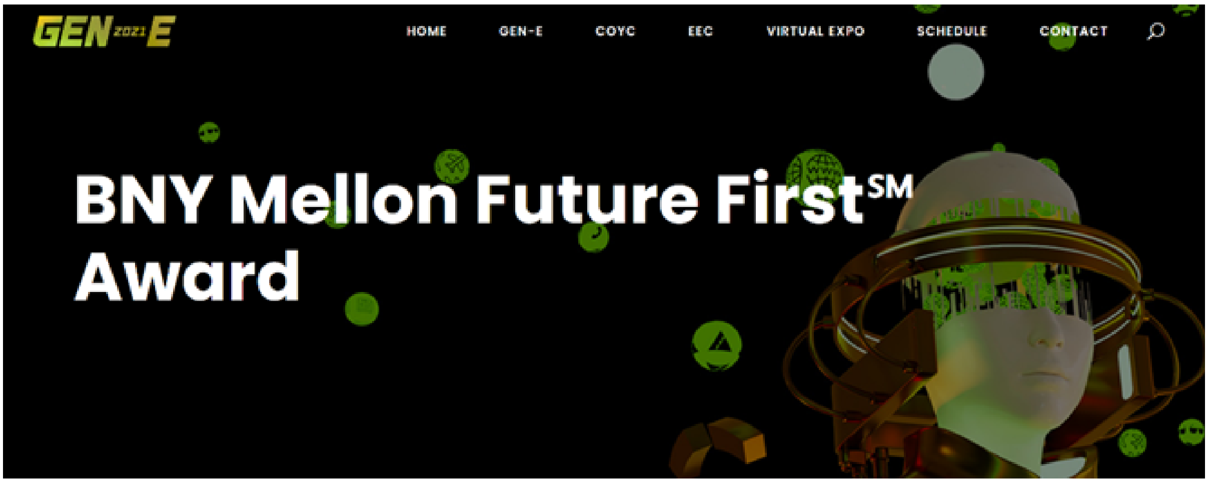
Gen-E Entrepreneurship Festival

In June 2021, JA Europe launched **Gen-E.** Gen-E is the largest **European Entrepreneurship Festival** which combines the two traditional annual European entrepreneurship competitions of JA in Europe — the Company of the Year Competition (CoYC) and the European Enterprise Challenge (EEC). Gen-E represents a celebration of entrepreneurship and the achievements of European students, where thousands of young entrepreneurs, 15 years old onwards, showcase their cutting–edge business ideas and compete for the titles of best Mini-Company and best Start-Up of the year.

As a supporter of the event, BNY Mellon was featured amongst the sponsors, on marketing material, event banners, websites and social media activities.



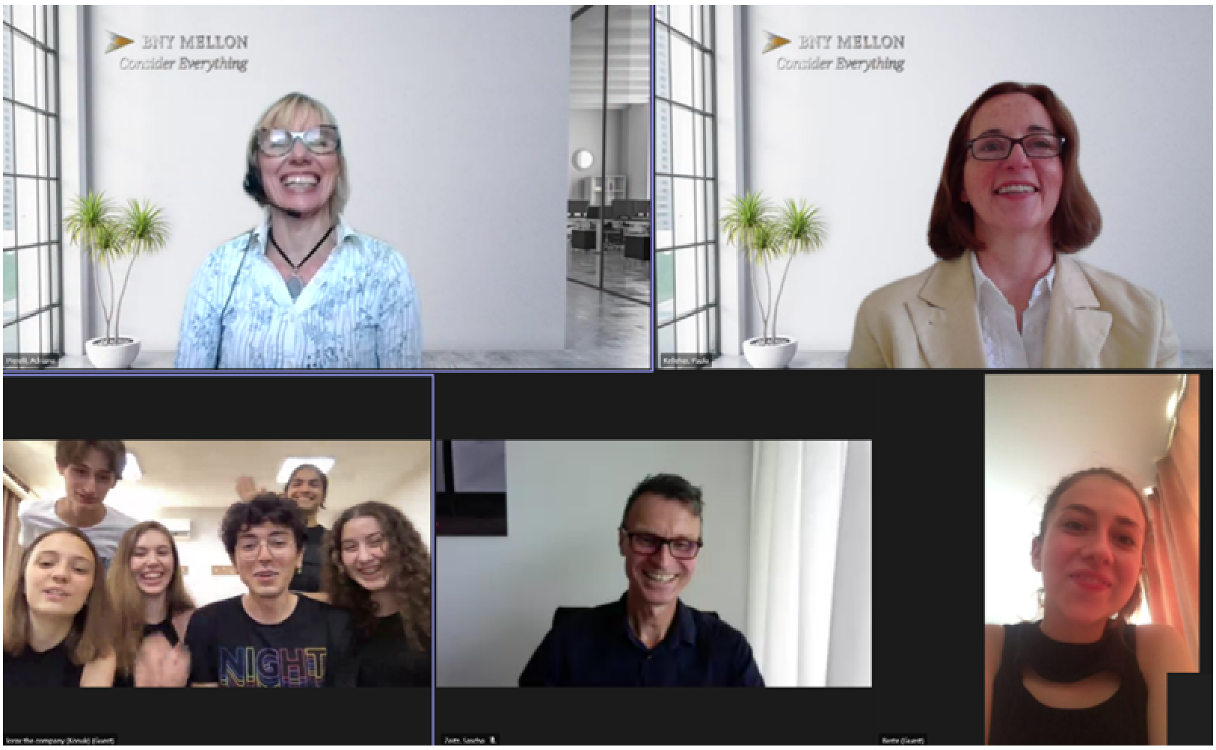
Between March and September 2021, the Gen-E website has received **63,000 visits** and **7,100 visitors of the virtual expo** showcasing the student companies and start-ups. On social media, #Gen-E generated over **10 million impressions** by **2.9 million unique users.**



BNY Mellon took part in the Gen-E Entrepreneurship Festival with the support of the BNY Mellon Future First℠ Award: which celebrates Gen-E mini-companies that are creating unique business solutions to a pressing environmental, social or governance (ESG) challenge throughout the JA Company Programme. The students interested in the BNY Mellon award were also requested to demonstrate their commitment to building a sustainable company, one that delivers positive impacts for ALL their stakeholders and showcases responsible business practices.

The winners of the BNY Mellon Future First℠ Award were announced at the Gen-E ceremony, which took place virtually from our host country, Lithuania. Live at the ceremony, Leonique van Houwelingen congratulated the mini company Lorax from Turkey; which elaborated a biodegradable blooming water bottles as an alternative to plastic ones: as they come in contact with soil, the bottles decompose and bloom thanks to the seeds placed between the packaging layers!

The projects were all very diverse and very original. As judges had the opportunity to discuss the projects with the different teams and discover their individual passions behind their business ventures.



- (L- R: Adriana Pierelli, Sascha Zeitz, and Paula Kelleher pictured here with some of the finalists.)

These projects are also entered into The European Enterprise Challenge Main and Signature Awards which celebrate this year's best student start-ups from the JA Europe Start Up Programme.

Les Jeunes Entreprises – French Belgium

In Belgium, BNY Mellon supports both the Company Programme and Young Enterprise Project (YEP). Both programmes are based on a "learning by doing" method and provide students with skills they don't receive from their everyday school curriculum, such as collaboration and problem solving using critical thinking.

Our volunteers help students to obtain skills and knowledge necessary to thrive in society and the work force later on in life.

During this academic school year, 2.385 students participated in the Company programme developing 301 companies and 1.793 students participated in YEP completing 347 projects.

From April to December 2021, **29 BNY Mellon Volunteers** participated in **8 activities** including YEP online speed meeting / coaching session at Haute Ecole Louvain en Hainaut from Mons; jury at the YEP Challenge, the competition that close the YEP; jury at the CP competition Coaching of the company Grow It Yourself (CP) for the COYC 2021; CP coaching of companies including CP online speed coaching session and YEP Day online speed coaching sessions.

The BNY Mellon Client Excellence Award was given to the project Scaneyes

The BNY Mellon Client Excellence Award was given to the company DuraLife

Despite the many challenges that arose this year due to the ongoing pandemic, LJE and BNY Mellon were able to achieve great results, reaching almost double their student target.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
LJE	375	609	25	29

VLAJO – Flemish Belgium

Vlajo builds the bridge between education and employment by bringing volunteers into contact with our school-going youth. Over the years, the partnership between Vlajo and BNY Mellon has grown and constantly achieved good results. This year, thanks to the enthusiasm of the volunteers, Vlajo continued successfully delivered their programs to students. BNY Mellon Volunteers actively participated in Entrepreneurs in the Classroom (online and in-person) and as Dream Coaches

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
Vlajo	150	183	12	7

Entreprendre pour Apprendre – France

Entreprendre pour Apprendre (EPA) France’s mission is to activate youth for the future of jobs.

In 2021, COVID-19 continued to be present, yet JA France continued to carry out their flagship program, the JA Company Program, offering students ages 15-18 the opportunity to learn how to move a business idea from concept to reality. This year, EPA France organized a 100% digital national event where 100 Mini Companies from all regions submitted a video and a written report 2 weeks before the event. The team of Corporate Jury, including a BNY Mellon Volunteer, selected 25 Teams to participate. The event took place on June 23rd where students had 3 minutes to explain their project and responded to the jury’s questions.

This event was very special and essential to help students develop video and digital skills - engaging **1338 students**, helping them to expand on their digital and entrepreneurial skills.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
EPA	2400	1338	44652	1

JA Germany

BNY Mellon and JA Germany have developed a great partnership over the past two years and were able to continue expanding upon on it in 2021 -promoting the Female Leadership program.

Due to the COVID-19 pandemic, activities took place virtually and were designed to be very interactive. JA Germany and BNY Mellon worked together to develop The LinkedIn Training Session that focused on sharing tips and knowledge on how to create a professional LinkedIn profile and attractive recruiters. The session received much interest, having **130 youth** participate and gaining positive feedback. On top of this, Female Student Leadership Coaching was carried out with a group of 5 students who acted as the leaders of their student company.

The coaching was conducted over a 4-month period and included meetings, knowledge of new personal development tools and the formation of a peer group. This unique program allowed the girls to collaborate on achieving goals in a structured way, to develop their skills, to reflect on their strengths and receive tips from leaders. The coaching received 5-star feedback and an opportunity for the girls to present their certificates and knowledge gained in their work resumes.

The student and volunteer reach have both greatly exceeded the targets and have shown expediential grow the previous year.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
JA Germany	200	368	6	10

JA Ireland

- BNY Mellon has been a supporting partner of Junior Achievement Ireland for 14 years. Since then, over 676 volunteers (1,000+ volunteering experiences) have inspired and motivated over 20,170 students in 170 schools nationwide. Volunteers and students have been involved in numerous in-classroom primary and second-level programmes and workshops to celebrate International Women's Day.

- The support of BNY Mellon over the many years has enabled hands-on learning experiences that empower students to make connections between what they learn in school and how it can be applied in real life. In recruiting, training, equipping, vetting and supporting BNY Mellon volunteers to facilitate in-school programmes and host educational activities in each of the BNY Mellon offices, our work together ensures students enjoy unique learning opportunities, which are recognised by our education partners as having significant learning outcomes.

- The purpose of the BNY Mellon Junior Achievement Ireland grant was to continue these long standing, impactful learning opportunities for students participating in entrepreneurship, STEM, financial literacy and employability programmes and events. **Students attending schools in socio-economically disadvantaged areas were prioritized (categorized by the Dept. Education as DEIS schools).**

The purpose of the BNY Mellon grant has adapted to include two main elements, that of in-classroom programs (which volunteers have delivered since the partnership began in 2007) and a structured workshop as part of BNY Mellon's International Women's Day celebrations. From 2016-2019, the Data Analytics workshop was successfully rolled out to celebrate IWD, and in 2021 the **JA Inspires** career workshop was selected for mark the occasion.

Completed programs impacted **85 students. The remaining are scheduled to** start in January and be completed by February/March 2022 aiming to reach an additional **443** students. This will bring the total student impact to **528** by the end of March 2022**.** The reason for postponing certain programs was due to the challenges faced by the partnering schools in relation to COVID-19. Once completed JA Ireland will have exceed both volunteer and student targets.

It is important to recognize that schools in Ireland are under a lot of stress and students are falling further behind in their personal and academic development. They have faced ongoing challenges getting cover for sick teachers and dealing with processes and procedures required due to COVID-19. We have assigned additional resources to the management of schools' relationships to ensure that we are approaching them with care and are advising them appropriately of the benefits of taking on our programs and offering flexibility with commencement dates.

Regardless of the challenges and delays, wonderful feedback has been received from schools on the professionalism and commitment to the programs from BNY Volunteers. JA Ireland has also seen many success stories, such as from BNY Mellon volunteers - Lasairiona Mulligan, Gerard Kane and Sinead Saville who stepped in and became Career Ready Mentors over an 18-month period. Despite all the difficulties thrown at them in the last 18 months, students and mentors continued to work through the programme together to enhance employability skills, as well as engaging in career planning and attending masterclasses. JA Ireland looks forward to continuing to grow their partnership for yet another year with BNY Mellon in 2022.

Photo: 3^{RD} class students during the Our City programme, Sisters of Charity National School, Clonmel

"Really enjoyed the experience. I gained from it personally in terms of brushing up on my communication and presentation skills. The interaction with the students was great, they asked very intelligent questions, which I was impressed with. Overall, was a very worthwhile exercise for all involved I feel."- Eimear O'Riordan, Volunteer, BNY Mellon

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
JA Ireland	500	85*	20-25	26

JA Italy

The JA Italy and BNY Mellon Partnership focuses on the JA Company Programme (*Impresa in azione*) activities. Activities started and continued from last period, involving 6 trained Dream Coach BNY Mellon volunteers who each worked with a group of students from 6 classes in 3 different schools across 3 regions (covering North, Center and South Italy).

Despite the many challenges that both education and businesses faced due to the pandemic, the online sessions allowed JA Italy to reach students in new areas of Italy. The Company Programme was able to be implemented across 90 providences in the country, 16% of them being schools with some of the highest dropout rates and receiving the programme for the first time and reaching areas. As a member of the Italian coalition of the Ministry of Innovation & Education and much support from teachers, Italy was able to extend to schools with student coming from limited opportunity backgrounds, which represented around 35% of the students impacted this period. Volunteers worked with students throughout the entire academic year and the programme concluded with the final regional competition in May-June 2021. All students were able to take part.

Thanks to partnership between JA Italia and BNY Mellon, 118 students from three different Italian regions were provided with a high-quality mentorship during their *Impresa in azione* programme. BNY Mellon volunteers enabled students to better understand business insights and better develop their projects for the final completion.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
JA Italy	120	118	4	6

Jonk Entrepreneuren – Luxembourg

The partnership between Jonk Entrepreneuren and BNY Mellon started in 2018.The partnership started with the "Fit for Life (economics for success)" Programme and has extend over the years to the Company Programme and Job Shadow Day to reach a more diverse student population. Despite 2021 being a challenging year, the partnership was able to exceed the student target reach. This was achieved as Jonk Entrepreneuren and BNY worked together to identify new opportunities and develop new solutions for the activities and programs.

Between April and December of 2021, BNY Mellon and Volunteers worked alongside Jonk Entrepreneuren with the Company Programs, Job Shadow Day and Fit for Life. The partnership also promoted **Female Entrepreneurship** by including female mentors who acted as role models to the students

The partnerships and expertise of the BYN Mellon professionals has allowed Jonk Entrepreneuren to effectively invest in the education of young people and equip them with the necessary skills and competencies to succeed in their future careers.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
JE	200	235	12	12

Jong Ondernemen - The Netherlands

Jong Ondernemen and BNY Mellon continued to have a strong collaboration this year. The partnership focused on the Company of the Year Final Competition and the Start-Up Festival. JA and BNY Mellon continued to expand their communication from April to December and kept it consistent throughout year. **Two BNY Mellon Volunteers** and **30 students** participated in the Junior Company of the Year Final.

COVID continued to present many challenges, yet together BNY Mellon and Jong Ondernemen were able to exceed their target and reach a total of 725 students from April to December of 2021.

Organisation	Students Target	Students Reached	Volunteers Target	Volunteers engaged
JO	400	725	4	2

Buddy Bubbles – The power of the group

During these unprecedented remote working conditions employees have felt disconnected from the usual everyday interactions they experience in the office (watercooler, café, lift lobby etc). Additionally - already experiencing a pandemic fatigue –employee might feel an increased sense of anxiety and reduced levels of energy. With the aim to energize, motivate, engage BNY Mellon SA/NV employees and facilitate access to management, the CEO and the Executive Committee have organized casual, virtual “get together” meetings with a small sized group in Q1 2021.

Those “get together” meetings helped engaging employees by connecting them with each other and with senior leaders.

Feedback received from participants:

Real added value

Good to share our views on the daily work, covid, personal lives...

Great for networking

Made me feel connected

Really relaxed -nice way to chat with people outside your own team/department

Excellent Format, small group, no agenda

Fantastic initiative for numerous reasons.
1 - Normalisation - we are all in it together
2 - Opportunity to speak to Seniors
3 - Venting and support
4 - Networking
5 - Hearing different perspectives

Well moderated

Winning Culture - Frankfurt

Based on the bank's Values and Behaviors, Winning Culture drives cultural change across the location.
Through our activities and events, we include with all staff in Frankfurt to help us build a highly collaborative and engaging environment where individuals and teams can live up to their full potential.

Ongoing Initiatives in 2021 & Beyond

- Corporate Induction Day for New Hires (November 4th and 5th, 2021)
- Two-day program in which all LOBs, LE, BP presented their department/area to new joiners so they can learn quickly 'who is who and does what', understand the enterprise, our products and services, our values and expectations, connect the dots and become part of the BNY Mellon family.
- We trust that this will result in a collaboration with the LOBs and the interconnectivity and synergies will aid in a seamless delivery of extensive and compelling value propositions to clients and stakeholders.
- Social Buddy Program (ongoing):
  - Each new joiner will be assigned a social buddy from a different LOB/ department to foster collaboration and connect new joiners faster within BNYM.
- Coffee Roulette (May 2021)

    - An initiative to connect employees cross LEs/LOBs for an one hour coffee session. Each session was hosted by a manager based in Frankfurt and all employees were invited to sign up (around four to five per session) for an informal exchange.
- The Frame
    - A group of Frankfurt photo enthusiasts who set themselves assignments such as “orange” or “visible sounds”, go out and shoot and share their images with the group.
- Bundesliga Stammtisch (weekly, every Monday evening)
    - Colleagues gather on Monday evenings to discuss the results of the German soccer league.
- WOW Award Campaign
- Campaign to promote BNY Mellon’s WOW program for recognition and increase adoption across the site

Re-Connect Events throughout 2021

- Hike & Dine (Sep 16, 2021)
    - Winning Culture Team organized a walk from a local recreation area to a restaurant in the Saschsenhausen forest. Invited were all Frankfurt employees, and their dogs (where applicable).
- Picknick in the Park (July 22nd, 2021)
- Colleagues joined a fine dining picknick in the park of the historical Schlosshotel Kronberg.
- Frankfurt Old-Town Sightseeing Tour (Oct 7th, 2021)
- A guided tour through the rebuilt historic center of Frankfurt was offered, followed by dinner.
- Guided Museum Tour at the Städel
- Employees joined a guided tour ‘Georg Baselitz – An Austrian painter’ and got a very interesting view on his figurative, expressive work, followed by a joined tapas dinner.
- Hexenhaus Challenge & Coffee (Dec 9th and 16th, 2021)
- Frankfurt employees participated in self-constructing a Hexenhaus (Gingerbread House) and present it during a coffee break. Afterwards the most beautiful house got elected and awarded with a BNYM gimmick.

BOARD STATEMENT

The Board of Directors has the responsibility of establishing the annual accounts and consolidated financial statements of The Bank of New York Mellon SA/NV (BNY Mellon SA/NV) as of and for the year ended December 31, 2021 pursuant to Belgian law.

On 28 April 2022, the annual accounts and consolidated financial statements of BNY Mellon SA/NV were discussed at the Board of Directors.

The Board states that, to the best of its knowledge and in good faith, the BNY Mellon SA/NV's annual accounts and consolidated financial statements, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS), give a true and fair view of the financial position and of the results of BNY Mellon SA/NV and that the information provided does not include any omission in kind, significantly affecting the true and fair view of the annual accounts and consolidated financial statements.

The annual accounts and consolidated financial statements as of December 31, 2021 will be submitted for approval to the ordinary shareholders meeting to be held on 31 May 2022.

In 2021, decisions taken by the Board required the application of Art. 7:96 of the Belgian Companies and Associations Code and Art. 24 bis of the Act of 25 April 2014 on the status and oversight of credit institutions on conflicts of interest. No decisions taken by the Executive Committee required the application of Art. 59/1 of the Act of 25 April 2014 on the status and oversight of credit institutions on conflicts of interest.

Brussels, 28 April 2022

For the Board of Directors

Olivier Lefebvre
Chairman

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF BNY MELLON SA/NV

Rapport du commissaire à l’assemblée générale de The Bank of New York Mellon SA sur les comptes consolidés pour l’exercice clos le 31 décembre 2021

Dans le cadre du contrôle légal des comptes consolidés de The Bank of New York Mellon SA (la «Société») et de ses filiales (conjointement « le Groupe »), nous vous présentons notre rapport du commissaire. Celui-ci inclut notre rapport sur les comptes consolidés pour l’exercice clos le 31 décembre 2021, ainsi que les autres obligations légales et réglementaires. Le tout constitue un ensemble et est inséparable.

Nous avons été nommés en tant que commissaire par l’assemblée générale du 8 juin 2021, conformément à la proposition de l’organe d’administration émise sur recommandation du comité d’audit et sur présentation du conseil d’entreprise. Notre mandat de commissaire vient à échéance à la date de l’assemblée générale délibérant sur les comptes annuels clôturés au 31 décembre 2023. Nous avons exercé le contrôle légal des comptes consolidés du Groupe durant treize exercices consécutifs.

Rapport sur les comptes consolidés

Opinion sans réserve

Nous avons procédé au contrôle légal des comptes consolidés du Groupe pour l’exercice clos le 31 décembre 2021, établis conformément aux normes internationales d’information financière (IFRS) telles qu’adoptées par l’Union Européenne et aux dispositions légales et réglementaires applicables en Belgique. Ces comptes consolidés comprennent l’état consolidé de la situation financière au 31 décembre 2021, ainsi que l’état consolidé du résultat et d’autres résultats globaux, l’état consolidé des variations de fonds propres et le tableau des flux de trésorerie consolidé de l’exercice clos à cette date, ainsi que des annexes contenant un résumé des principales méthodes comptables et d’autres informations explicatives. Le total de l’état consolidé de la situation financière s’élève à 39.956.655 (000) EUR et l’état consolidé du résultat et d’autres résultats globaux se solde par un bénéfice net de l’exercice de 228.867 (000) EUR.

À notre avis, ces comptes consolidés donnent une image fidèle du patrimoine et de la situation financière du Groupe au 31 décembre 2021, ainsi que de ses résultats consolidés et de ses flux de trésorerie consolidés pour l’exercice clos à cette date, conformément aux normes internationales d’information financière (IFRS) telles qu’adoptées par l’Union Européenne et aux dispositions légales et réglementaires applicables en Belgique.

Fondement de l’opinion sans réserve

Nous avons effectué notre audit selon les Normes internationales d’audit (ISA) telles qu’applicables en Belgique. Par ailleurs, nous avons appliqué les normes internationales d’audit approuvées par l’IAASB et applicables à la présente clôture et non encore approuvées au niveau national. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la

Siège:
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B-1930 Zaventem

KPMG Bedrijfsrevisoren - KPMG Réviseurs d’Entreprises BV/SRL
Numéro d’entreprise 0419.122.548
TVA BE 0419.122.548
RPM Bruxelles
IBAN : BE 95 0018 4771 0358
BIC : GEBABEBB

section « Responsabilités du commissaire relatives à l'audit des comptes consolidés » du présent rapport. Nous nous sommes conformés à toutes les exigences déontologiques qui s'appliquent à l'audit des comptes consolidés en Belgique, en ce compris celles concernant l'indépendance.

Nous avons obtenu de l'organe d'administration et des préposés de la Société, les explications et informations requises pour notre audit.

Nous estimons que les éléments probants que nous avons recueillis sont suffisants et appropriés pour fonder notre opinion.

Points clés de l'audit

Les points clés de l'audit sont les points qui, selon notre jugement professionnel, ont été les plus importants lors de l'audit des comptes consolidés de la période en cours. Ces points ont été traités dans le contexte de notre audit des comptes consolidés pris dans leur ensemble et lors de la formation de notre opinion sur ceux-ci. Nous n'exprimons pas une opinion distincte sur ces points.

<u>Systèmes informatiques et contrôles automatisés à l'égard de l'information financière</u>

Description

Nous avons identifié les systèmes informatiques et les contrôles automatisés à l'égard de l'information financière comme point clé de l'audit du Groupe car les processus de production de l'information comptable et financière dépendent fondamentalement des systèmes informatiques et des contrôles liés à ceux-ci pour traiter des volumes significatifs de transactions. Les processus comptables automatisés et l'environnement de contrôle des systèmes informatiques, qui comprennent la gouvernance informatique ainsi que les contrôles généraux sur ces systèmes tels que les contrôles relatifs aux développements et changements, aux accès aux programmes et aux données, et aux opérations informatiques, doivent être conçus et opérer de façon effective afin d'assurer la fiabilité de l'information financière. Les calculs et autres contrôles automatisés des applications (y compris les contrôles d'accès logique) ainsi que les interfaces entre les systèmes informatiques sont particulièrement importants.

Nos procédures d'audit

Assistés de nos spécialistes informatiques, nous avons effectué les procédures suivantes :

— Evaluation du cadre de gouvernance du Groupe en matière de gestion des systèmes informatiques.

— Evaluation de la conception et de l'efficacité opérationnelle des contrôles généraux sur les systèmes informatiques tels que les contrôles relatifs aux développements et changements, aux accès aux programmes et aux données, et aux opérations informatiques.

— Evaluation de la conception et de l'efficacité opérationnelle des contrôles automatisés des processus clés ayant un impact sur l'information financière produite par le Groupe, en prenant en considération les contrôles compensatoires qui ne sont pas impactés par des contrôles généraux et les procédures substantives additionnelles considérées comme nécessaires.

— Evaluation de l'intégrité des données transmises au travers des différents systèmes informatiques vers les systèmes concourant à la production de l'information financière.

Actifs détenus par le dépositaire

Nous référons à l'annexe n°26.2 « Hors bilan » des comptes consolidés, à laquelle est mentionné le montant d'actifs détenus par le dépositaire.

Description

Nous avons identifié que les actifs détenus par le dépositaire était un point clé de l'audit pour le Groupe parce qu'en raison de ses opérations (principalement l'administration d'actifs), l'information sur les actifs détenus par le dépositaire est considérée comme importante. C'est également un indicateur clé qui donne une indication sur la taille des activités du Groupe. De plus, en raison du régime belge applicable à la protection des actifs des clients ('Client Asset Protection' ou 'CAP') (cf. circulaire PPB-2007-7-CPB émise par le régulateur le 10 avril 2007), l'accent est mis sur le respect des exigences imposées par les parties prenantes du Groupe, y compris l'exhaustivité et l'exactitude des montants rapportés sous les actifs détenus par le dépositaire.

Nos procédures d'audit

Assistés de nos spécialistes en réglementation bancaire et en informatique, nous avons effectué les procédures suivantes :

— Nous avons évalué la mise en place et testé l'efficacité opérationnelle des contrôles manuels et automatisés relatifs au processus de rapportage des actifs détenus par le dépositaire, en ce compris les contrôles devant assurer la qualité des données sources, l'exhaustivité des actifs détenus par le dépositaire ainsi que leur tarification.

— Nous avons sélectionné un échantillon de contrats et avons corroboré les conclusions de la direction à propos du respect des exigences liées à la protection des actifs détenus par le dépositaire et au rapportage.

— Pour un échantillon, nous avons testé la répartition des actifs détenus par le dépositaire entre les différentes entités juridiques du groupe The Bank of New York Mellon Corp. en comparant les données du système opérationnel avec les confirmations reçues des préposés en question et/ou d'autres documents vérifiables.

— Nous avons évalué le processus de réconciliation entre les actifs détenus par le dépositaire extraits des systèmes opérationnels du Groupe et les actifs détenus par le dépositaire tels que repris dans l'annexe n°26.2 "Hors bilan" des comptes consolidés.

Provision pour plaintes et litiges

Nous référons aux annexes n°20 « Provisions » et n°26.1 « Actions en justice » des comptes consolidés.

Description

Au 31 décembre 2021, l'état consolidé de la situation financière du Groupe inclut une provision pour plaintes et litiges s'élevant à 141.089 (000) EUR.

Par la nature de ses activités, le Groupe est impliqué dans un nombre limité de plaintes et litiges juridiques. Une issue défavorable de ces plaintes et litiges pourrait par contre avoir un impact potentiellement significatif sur la situation financière du Groupe.

Il existe inévitablement une incertitude inhérente à chaque procédure juridique. De plus, certains litiges pourraient s'avérer être complexes tant par la nature des sujets abordés que par la spécificité de leurs aspects juridiques. La direction de la Société reconnait une provision pour plaintes et litiges sur la base de la prévision de la probabilité que le règlement de chaque procédure juridique entraîne une sortie de ressources pouvant être déterminée de manière fiable. L'évaluation de l'issue d'une plainte ou d'un litige, ainsi que de la quantification du risque, comprennent inévitablement un niveau important de jugement.

Nos procédures d'audit

Assistés de nos spécialistes en droit et en fiscalité, nous avons effectué les procédures suivantes :

— Nous avons évalué la procédure mise en place par la direction pour prévoir l'issue des plaintes et des litiges, ainsi que le caractère approprié de l'évaluation.

— Nous avons évalué la capacité historique de la direction de déterminer avec précision la probabilité d'un règlement des plaintes et litiges et avons évalué le caractère raisonnable de la prévision actuelle.

— Nous avons analysé l'évaluation des plaintes et litiges par la direction en la corroborant à de la correspondance considérée comme pertinente ainsi qu'au registre des plaintes.

— Nous avons consulté le dernier rapport émis par le conseiller juridique interne de la Société, y compris l'analyse de la motivation des conclusions formulées.

— Nous avons consulté et analysé la correspondance avec les avocats externes en réponse à nos demandes de confirmation du statut des procédures juridiques en cours et avons évalué l'impact de cette évidence sur le caractère approprié des provisions.

— Nous avons évalué l'information présentée aux annexes n°20 « Provisions » et n°26.1 « Actions en justice » des comptes consolidés.

Responsabilités de l'organe d'administration relatives à l'établissement des comptes consolidés

L'organe d'administration est responsable de l'établissement des comptes consolidés donnant une image fidèle conformément aux normes internationales d'information financière (IFRS) telles qu'adoptées par l'Union Européenne et aux dispositions légales et réglementaires applicables en Belgique, ainsi que du contrôle interne qu'il estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à l'organe d'administration d'évaluer la capacité du Groupe à poursuivre son exploitation, de fournir, le cas échéant, des informations relatives à la continuité d'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si l'organe d'administration a l'intention de mettre le Groupe en liquidation ou de cesser ses activités ou s'il ne peut envisager une autre solution alternative réaliste.

Responsabilités du commissaire relatives à l'audit des comptes consolidés

Nos objectifs sont d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et d'émettre un rapport du commissaire contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permettra de toujours détecter toute anomalie significative existante. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes consolidés prennent en se fondant sur ceux-ci.

Lors de l'exécution de notre contrôle, nous respectons le cadre légal, réglementaire et normatif qui s'applique à l'audit des comptes consolidés en Belgique. L'étendue du contrôle légal des comptes consolidés ne comprend pas d'assurance quant à la viabilité future du Groupe ni quant à l'efficience ou l'efficacité avec laquelle l'organe d'administration a mené ou mènera les affaires du Groupe. Nos responsabilités relatives à l'application par l'organe d'administration du principe comptable de continuité d'exploitation sont décrites ci-après.

Dans le cadre d'un audit réalisé conformément aux normes ISA et tout au long de celui-ci, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique. En outre:

— nous identifions et évaluons les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définissons et mettons en œuvre des procédures d'audit en réponse à ces risques, et recueillons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;

— nous prenons connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, mais non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Groupe;

— nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par l'organe d'administration, de même que des informations les concernant fournies par ce dernier;

— nous concluons quant au caractère approprié de l'application par l'organe d'administration du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Groupe à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport du commissaire sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants recueillis jusqu'à la date de notre rapport du commissaire. Cependant, des situations ou événements futurs pourraient conduire le Groupe à cesser son exploitation;

— nous apprécions la présentation d'ensemble, la structure et le contenu des comptes consolidés et évaluons si les comptes consolidés reflètent les opérations et événements sous-jacents d'une manière telle qu'ils en donnent une image fidèle;

— nous recueillons des éléments probants suffisants et appropriés concernant les informations financières des entités ou activités du Groupe pour exprimer une opinion sur les comptes consolidés. Nous sommes responsables de la direction, de la supervision et de la réalisation de l'audit au niveau du groupe. Nous assumons l'entière responsabilité de l'opinion d'audit.

Nous communiquons au comité d'audit notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus, ainsi que les constatations importantes relevées lors de notre audit, y compris toute faiblesse significative dans le contrôle interne.

Nous fournissons également au comité d'audit une déclaration précisant que nous nous sommes conformés aux règles déontologiques pertinentes concernant l'indépendance, et leur communiquons, le cas échéant, toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir une incidence sur notre indépendance ainsi que les éventuelles mesures de sauvegarde y relatives.

Parmi les points communiqués au comité d'audit, nous déterminons les points qui ont été les plus importants lors de l'audit des comptes consolidés de la période en cours, qui sont de ce fait les points clés de l'audit. Nous décrivons ces points dans notre rapport du commissaire, sauf si la loi ou la réglementation en interdit la publication.

Autres obligations légales et réglementaires

Responsabilités de l'organe d'administration

L'organe d'administration est responsable de la préparation et du contenu du rapport de gestion sur les comptes consolidés, et des autres informations contenues dans le rapport annuel.

Responsabilités du commissaire

Dans le cadre de notre mission et conformément à la norme belge complémentaire aux normes internationales d'audit (ISA) applicables en Belgique, notre responsabilité est de vérifier, dans leurs aspects significatifs, le rapport de gestion sur les comptes consolidés, et les autres informations contenues dans le rapport annuel, ainsi que de faire rapport sur ces éléments.

Aspects relatifs au rapport de gestion sur les comptes consolidés et aux autres informations contenues dans le rapport annuel

A l'issue des vérifications spécifiques sur le rapport de gestion sur les comptes consolidés, nous sommes d'avis que celui-ci concorde avec les comptes consolidés pour le même exercice et a été établi conformément à l'article 3:32 du Code des sociétés et des associations.

Dans le cadre de notre audit des comptes consolidés, nous devons également apprécier, en particulier sur la base de notre connaissance acquise lors de l'audit, si le rapport de gestion sur les comptes consolidés et les autres informations contenues dans le rapport annuel, à savoir:

— Chiffres clés et lettre du CEO

comportent une anomalie significative, à savoir une information incorrectement formulée ou autrement trompeuse. Sur la base de ces travaux, nous n'avons pas d'anomalie significative à vous communiquer.

Mentions relatives à l'indépendance

— Notre cabinet de révision et notre réseau n'ont pas effectué de missions incompatibles avec le contrôle légal des comptes consolidés et notre cabinet de révision est resté indépendant vis-à-vis du Groupe au cours de notre mandat.

— Les honoraires relatifs aux missions complémentaires compatibles avec le contrôle légal visées à l'article 3:65 du Code des sociétés et des associations ont correctement été valorisés et ventilés dans l'annexe des comptes consolidés.

Autres mentions

— Nous faisons référence au rapport de gestion sur les comptes consolidés qui énonce le point de vue de l'organe d'administration selon lequel le Groupe est exempté de l'obligation de préparer et de publier l'information non-financière tel que requise par l'article 3:32, §2 du Code des sociétés et des associations étant donné que la Société est une filiale du groupe The Bank of New York Mellon Corp, qui prépare un rapport annuel consolidé qui inclut l'information non-financière.

— Le présent rapport est conforme au contenu de notre rapport complémentaire destiné au comité d'audit visé à l'article 11 du règlement (UE) n° 537/2014.

Zaventem, le 31 mai 2022

KPMG Réviseurs d'Entreprises
Commissaire
représentée par

Digitally signed by
Stéphane Nolf
(Authentication)

Stéphane Nolf
Réviseur d'Entreprises

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December		2021	2020
	Notes	In € '000	In € '000
Interest income	2	237,340	283,693
Interest expense	2	132,214	152,228
Net interest income		105,125	131,465
Fee and commission income	3	820,039	763,868
Fee and commission expense	3	310,158	271,918
Net fee and commission income		509,881	491,950
Net trading income and gains on non-qualifying economic hedges and other derivatives	4	54,289	39,197
Gains from sales of FVOCI debt instruments	5	3,549	10,873
Other operating income	5	6,048	11,780
Total operating income		**678,892**	**685,265**
Personnel expenses	6	180,144	173,025
Depreciation of Property and Equipment	16	13,389	12,779
Amortization/impairment of Intangible assets (other than goodwill)	17	3,511	3,403
Impairment (reversal) of financial assets not measured at fair value through profit and loss		(715)	1,889
Provisions	20	7,653	4,658
Other operating expenses	7	176,652	163,268
Total operating expenses		**380,635**	**359,022**
Profit before tax from continuing operations[8]		**298,258**	**326,243**
Tax expense related to profit from continuing operations	8	69,390	81,030
NET PROFIT FOR THE YEAR[9]		**228,867**	**245,214**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gains /(losses) on defined benefit plans	22.2	17,542	18,206
Related tax	8.2	(3,576)	(5,085)
		13,967	**13,121**
Items that are or may be reclassified subsequently to profit or loss			
Movement in fair value reserve			
Net change in fair value		(179,372)	127,035
Net amount transferred to profit and loss		(3,493)	(10,873)
Related tax	8.2	45,468	(29,325)
		(137,397)	**86,836**
Other comprehensive income for the year, net of tax		105,437	345,171
Total comprehensive income for the year, net of tax		**105,437**	**345,171**

[8] BNY Mellon SA/NV has no discontinued operations; accordingly, no profit or loss allocated to discontinued operations has been presented on the face of the consolidated statement of profit and loss and other comprehensive income.
[9] All net profit/loss is attributable to the equity holders of the parent. The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 In € '000	2020 In € '000
ASSETS			
Cash and cash balances with central banks	10	19,861,195	17,562,524
Derivative financial instruments	14	368,555	500,209
Loans and advances to customers	11	6,318,493	7,902,902
Investment securities	12	12,805,769	13,388,973
Current tax assets	8	10,634	17,082
Other assets	15	480,774	306,912
Property and equipment	16	40,562	41,818
Deferred tax assets	8	2,041	3,024
Goodwill and other intangible assets	17	68,633	28,990
TOTAL ASSETS		**39,956,655**	**39,752,434**
LIABILITIES			
Derivative financial instruments	14	316,735	583,009
Deposits from central banks	18	83,825	491,483
Deposits from financial institutions	18	31,942,391	31,780,474
Deposits from non-financial institutions	18	240,346	186,560
Subordinated liabilities	18	—	358,207
Long term debt	18	3,166,861	2,309,730
Other financial liabilities	18	35,374	34,617
Current tax liabilities	8	50,108	35,282
Other liabilities	19	375,028	279,406
Provisions	20	141,796	156,477
Deferred tax liabilities	8	9,013	50,941
TOTAL LIABILITIES		**36,361,477**	**36,266,185**
EQUITY			
Issued capital	23	1,754,386	1,754,386
Share premium	23	33,333	33,333
Retained earnings		1,743,534	1,514,667
Other reserves		63,925	183,863
TOTAL EQUITY		**3,595,178**	**3,486,249**
TOTAL LIABILITIES AND EQUITY		**39,956,655**	**39,752,434**

All equity is attributable to the equity holders of the parent

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of BNY Mellon SA/NV				
	Issued capital	Share premium	Retained earnings	Other reserves	Total equity
	In '000 €	In '000 €	In '000 €	In '000 €	In '000 €
As at January 1, 2020	1,754,385	33,333	1,269,453	81,789	3,138,960
Total comprehensive income					
Profit for the year	—	—	245,214	—	245,214
Other comprehensive income, net of tax					
Remeasurement gains/(losses) on defined benefit plans (Note 22)	—	—	—	18,206	18,206
Fair value reserve (FVOCI debt instruments)					
Net change in fair value	—	—	—	127,035	127,035
Net amount transferred to profit and loss	—	—	—	(10,873)	(10,873)
Tax on other comprehensive income (Note 8)	—	—	—	(34,410)	(34,410)
Total other comprehensive income	—	—	—	99,957	99,957
Total comprehensive income	—	—	245,214	99,957	345,171
Share-based payments (Note 25)				2,117	2,117
Transactions with owners	0	0	—	2,117	2,117
At 31 December 2020	1,754,385	33,333	1,514,667	183,864	3,486,248
Total comprehensive income					
Profit for the year	—	—	228,867	—	228,867
Other comprehensive income, net of tax					
Remeasurement gains /(losses) on defined benefit plans (Note 22)	—	—	—	17,542	17,542
Fair value reserve (FVOCI debt instruments)					
Net change in fair value	—	—	—	(179,372)	(179,372)
Net amount transferred to profit and loss	—	—	—	(3,493)	(3,493)
Tax on other comprehensive income (Note 8)	—	—	—	41,892	41,892
Total other comprehensive income	—	—	—	(123,431)	(123,431)
Total comprehensive income	—	—	228,867	(123,431)	105,437
Share-based payments (Note 25)				3,492	3,492
Transactions with owners	—	—	—	3,492	3,492
At 31 December 2021	1,754,385	33,333	1,743,534	63,925	3,595,177

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021	2020
		In € '000	In € '000
OPERATING ACTIVITIES			
Net Profit for the year		228,867	245,214
Adjustments for:		(10,740)	(40,097)
Net interest income	2	(105,125)	(131,465)
Current and deferred tax expenses	8	69,390	81,030
Depreciation and amortization	16, 17	16,900	16,182
Provisions	20	7,653	4,658
Gains from sales of FVOCI debt instruments	5	(3,549)	(10,873)
Other[10]		3,991	373
Changes in:			
Monetary reserves	10	(37,192)	(17,451)
Loans and advances	11	1,584,409	931,648
Investment securities	12	(473,860)	661,697
Derivative financial assets	14	131,655	(342,203)
Other assets	15	(173,862)	19,031
Deposits from central banks	18	(407,658)	(53,927)
Deposits from credit institutions	18	(196,289)	6,091,645
Deposits (other than credit institutions)	18	53,786	142,308
Derivative financial liabilities	14	(266,273)	420,444
Other financial liabilities	18,26.4	11,252	3,523
Other liabilities and provisions	19, 20	90,830	(88,526)
Interest received	2	237,340	283,693
Interest paid	2	(132,214)	(152,228)
Income taxes refunded		23,480	13,396
Income taxes paid		(71,126)	(86,474)
Net cash from operating activities		**592,405**	**8,031,692**
INVESTING ACTIVITIES			
Purchase of tangible assets	16	(12,126)	(5,346)
Disposal of tangible assets	16	22	31
Purchase of intangible assets	17	(43,155)	(101)
Proceeds from sales of debt securities		4,714,019	5,970,920
Purchase of debt securities		(3,836,324)	(7,198,225)
Net cash used in investing activities		**822,436**	**(1,232,721)**
FINANCING ACTIVITIES			
Long term debt withdrawn	18	857,132	—

[10] Other mainly consists of non-cash transactions, including mainly share based payments reserves and sales tax and other.

Payments of lease liabilities[11]	26.4	(10,495)	(8,892)
Net cash used in financing activities		**846,636**	**(8,892)**
Net increase/decrease in cash and cash equivalents		**2,261,477**	**6,790,080**
Cash and cash equivalents at beginning of the period		17,245,093	10,455,009
Effect of exchange rate fluctuations on cash and cash equivalents[12]		—	—
Cash and cash equivalents at the end of the period	**10**	**19,506,571**	**17,245,093**
Components of cash and cash equivalents:			
Cash and cash balances with central banks[13]		19,506,571	17,245,093

The accompanying notes are an integral part of these consolidated financial statements.

[11] BNY Mellon SA/NV has classified cash payments for the principal portion of lease payments as financing activities and cash payments for interest portion as operating activities consistent with the presentation of other interest payments.
[12] Cash and Cash balances with central banks are mainly invested in Euro.
[13] Cash and cash balances with central banks does not contain monetary reserves amount as compared to Note 10.

SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Policies

1.1. Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Euro (€) and all values are rounded to the nearest € thousand, except where otherwise indicated.

The consolidated financial statements of The Bank of New York Mellon SA/NV, its branches and subsidiaries (hereinafter "BNY Mellon SA/NV") have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS).

The consolidated financial statements provide comparative information in respect of the previous period. BNY Mellon SA/NV presents its consolidated statement of financial position broadly in order of liquidity.

1.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of BNY Mellon SA/NV and its subsidiaries as at and for the year ended 31 December 2021. The individual financial statements of BNY Mellon SA/NV's subsidiaries are prepared for the same reporting year as BNY Mellon SA/NV, with the exception of BNY AIS Nominees Limited which has a year end of 31 March. The accounting policies of subsidiaries are consistent with those of the parent.

Subsidiaries are consolidated from the date on which control is transferred to BNY Mellon SA/NV until the date BNY Mellon SA/NV ceases to control the subsidiary. Control is achieved when BNY Mellon SA/NV is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, BNY Mellon SA/NV controls an investee if, and only if, BNY Mellon SA/NV has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The existence and the effect of potential voting rights that are currently exercisable or convertible are considered when assessing the control of BNY Mellon SA/NV over another entity. BNY Mellon SA/NV re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The results of subsidiaries acquired or disposed of during a financial year are included in the consolidated statement of profit and loss and other comprehensive income from the date of acquisition or up to the date of disposal. All intra-group balances and transactions between BNY Mellon SA/NV's entities and gains and losses there from are eliminated in full on consolidation.
No non-controlling interests are presented in the consolidated financial statements since BNY Mellon SA/NV owns 100% of each its subsidiaries' issued share capital.

1.3. Use of Judgments and Estimates

In the process of applying BNY Mellon SA/NV's accounting policies, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions a reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Estimates and assumptions

The key areas in which changes to management's assumptions concerning future economic and market conditions, and other key sources of estimation uncertainty at the reporting date, have a significant risk of affecting the carrying amounts of assets and liabilities within the next financial year, are described below. BNY Mellon SA/NV bases its assumptions and estimates on conditions existing and information available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of BNY Mellon SA/NV. Such changes are reflected in the assumptions when they occur.

Going concern

BNY Mellon SA/NV's business activities, together with the factors likely to affect its future development, performance and position are set out in the Board of Directors' report, including the impact of the ongoing COVID-19 pandemic. In addition, the explanatory notes, which includes BNY Mellon SA/NV's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit and liquidity risk, are an integral part of the consolidated financial statements.

BNY Mellon SA/NV's management performs an annual going concern review that considers, under a stress test scenario, BNY Mellon SA/NV's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the consolidated financial statements are approved by the Board of Directors.

Based on the above assessment of BNY Mellon SA/NV's financial position, liquidity and capital, the management has concluded that BNY Mellon SA/NV has adequate resources to continue in operational existence for the foreseeable future defined as a period of at least twelve months after the date that the annual accounts are approved. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon BNY Mellon SA/NV's ability to continue as a going concern. Accordingly, the consolidated financial statements are prepared using the going concern basis of accounting.

None has marked 2020 and 2021 more than the COVID-19 global pandemic causing a swift crash and then record fast recovery of the stock exchange, economic disruption, high volatility on the capital markets activities. Despite this adverse scenario, BNY Mellon SA/NV continued to operate business as usual without disruption to business continuity or outsourced operations.

From a financial perspective, the net profit after tax of BNY Mellon SA/NV amounted to €225.7 million in 2021, down -8% compared to the net income of €245.2 million in 2020, resulting in a positive 7% return on equity in 2021 (vs positive 8% in 2020). The reduction is mainly attributed to lower net Interest revenues (-20%), primarily reflecting lower interest rates on interest-earning assets, partially offset by the benefit of lower funding and deposit rates and larger deposit balances. To mitigate, the non-interest income has increased by 7%

compared to 2020. This is explained by higher Asset servicing fee income (+9%) reflecting higher market values and client activity. In 2021, 29% of the non-interest income is coming from the BNYM Group in line with 2020 (28%). The balance sheet remained stable at year-end of 2021 at spot compared to 2020.

In this context, we continued to maintain a strong balance with high levels of capital, liquid assets and low levels of leverage. This demonstrates the BNY Mellon SA/NV's resilience to any short (i.e. ongoing Covid-19 pandemic) to medium term financial shock which may impact the BNY Mellon SA/NV's business and that the BNY Mellon SA/NV is a low risk institution for our clients and regulators.

Pension obligation

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using an actuarial valuation. The actuarial calculation involves making assumptions about factors, including the discount rate, future salary increases, inflation and mortality rates. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. See explanatory note 22 for discussion of assumptions used.

IFRS 9 Financial instruments

Classification of financial assets, including the assessment of business model and the contractual terms of financial assets are elaborated in note 1.6.3. Determining inputs into the ECL measurement model, including incorporation of forward looking information is included in note 28.

Recognition and measurement of contingencies

Key assumptions about the likelihood and magnitude of an outflow of resources are included in note 26.1.

1.4. Changes in Accounting Policies

The following new and amended IFRS and IFRIC interpretations were considered by BNY Mellon SA/NV, these being endorsed by European Union in 2021 and effective for annual periods beginning on or after 1 January 2021. These amended standards are not applicable or had limited or no impact on BNY Mellon SA/NV consolidated financial statements:

- *Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021(issued on 31 March 2021)*
- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)*
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)*
- *IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)*

Interbank Offered Rates (“IBOR”) reform
The Financial Stability Board (“FSB”) has conducted a review of major interest rate benchmarks in use across the world’s financial markets, including Interbank Offered Rates,

and subsequently made recommendations to review and reform benchmarks, and to transition to alternate reference rates.

The BNY Mellon Global IBOR Transition Program ("the Program") has been set up to manage the IBOR transition. The Program focuses on, among other things, evaluating and monitoring the impacts of the discontinuance of reference IBORs and the transition to replacement benchmarks on our business operations and financial condition; identifying and evaluating the scope of impacted financial instruments and contracts and the attendant risks; and implementing technology systems, models and analytics to support the transition. As part of the Program, BNYM SA/NV continues to assess the impact of the planned phasing out of IBORs and track its progress against the planned transition to alternative reference rates as required by the regulators.

Since January 1, 2022 all CHF and EUR LIBOR settings, the 1 week and 2 months USD LIBOR settings, and the overnight/ spot next, 1 week, 2 month and 12-month GBP and JPY LIBOR settings have officially ceased to exist. The benchmark administrator IBA (ICE Benchmark Administration) is no longer publishing these rates.

IBA expects to continue to determine and publish the Overnight and the 1-, 3-, 6- and 12-month USD LIBOR settings using panel bank contributions until the end of June 2023. The overnight and 12-month USD LIBOR setting will cease immediately after June 30, 2023. New transactions in these rates are not allowed from January 1, 2022, unless Line of Business specific procedures and approvals are provided.

The Financial Conduct Authority ("FCA") has designated the 1-, 3- and 6-months GBP and JPY LIBOR settings as "Article 23A benchmarks" for the purposes of the UK Benchmarks Regulation (the "BMR") with effect from January 1, 2022 and is compelling IBA to publish these settings for the duration of 2022. The FCA is requiring IBA to calculate these settings using a changed, "synthetic" methodology. The "synthetic" methodology is not based on panel bank contributions and is not representative of the underlying market for the purposes of the BMR. These rates are also not allowed to be used for new transactions.

Given the nature of the assets held by BNYM SA/NV, the primary exposures to such rates are deemed to be low compared to traditional broker-dealers and market liquidity providers in the banking sector.

Working with the Program, BNYM SA/NV is taking steps to manage its principal exposure to IBOR-based instruments via explicit investment decisions, and focussing on mitigating the risks identified. This has included monitoring market developments through industry groups and consultations, regularly engaging with clients to monitor expected client impacts and ensure transition awareness, and to remediate or restructure operational areas where updates are deemed to be required in relation to expected changes. BNYM SA/NV continues to actively engage with regulatory authorities such as the European Central Bank ("ECB") to adequately respond to regulatory guidance relating to the transition.

The International Accounting Standards Board ("IASB")'s Phase 1 amendments- *"IBOR Reform and its Effects on Financial Reporting"* provided temporary reliefs which enabled hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate ("RFR"). The Phase 1 amendments have no impact on BNYM SA/NV because there is currently no hedging activity. An impact assessment is under review as part of the enterprise-wide Transition Program with specific consideration of contract modifications and consideration of alternative interest rates with respect to the Phase 2 amendment- *"Interest Rate Benchmark Reform".*

The Bank of New York Mellon SANV is dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle, providing services to clients and end-users of financial services. In this context, the Firm's balance sheet consists primarily of cash, liquid funds and highly-rated investment securities that are used to facilitate client transactions, without underwriting the issuance of products which may reference EURIBOR, euro overnight index average ("EONIA") or other LIBOR rates ("the IBORs"). As a result, the Firm's principal exposures to these IBORs as well as the associated market and liquidity risks are low compared to traditional commercial or investment banks and market liquidity providers in the banking sector.

However, the Firm is indirectly exposed to instruments that reference EURIBOR, EONIA and the other IBORs through the services it provides to clients' financial assets. The risks associated with these indirect exposures have been reduced due to the approval of EURIBOR under the EU Benchmarks Regulation (Regulation (EU) 2016/1011) ("BMR") and to the Critical Benchmark Act and the introduction for 2022 in particular of synthetic LIBOR for GBP and JPY LIBORs. In addition, EONIA is rarely used as a relevant benchmark within our service portfolio. Therefore, the identified risks associated with services provided for our clients mainly relate to the other IBORs. Given the limited applicability of these risks for the Firm, the overall risk profile is perceived to be low.

Certain operational risks however exist regarding BNYM SA/NV's business model, including execution, maintenance and reporting risk relating to the processing of Assets Under Custody ("AUC"), legal risk arising from legal claims and contract frustration, and technology risk relating to impacted systems not being sufficiently updated to deal with the transition.

The following table summarizes the Company's current portfolio as at 31 December 2021 which is likely to be impacted as a result of the transition from LIBOR. Both bonds are currently linked to LIBOR and have contractual language to transition to the relevant ARR at their first fixing in the first quarter of 2022.

Product	Current rate	Maturity date	No. of positions	Gross notional exposure
				At 31st Dec 2021
				($ mln)
Debt securities	GBP LIBOR	Post 2021	2	47.4
		Total	**2**	**47.4**

1.5. New Standards and interpretations not yet effective

BNY Mellon SA/NV will apply the new or revised IFRS standards and related annual improvements detailed below as from their effective date following the endorsement process by the European Commission.

A number of new standards, amendments to standards and interpretations are not applicable and have not been applied in preparing these consolidated financial statements. These amendments are not expected to have a material impact on BNY Mellon SA/NV consolidated financial statements.

- **Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current**, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.
- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements**, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in these Standards.
- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**, issued on 12 February 2021, include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements.
- A**mendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**, issued on 12 February 2021, clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.
- A**mendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**, issued on 6 May 2021, clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

Other Standards

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) - endorsed; effective date 1 January 2023
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) - The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014); including Effective Date of Amendments to IFRS 10 and IAS 28 (published in December 2015) - deferred indefinitely by removing the original effective date of 1 January 2016 and indicating that a new effective date would be determined at future date when the IASB finalizes the revisions, if any, that would result from the research project on equity method.

1.6. Summary of Accounting Policies and Disclosures

1.6.1. Foreign Currency Translation

The consolidated financial statements are presented in Euro (€). Items included in the financial statements of each of BNY Mellon SA/NV’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”), which is Euro for all BNY Mellon SA/NV’s entities, except for BNYM Mellon SA/NV Dublin and Copenhagen branches, where USD and DKK are the functional currencies, respectively.

1.6.1.1. Translations of transactions and balances

Foreign currency transactions are converted into the functional currency using the spot rate of the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, as well as the gains and losses from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in “Other operating income/expenses” in the consolidated statement of profit and loss and other comprehensive income.

BNY Mellon SA/NV has no non-monetary items that are measured at historical cost in a currency other than Euro, with the exception of BNY Mellon SA/NV Dublin Branch which has goodwill and changed its functional currency to USD on 1 December 2019. The USD historic cost of this non-monetary asset is based on the exchange rate at the date of the change in functional currency.

1.6.2. Recognition of Revenue and Expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to BNY Mellon SA/NV and the revenue can be reliably measured, regardless of when the payment is being made. Income and expense are not offset in the consolidated statement of profit and loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of BNY Mellon SA/NV. The following specific recognition criteria must also be met before revenue is recognized.

1.6.2.1. Net Income Interest

The interest income and expense is recognized using the effective interest rate (EIR) method for all financial instruments measured at amortized cost and interest bearing financial assets classified as FVOCI debt instruments. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Once the value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

BNY Mellon SA/NV’s loans to, and deposits from, banks and customers primarily relate to BNY Mellon SA/NV’s clients' cash accounts operated in connection with their securities settlement activity, with balances generally changing on a daily basis. Time deposits and the re-deposits of surplus funds rarely have maturities of more than three months and, accordingly, the EIR method generally is not used for such transactions.

Interest income and expense on derivative instruments are recorded in profit and loss on an accrual basis.

1.6.2.2. Fees and Commission Income

Contract revenue (i.e. scope of IFRS 15 standard) is reported in the fee and commission line. BNY Mellon SA/NV earns fee and commission income mainly from the provision of: i) Asset Servicing products such as Global Custody, Depository Bank Services or Fund Accounting services, ii) Issuer Services products such as Depository Receipts and Corporate Trust, and iii) Markets, of which mainly Foreign exchange commission fees. Revenue is based on terms specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Revenue is recognized when, or as, a performance obligation is satisfied by transferring control of a good or service to a customer.

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

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

Nature of services and revenue recognition

Investment Services fees (i.e. Asset Servicing, Issuer Services) are based primarily on the market value of assets under custody ("AUC"); client accounts, balances and the volume of transactions; securities lending volume and spreads; and fees for other services. Certain fees based on the market value of assets are calculated in arrears on a monthly or quarterly basis.

Substantially all services within the Investment Services business are provided over time, except as defined below. Revenue for these services is recognized using the time elapsed method, equal to the expected invoice amount, which typically represents the value provided to the customer for our performance completed to date.

Trade execution fees (i.e Foreign Exchange commissions), part of Markets, are delivered at a point-in-time, based on customer actions. Revenue for trade execution is recognized on trade date, which is consistent with the time that the service was provided. Customers are generally billed for services on a monthly or quarterly basis.

Disaggregation of contract revenue
Contract revenue is included in fee revenue on the consolidated Statement of profit and loss and other comprehensive income.

Contract balances

The Company's customers are billed based on fee schedules that are agreed upon in each customer contract.

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time. Contract assets are usually billed on a monthly basis. There were no impairments recorded on contract assets in 2021.

Both receivables from customers and contract assets are included in other assets on balance sheet.

Contract liabilities represent payments received in advance of providing services under certain contracts. Contract liabilities are a component within other liabilities on the statement of financial position.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

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

Unsatisfied performance obligations

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

1.6.2.3. Dividend Income

Dividend income is recognized when BNY Mellon SA/NV's right to receive payment is established.

1.6.2.4. Gains and Losses on Non Qualifying Economic Hedges

All gains and losses from changes in fair value of derivative financial assets and liabilities that act as economic hedges but that do not qualify for hedge accounting treatment are recognized in this caption.

1.6.2.5 Net trading income

'Net trading income' comprises fair value changes in trading assets and liabilities, and includes the impact of foreign exchange rates.

1.6.3. Financial Instruments – Initial Recognition and Subsequent Measurement

All financial assets and liabilities initially are recognized on the trade date, i.e., the date that BNY Mellon SA/NV becomes a party to the contractual provisions of the instrument, and are measured initially at their fair value plus transaction costs. The classification of financial instruments at initial recognition depends on management's intent for which the financial instruments were acquired and the characteristics of the instruments, as explained below.

1.6.3.1. Non-derivative financial assets - Classification

Non-derivative financial instruments comprise investments in debt instruments, cash and cash equivalents, loans and borrowings and trade and other creditors. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

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

Financial assets are measured at FVOCI only if they meet both of the following conditions:

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

A financial asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 permits new elective designations at FVTPL or FVOCI to be made on the date of initial application depending on the facts and circumstances at that date.

Equity Securities

Investment in equity securities that do not result in consolidation are measured at fair value through profit and loss (“FVTPL”). Any subsequent changes in carrying value is recognised in the statement of profit and loss and other comprehensive income. The investment in equity securities is presented in the disclosure note "other assets".

1.6.3.1.1 Business model assessment

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

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

BNY Mellon SA/NV generally does not hold non-derivative financial assets for trading.

1.6.3.1.2 Assessment of whether cash flows are solely payments of principal and interest

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

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

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit BNY Mellon SA/NV's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money - e.g. periodic reset of interest rates.
- for tranched securities, such as asset backed securities, guidance related to contractually linked instruments is to be assessed and the underlying portfolio is to be considered under the SPPI requirements.

1.6.3.1.3. Reclassification of Financial Assets

BNY Mellon SA/NV does not reclassify financial assets subsequent to their initial recognition, except in the period after BNY Mellon SA/NV changes its business model for managing financial assets. In 2021 BNY Mellon SA/NV has not recorded any reclassifications of financial assets.

1.6.3.2. Derivative Financial Instruments Held for Trading

BNY Mellon SA/NV uses derivatives including FX swaps, forwards and interest rate swaps as part of its cash management activities. Derivatives are recognized in the statement of the financial position at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognized in the "Gains and losses on non-qualifying economic hedges" in the statement of profit and loss and other comprehensive income.On the other hand, gains and losses on derivatives designated in qualifying hedging relationships such as fair value hedges, are recorded in the statement of profit and loss and other comprehensive income, as well as any change in the value of related hedged item associated with the designated risks being hedged, in the same income statement line where the earnings effect of the hedged item is presented, principally "Interest Income on Investment Securities".

To qualify for hedge accounting, each hedge relationship is required to be highly effective at reducing the risk associated with the exposure being hedged, both prospectively and retrospectively. BNY Mellon SA/NV formally document all relationships, including hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking each hedging transaction. At inception, the potential cause of ineffectiveness related to each of its hedges is assessed to determine if it can expect the hedge to be highly effective over the life of the transaction. At hedge inception, BNY Mellon SA/NV document the methodology to be utilised for evaluating effectiveness on an ongoing basis, and monitor ongoing hedge effectiveness at least quarterly. BNY Mellon SA/NV discontinue hedge accounting prospectively when it has been determined that the hedge is no longer effective or the derivative expires, is sold, or management discontinues the derivative's hedge designation. Subsequent gains and loss on these derivatives are recognized in "Net trading income" line in the statement of profit and loss and other comprehensive income and the accumulated gain or loss on the hedged item is amortised on a yield basis over the remaining life of the hedged item.

BNY Mellon SA/NV Markets business offer its clients FX trade execution services including Swap, Options, Forward and Spot. These Derivatives are risk managed by the Trading desk . Changes in the fair value of these derivatives are recognized in "Net trading income" in the statement of profit and loss and other comprehensive income.

BNYM SA/NV provides fund accounting and other fund administration services for tax-exempt retirement savings accounts to Postbank's retail clients. This arrangement is closed to new clients. Guarantee commitments are provided in connection with covering certain pension/minimum payment commitments (the initial investment made by the client). The requirement is to cover the potential risk arising from the discounted value of the client "Guarantee commitment" exceeding the normalised value of the client mutual fund units. The guarantee of cash flows on the underlying assets by the issuer meets the definition of a derivative. Changes in the fair value of this derivative is recognized in "Net income from other financial instruments at FVTPL " in the statement of profit and loss and other comprehensive income.

BNY Mellon SA/NV does not hold derivatives embedded in other financial instruments.

1.6.3.3. Financial Liabilities

BNY Mellon SA/NV classifies its financial liabilities as measured at amortised cost.
Financial liabilities are measured at FVPL if they meet one of the following conditions:

a. Financial liabilities held for trading (including derivatives); and
b. Financial liabilities that on initial recognition are designated at FVPL.

1.6.4. Derecognition of Financial Assets and Financial Liabilities

1.6.4.1. Financial Assets

BNY Mellon SA/NV derecognizes a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

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

BNY Mellon SA/NV has derecognized financial assets in 2021 and 2020.

1.6.4.2. Financial Liabilities

BNY Mellon SA/NV derecognises a financial liability when its contractual obligations are discharged or canceled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

1.6.5. Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated statement of financial position as BNY Mellon SA/NV retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within ‘Deposits’, reflecting the transaction’s economic substance as a loan to BNY Mellon SA/NV. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the consolidated statement of financial position. The consideration paid, including accrued interest, is recognized in the consolidated statement of financial position, within ‘Loans and advances to customers’, reflecting the transaction’s economic substance as a loan by BNY Mellon SA/NV. The difference between the purchase and resale prices is recognized in “Net interest income” and is accrued over the life of the agreement using the EIR.

1.6.6. Commitments and financial guarantees given and received

BNY Mellon SA/NV does not enter into irrevocable commitments and contingent liabilities for external customers. The off balance sheet items of BNY Mellon SA/NV contain mainly lease car or rental commitments, state guarantees on debt securities and guarantee to external customers.

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

BNY Mellon SA/NV, as a holder, has entered into a number of financial guarantee agreements, such as letters of credit received from group entity or third party, to cover its large exposures for prudential reporting purposes. These guarantees are recorded in the off balance sheet and recorded at their notional amount. Please see note 26.3 for further details.

1.6.7. Determination of Fair Value

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

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

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

BNY Mellon SA/NV has only level 1 and level 2 financial instruments. As such BNY Mellon SA/NV does not use any internal valuation models with unobservable data for the determination of the fair value.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in the explanatory notes.

1.6.8. Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. The new impairment model applies to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. ECLs on instruments classified as FVOCI are recognised in profit and loss.

Under IFRS 9, BNY Mellon SA/NV generally recognises loss allowances at an amount equal to 12-month ECL (the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis. The assessment of whether there has been a significant increase in credit risk is a critical judgment and is further discussed below. The recognition of a 12-month or lifetime ECL is based upon a three Stage criteria that is required to be updated at each reporting date:

- Stage 1 applies to all exposures from initial recognition as long as there is no significant deterioration in credit quality; interest revenue is calculated on the gross carrying amount of the asset.
- Stage 2 applies when a significant increase in credit risk has occurred since initial recognition; interest revenue is based upon the gross carrying amount of the asset.
- Stage 3 applies when as asset becomes credit-impaired (can be defined as defaulted); interest revenue is based upon the net carrying amount (net of loss allowance).

1.6.8.1 Measurement of ECL

BNY Mellon measures the ECLs based on the risk of default over one of two different time horizons, depending on whether the credit risk of the borrower has increased significantly since the exposure was first recognized or, for loan commitments, the date in which BNY Mellon unconditionally committed to extend credit. The loss allowance for those exposures that have not increased significantly in credit risk ('stage 1' exposures) is based on lifetime expected credit losses from default events occurring within the next 12 months (12 months ECL). The allowance for those exposures that have suffered a significant increase in credit risk and exposures that are defaulted ('stage 2' and 'stage 3' exposures respectively) is based on lifetime expected credit losses from default events occurring over the remaining contractual life (Lifetime ECL).

For financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows is reported.
For financial guarantee contracts, the expected payments to reimburse the holder less any amounts that the group expects to recover is calculated.

Given BNY Mellon SA/NV's very low ECL rate overall, the effect of ECL on trade receivables is insignificant. Accordingly, no ECL is calculated centrally for such exposures.

Further details on inputs to ECL model are elaborated in Note 28.

1.6.9. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.6.10 Leasing

BNY Mellon SA/NV determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets represent BNY Mellon SA/NV's right to use an underlying asset for the lease term and lease liabilities represent BNY Mellon SA/NV's obligation to make lease payments. The ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date or at lease modification date for certain lease modifications. For all leases, BNY Mellon SA/NV uses a discount rate that represents a collateralized incremental borrowing rate based on similar terms and information available at lease commencement date or at lease modification date for certain lease modifications in determining the present value of lease payments. In addition to the lease payments, the determination of an ROU asset may also include certain adjustments related to lease incentives and initial direct costs incurred. Options to extend or terminate a lease are included in the determination of the ROU asset and lease liability only when it is reasonably certain that BNY Mellon SA/NV will exercise that option.

Under IFRS, all leases are classified as financing leases. Lease expense for finance leases is recognized using the effective interest method. ROU assets are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. If deemed impaired, the ROU asset is written down and the remaining balance is subsequently amortized on a straight-line basis. The ROU asset is presented in the "property and equipment" line and the lease liability is presented as "Other financial liabilities" in the statement of the financial position.

For all leases, BNY Mellon SA/NV has elected to account for the contractual lease and non-lease components as a single lease component and include in the calculation of the lease liability. The non-lease variable components, such as maintenance expense and other variable costs including non-index or rate escalations, have been excluded from the calculation and disclosed separately.

Additionally, for certain equipment leases, BNY Mellon SA/NV applies a portfolio approach to account for the operating lease ROU assets and liabilities.

BNY Mellon SA/NV does not engage in subleasing activities.

1.6.11. Cash and Cash Equivalents

Cash and cash equivalents as referred to in the consolidated statement of financial position include notes and coins on hand, balances held with central banks and loans and advances with credit institutions and customers, on demand or with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost in the consolidated statement of financial position.

1.6.12. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to the residual value over the estimated useful life as follows:

Leasehold improvements	-	Over the lesser of the estimated useful life of the asset and the remaining term of the lease
Furniture, fixtures and other equipment	-	4 to 10 years

The estimated useful life of property and equipment is reviewed and, in case of revision, depreciation is adjusted prospectively. Property and equipment is derecognized on disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' or 'Other operating expense' in the consolidated statement of profit and loss and other comprehensive income in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. There are no restrictions on title, and none of the property or equipment is pledged.

1.6.13. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method of accounting, except for common control transactions (see below). This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring costs) of the acquired business, generally at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in the consolidated statement of profit and loss and other comprehensive income in the year of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least once a year or if events or changes in circumstances indicate that the carrying value may be impaired.

An impairment loss is recognized if the carrying amount of the cash-generating unit to which the goodwill belongs exceeds its recoverable amount. Impairment losses relating to goodwill are not reversed in future periods.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of profit and loss and other comprehensive income.

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book value in its consolidated financial statements. The book value of the acquired entity is the book value as reflected in the stand-alone statutory financial statements of the acquired entity, after alignment to the IFRS accounting policies adopted by BNY Mellon SA/NV. The difference between the cost of the acquisition and the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to retained earnings within equity. The consolidated income statement includes the results of each of the combining entities or businesses as of the date the common control transaction has taken place.

1.6.14. Intangible Assets other than Goodwill

BNY Mellon SA/NV's intangible assets other than goodwill include the value of computer software and client contracts. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to BNY Mellon SA/NV.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their estimated useful life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the estimated useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets is included as a separate expense line 'Amortization of intangible assets (other than goodwill)' in the statement of profit and loss and other comprehensive income.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software	-	3 to 5 years
Client contracts (customer lists)	-	10 -15 years

BNY Mellon SA/NV has no intangible assets other than goodwill with an indefinite useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss and other comprehensive income when the asset is derecognized.

1.6.15. Impairment of Non-Financial Assets

BNY Mellon SA/NV assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, BNY Mellon SA/NV estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes. BNY Mellon SA/NV has determined that the CGU is to be defined as BNY Mellon SA/NV itself. This decision is based on the interdependencies of the entities and businesses within BNY Mellon SA/NV from a client and operating perspective. Furthermore, management decisions are taken at the level of the Board of BNY Mellon SA/NV before being implemented in the various entities.

BNY Mellon SA/NV identified value in use as being the recoverable amount of a cash-generating Unit (CGU). In assessing value in use of a CGU, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For previously-impaired assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, BNY Mellon SA/NV estimates the asset’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit and loss and other comprehensive income in the period in which it arises.

1.6.16. Pension Benefits

1.6.16.1. Defined Benefit Plan

BNY Mellon SA/NV operated multiple defined benefit plans during the year. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A valuation by a qualified independent actuary is carried out every year for each of the plans.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the Projected Unit Credit Method. The discount rates used in the actuarial valuations are based on rates of high quality (generally those rated “AA” and above) corporate bonds issued in the same country as the obligation, that have maturity dates approximating the terms of BNY Mellon SA/NV's obligations.

Remeasurements, comprising of actuarial gains and losses, experience gains and (losses) on obligations and return on plan assets excluding interest income, are recognized immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

BNY Mellon SA/NV determines the net interest for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit obligation (asset).

Past service cost is recognized immediately. The past service cost is recognized in the net benefit expense that is part of ‘Personnel expenses’ in the statement of profit and loss and other comprehensive income.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The value of any net asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. An economic benefit is available to BNY Mellon SA/NV if it is realizable during the life of the plan or on settlement of the plan liabilities.

1.6.16.2. Defined Contribution Plan

BNY Mellon SA/NV also operates four defined contribution plans. The contributions payable to those plans are recognized as an expense under ‘Personnel expenses’ when they fall due. Unpaid contributions are recorded as a liability.

1.6.17. Provisions

Provisions are recognized when BNY Mellon SA/NV has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of profit and loss and other comprehensive income net of any reimbursement.

Restructuring provisions

Restructuring provisions are recognized only when BNY Mellon SA/NV has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, an estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan’s main features.

1.6.18. Share-Based Payments

Employees (including senior executives) of BNY Mellon SA/NV receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (‘equity-settled transactions’). Equity instruments granted are shares and options over shares of The Bank of New York Mellon Corporation, thus forming part of group share based payment arrangements.

BNY Mellon SA/NV uses a lattice-based binomial method to calculate the fair value of options on the date of the grant. Stock units are valued based on the quoted price of the relevant stock at grant date.

The cost of equity-settled transactions is recognized, together with a corresponding credit to in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and BNY Mellon SA/NV's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period is recognized in 'Personnel expenses' and represents the movement in cumulative expense recognized as at the beginning and end of that period.

When the terms of an equity-settled award are modified, the minimum expense recognized in 'Personnel expenses' is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. The entity shall recognize the incremental fair value granted if the modification increases the fair value of the instruments granted, or the fair value of additional equity instruments granted, if the modification increases the number of equity instruments.

When an equity-settled award is forfeited, any expense is reversed for the portion of the award that has not yet vested. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the forfeited award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

All other long term and post-employment benefits are recognized under the "personnel expenses" caption.

1.6.19. Taxes

1.6.19.1. Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where legal entities of BNY Mellon SA/NV operate.

Current tax assets and current tax liabilities are offset if a legally enforceable right exists and there is an intention to settle on a net basis.

1.6.19.2. Deferred Tax

Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax and deferred tax relating to items recognized outside profit or loss are similarly recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.6.19.3. Sales Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or expensed, as applicable
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.6.20. Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by BNY Mellon SA/NV's shareholders. Dividends for the year that are approved after the reporting date are disclosed as a subsequent event.

1.6.21. Equity Reserves

The reserves recorded in equity of BNY Mellon SA/NV include:

- Retained earnings comprising the accumulated profit and loss and
- 'Other' reserve which comprises: (i) the impact of the share based payment, (ii) changes in fair value of FVOCI debt instruments and (iii) net gain (loss) on actuarial gains or losses from the defined benefit pension plans, including tax effects thereon.

1.6.22. Segment Reporting

Segment disclosures are required for entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market. This is not the case for BNY Mellon SA/NV. As a result, BNY Mellon SA/NV does not report an operating segment reporting by business nor by geographic market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Net Interest Income

Interest income	2021 in € '000	2020 in € '000
Investment securities	90,130	114,039
Loans and advances to customers	44,172	80,120
Interest income on liabilities	103,037	89,533
Total	**237,340**	**283,693**
Interest expense		
Deposits from credit institutions	29,016	37,623
Deposits from other financial institutions	1,995	14,148
Deposits from non-financial institutions	8	616
Subordinated loans	4,621	30,199
Long term debt	4,047	1,013
Interest expense on assets	92,287	68,351
Interest expense on leases (note 26.4)	241	278
Total	**132,214**	**152,228**
Net interest income	**105,125**	**131,465**

The net interest income has decreased by €26 Mio compared to last year, primarily reflecting the impact of lower interest rates on fixed income earning assets such as Investment Securities and Term Placements. This was partially offset by the benefit of lower funding rate following the repayment of subordinated loans that was replaced with a €800 Mio long-term borrowing from a related party amounting to EUR 800 Mio (Note 21.2/Note 27.3).

In 2021, BNY Mellon SA/NV continued charging negative interest rate to clients, hence better reflecting the cost of maintaining Euro deposits. Interest income on liabilities line shows the negative interest charged to the clients by BNYM Mellon SA/NV and the interest expense on assets line presents negative interest charged by central bank.

3. Net Fee and Commission Income

	2021 In € '000	2020 In € '000
Fee and commission income- contract revenue		
INVESTMENT SERVICES	763,613	713,952
Asset Servicing	610,043	565,714
Clearance and Collateral Management	66,970	60,014
Issuer Services	86,600	88,224
of which ADR	31,619	38,634
of which Corporate Trust	54,981	49,590
OTHER CONTRACT REVENUE	56,426	49,916
Markets	50,721	49,916
of which Foreign exchange commissions	38,422	40,026
Treasury Services	5,705	—
Total fee and commission income - contract revenue	**820,039**	**763,868**
Fee and commission expenses		
Custody	116,429	106,478
Clearing and settlement	615	646
Servicing, processing and support fees re-charged	193,115	163,838
Other	—	956
Total fee and commission expense	310,158	271,918
Net fee and commission income	**509,881**	**491,950**

The overall net increase of €18 Mio in fee and commission income is mainly due to organic growth in Global Custody revenue and increase in the assets under custody by €374B (disclosed in note 26.2). Furthermore, fee and commission income continued to be positively impacted by the products initiated in 2020 and 2019 following Brexit, with revenue increases in Markets (Securities Lending and Liquidity Services) and Global Collateral Management. This was partially offset by the unfavourable impact of a weaker US dollar rate against Euro, since majority of revenue is now billed in US dollar following the merger of BNY Mellon Trust Company Ireland and client transfer from BNY Mellon International Limited in 2019.

In Issuer Services, the American Depositary Receipts (ADR) results were down in 2021 which is explained by lower shared revenues allocated by the US Head Office as a result of the decline in ADR revenues globally and lower headcount in the Dublin Branch. The USD rate cut also had a negative impact to the ADR results. This is partially offset by higher Corporate Trust revenues driven by new business.

Custody fees paid to sub-custodians have also increased in line with the revenue movement.

Foreign exchange transaction revenues decreased with €1.60 Mio compared to last year.

Servicing (e.g. transactional, safekeeping), processing and support fees are fees re-charged by group companies. This is mainly related to operations and overhead charges from other group entities charging BNY Mellon SA/NV for asset servicing, collateral management, corporate trust and ADR services. The increase in this caption is mainly due to additional recharge for custody/operations support in line with higher volume of activity.

4. Net Trading Income and Gains on Non Qualifying Economic Hedges and Other Derivatives

	2021	2020
	In € '000	In € '000
Net trading income		
Forward foreign exchange contracts	3,986	1,106
Gains (Losses) from hedge accounting, net	(14)	—
Gains on Non Qualifying Economic Hedges		
Forward foreign exchange contracts	50,317	38,091
	54,289	**39,197**

Realized and unrealized result of currency swaps that act as non qualifying economic hedges are recorded in this caption totaling €50.32 Mio, net of any FX revaluation on client and treasury balances. The augmentation results mainly from increase in EUR USD currency pair coming from the increase in USD deposit balances.

In the last quarter of 2020 BNY Mellon SA/NV set up a FX Trading desk in Frankfurt and is risk managing a portion of the FX flow within the SA/NV, no longer relying on a 100% back to back booking model with BNY Mellon Group. As a result, these activities generated a net trading income of €4.0 Mio in 2021 (2020: €1.1 Mio).

5. Other Operating Income

	2021	2020
	In € '000	In € '000
Gains from sales of FVOCI debt instruments	3,549	10,873
Non trading exchange differences	1,685	—
Miscellaneous income	4,363	11,780
	9,597	**22,653**

For 2020, miscellaneous income included a €9.2 Mio income representing a first recuperation in the context of the "cum-ex" provision relating to Withholding Tax Claims. For further details on the "cum-ex" provision, please refer to Note 20 Provisions and Note 26.1 Legal Claims.

6. Personnel Expenses

	2021	2020
	In € '000	In € '000
Wages and salaries	134,418	130,066
Social security contributions	21,412	21,307
Pension costs – Defined benefit plan (Note 22.2)	3	4,798
Pension costs – Defined contribution plan (Note 22.1)	9,529	6,007
Share-based payments (Note 25)	3,387	2,068
Other	11,394	8,779
	180,144	**173,025**

The Personnel expenses increased compared with prior year by €7 Mio mainly attributed to additional staff in Germany following onboarding of products after Brexit, the opening of a new branch in Spain as well as an increase of personnel in Luxembourg. Other expenses consist principally of medical insurance costs of €3 Mio (2020: €3 Mio) and commuting programs for employees of €1 Mio (2020: €1 Mio).

7. Other Operating Expenses

	2021 In € '000	2020 In € '000
Professional fees	24,370	23,841
IT expenses	3,888	4,280
Bank levies	20,320	13,152
Operational lease expenses (note 26.4)	4,585	5,473
Non trading exchange differences	—	2,897
Shared services support (overhead)	91,966	84,495
Temporary clerical assistance	6,042	4,132
Non recoverable VAT	13,936	10,447
Miscellaneous, including marketing	11,545	14,550
	176,652	**163,268**

Other operating expenses increased by €13 Mio compared to previous year. The bulk of the other operating expenses consist of inter-company service support charges mainly related to technology recharges from BNY Mellon head office.

The increase in bank levies (+€7Mio) is due to the SRF contribution increase for the year. In addition to this increase there is also an augmentation in the technology recharges from the BNY Mellon group (+€7.08Mio) observed in shared services support (overhead) caption.

The major components of other miscellaneous expenses are: foreign business tax of €0.6Mio (2020: €0.7 Mio), deposit insurance of €0.5Mio (2020: €0.7M Mio) and transportation costs of €0.3 Mio (2020: €0.4M Mio).

The fees incurred towards the statutory auditor including related entities are: audit fees of €1.4 Mio (2020:€1.4 Mio), audit related fees of 0.01 Mio (2020: €0.0 Mio) and non-audit fees of 1.2 Mio (2020: €1.2 Mio).

8. Income Tax

The components of income tax expense for the years ended 31 December 2020 and 2021 are:

	2021 In € '000	2020 In € '000
Current tax		
Current income tax	68,307	80,217
Deferred tax		
Relating to origination and reversal of temporary differences	*1,083*	*813*
	69,390	**81,030**

8.1. Reconciliation of the Total Tax Charge

Reconciliation between the tax expense and the accounting profit multiplied by Belgium's domestic tax rate for the years ended 31st of December 2020 and 2021 is as follows:

	2021 In € '000	2020 In € '000
Accounting profit before taxes	**298,258**	**326,243**
1. Tax expense using Belgian statutory rate of 25% (2020:25%)	74,562	81,563
2. Effect of different tax rates in other jurisdictions	(8,143)	(7,633)
3. Income not subject to tax	4,604	2,792
4. Non tax deductible expenses	892	660
6. Adjustment in respect of current income tax of prior year	(2,703)	(10,533)
7. Other increase (decrease) in statutory tax charge	178	14,181
Income tax expense reported in the consolidated of comprehensive statement	**69,390**	**81,030**

The effective income tax rate of 2021 is 23.27% (2020: 24.84%). The increase in income not subject to tax is due to an increase of the current year losses of the German entities. The decrease of the adjustment in respect of current income tax of prior year is mainly due to the one off deduction in 2020 of the provision for litigation. The decrease of other increase (decrease) in statutory tax charge line is mainly due to the one off impact in 2020 of an uncertain tax provision booking.

8.2. Income Tax Effects relating to Comprehensive Income

	2021			2020		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Net gain/(loss) on actuarial gains and losses	17,542	(3,576)	13,967	18,206	(5,085)	13,121
Financial instruments at FVTOCI	(182,865)	45,468	(137,397)	116,162	(29,325)	86,836
Total	**(165,323)**	**41,892**	**(123,431)**	**134,367**	**(34,410)**	**99,957**

8.3. Current and Deferred Tax

The following table shows current tax assets and liabilities recorded on the consolidated statement of financial position:

	2021 In € '000	2020 In € '000
Current tax assets		
Pending tax refunds	2,420	8,704
VAT tax receivables	6,574	6,691
Other	1,640	1,687
Total	**10,634**	**17,082**
Current tax liabilities		
Reserve for taxes	44,583	26,233
VAT tax payables	5,525	9,050
Total	**50,108**	**35,282**

The following table shows deferred tax recorded on the consolidated statement of financial position and changes recorded in the income tax expense:

	Deferred tax assets 31 December 2021 In € '000	Deferred tax liabilities 31 December 2021 In € '000	Statement of Profit and Loss 2021 In € '000	Other Comprehensiv e Income 2021 In € '000	Deferred tax assets Dec 2020 In € '000	Deferred tax liabilities Dec 2020 In € '000
Pensions	0	(1,989)	395	(3,577,977)	1,194	—
Temporary difference on intangibles assets deductible	4,500	(1,243)	(1,187)	—	5,784	(1,341)
Other liabilities not recognized for tax purposes	49	—	—	—	49	—
Revaluation of financial instruments	—	(8,293)	—	45,455,475	—	(53,749)
Other temporary differences	4	—	(142)	—	2,471	(2,325)
	4,553	**(11,525)**	**(934)**	**41,877,498**	**9,498**	**(57,415)**
Amounts offset	*2,512*	*2,512*			*6,474*	*6,474*
Total	**2,041**	**(9,013)**			**3,024**	**(50,941)**

The law of 25 December 2017 introduced a reduction of the Belgian Corporate tax rate. As from 01 January 2020, the corporate tax rate decreased from 29.58% to 25%.

9. Financial Assets and Financial Liabilities

9.1 Classification of financial assets and financial liabilities

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

31 December 2021 In € '000	Mandatorily at FVTPL	FVOCI - debt instruments	Amortised cost	Total carrying value
Cash and cash balances with central banks	—	—	19,861,195	19,861,195
Financial assets held for trading	368,555	—	—	368,555
Loans and advances to customers	—	—	6,318,493	6,318,493
Investment securities	—	12,652,702	153,068	12,805,770
Total financial assets	**368,555**	**12,652,702**	**26,332,755**	**39,354,013**
Financial liabilities held for trading	316,735	—	—	316,735
Deposits by central banks	—	—	83,825	83,825
Deposits by credit and other financial institutions	—	—	31,942,391	31,942,391
Due to non-financial customers	—	—	240,346	240,346
Subordinated liabilities	—	—	—	—
Long term debt	—	—	3,166,861	3,166,861
Total financial liabilities	**316,735**	**—**	**35,433,423**	**35,750,158**

31 December 2020 In € '000	Mandatorily at FVTPL	FVOCI - debt instruments	Amortised cost	Total carrying value
Cash and cash balances with central banks	—	—	17,562,524	17,562,524
Financial assets held for trading	500,209	—	—	500,209
Loans and advances to customers	—	—	7,902,902	7,902,902
Investment securities	—	13,167,236	221,736	13,388,973
Total financial assets	**500,209**	**13,167,236**	**25,687,163**	**39,354,609**
Financial liabilities held for trading	583,009	—	—	583,009
Deposits by central banks	—	—	491,483	491,483
Deposits by credit and other financial institutions	—	—	31,780,474	31,780,474
Due to non-financial customers	—	—	186,560	186,560
Subordinated liabilities	—	—	358,207	358,207
Long term debt			2,309,730	2,309,730
Total financial liabilities	**583,009**	**—**	**35,126,453**	**35,709,462**

There were no financial assets or financial liabilities designated as at FVTPL at 31 December 2021 and 2020.

10. Cash and Cash Balances with Central Banks

	2021 In € '000	2020 In € '000
Cash balances with the National Bank of Belgium	7,261,660	8,395,065
Placements with other central banks	12,599,535	9,167,459
	19,861,195	**17,562,524**

The above figures reconcile to the amount in cash shown in the statement of cash flows at the end of the financial year as follows:

	2021 In € '000	2020 In € '000
Cash and cash balances with central banks	19,861,195	17,562,524
Monetary reserves	*354,624*	*317,432*
Cash and cash equivalents at the end of the period	**19,506,571**	**17,245,092**

Deposits with the National Bank of Belgium and with some other central banks mainly represent placements and are available for use in the day-to-day operations of BNY Mellon SA/NV and part of BNY Mellon SA/NV liquid assets buffer. The increase of €2.3B is mainly due to increase in the placement with the Nederlandsche Bank (+€2.8B), with the Bundesbank (+€0.4B) compensated by a decrease with National Bank of Belgium by €1.1B. The increase in Central bank placements are generated by additional customer deposits inflow over the year.

11. Loans and Advances to Customers

	2021 In € '000	2020 In € '000
Loans and advances to		
Central Governments	713	6
Credit institutions	6,079,570	7,702,691
Other financial institutions	239,262	258,138
Less: Allowance for impairment losses	(1,052)	(1,755)
	6,318,493	**7,902,902**

BNY Mellon SA/NV balance sheet is liquidity driven. Deposits are mainly invested in bonds' portfolio and placements with central banks. The decrease of loans to credit institutions is principally due to a decrease in interest bearing deposits and nostro balances with third party counterparties by €0.1B as of 31 December 2021 and balances with affiliated companies decreased by €1.5B. As of 31 December 2021, there were no reverse repurchase agreement transactions outstanding.

A loss allowance arising from ECL of €1.05Mio is reported for loans and advances with customers at 31 December 2021 (2020: €1.76 Mio). The overall stock of provision is relatively immaterial at BNYM SA/NV and fluctuates between EUR 0.5m and EUR 2m. The minimal allowance reflects the limited credit risk associated with these assets. BNY Mellon SA/NV deals with high quality rated counterparts and on a very short term basis (as described in more detail in note 28). As a result, there is limited risk that a loan or advance will become non-performing and result in impairment. No non-performing loans and advances exist as of 31 December 2021 and 2020 respectively.

12. Investment Securities

	2021	2020
	In € '000	In € '000
FVOCI investment securities issued by	**12,652,702**	**13,167,236**
Central governments	4,468,523	4,545,717
Credit institutions	7,382,481	7,776,198
Non credit institutions	801,698	845,321
Investment securities at amortized cost issued by	**153,067**	**221,736**
Central governments	153,067	197,291
Credit institutions	—	24,446
	12,805,769	**13,388,973**

BNY Mellon SA/NV invests in highly liquid debt securities to improve the interest margin and to have an adequate liquid asset buffer. Overall the composition of the investment portfolio remains stable compared to last year. In 2021 BNY Mellon SA/NV the residential RMBS positions amount to €0.1B (2020: €0.1B).

The increase in central bank reserves (Note 10), compensated by the decrease of the investment portfolio, is a reflection of the stability in third party deposits on the liability side of the balance sheet (Note 18). Please refer to Note 28.3 for discussion on BNY Mellon SA/NV's approach to managing liquidity.

13. Asset Encumbrance

BNY Mellon SA/NV has signed a collateral agreement with Euroclear to cover an intraday credit line for $2.1B. BNY Mellon SA/NV invests in various bonds (please see note 12); these have been further pledged as collateral to Euroclear during 2020 and 2021.

To mitigate credit risk in foreign exchange business, BNY Mellon SA/NV increased the volume of collateralized netting agreements since 2017. Hence BNY Mellon SA/NV has foreign exchange cash collateral presented in encumbered other assets in 2020 and 2021.

As of 31 December 2021 the carrying and fair value of encumbered assets by type of assets were as follows:

	2021			2020		
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets
Assets	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Debt securities	2,661,256	2,661,256	10,144,513	2,413,542	2,413,583	10,975,431
Other assets	422,954	—	26,727,932	409,991	—	25,953,470
	3,084,210	**2,661,256**	**36,872,445**	**2,823,533**	**2,413,583**	**36,928,901**

At year ending 2021, the carrying amount of the debt securities refer to bonds pledged to Euroclear. Other assets encumbered refer to monetary reserves, mainly placed with National Bank of Belgium, treated as encumbered assets as these cannot be freely withdrawn by the bank. In 2021, other assets include foreign exchange cash collateral of €68 Mio (2020: €93 € Mio).

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

Encumbered assets/collateral received and associated liabilities	2021 Matching liabilities, contingent liabilities or securities lent	2021 Assets, collateral received and own debt securities issued	2020 Matching liabilities, contingent liabilities or securities lent	2020 Assets, collateral received and own debt securities issued
	In € '000	In € '000	In € '000	In € '000
Carrying amount of financial liabilities				
Derivatives	122,004	68,330	112,159	92,558
Collateralized deposits	27,813	27,813	19,643	19,643
Other sources of encumbrance	—	2,988,067	—	2,711,332
Total sources of encumbrance	**149,816**	**3,084,210**	**131,802**	**2,823,533**

BNY Mellon SA/NV has no own debt securities issued. Other sources of encumbrance refer to the monetary reserves at central banks, foreign exchange cash collateral and bonds pledged to Euroclear referred above.

14. Derivative Financial Instruments

The table below shows the fair values of derivative instruments, together with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts are indicative of neither the market risk nor the credit risk.

Derivatives held for trading In € '000	Assets 2021	Liabilities 2021	Notional amount 2021	Assets 2020	Liabilities 2020	Notional amount 2020
Options	86	86	24,067	—	—	—
Interest rate	116	—	13,793	—	—	—
Forward foreign exchange contracts	368,353	316,403	55,619,135	500,209	582,639	59,647,820
Other	—	246	42,214	—	370	42,581
	368,555	**316,735**	**55,699,209**	**500,209**	**583,009**	**59,690,401**

Derivatives often involve, at their inception, a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the value of the derivative.

Over-the-counter derivatives may expose BNY Mellon SA/NV to the risks associated with the absence of an exchange market on which to close out an open position.

BNY Mellon SA/NV's exposure under derivative contracts is closely monitored as part of the overall management of BNY Mellon SA/NV's market risk. Currently, concerning over-the-counter derivatives, BNY Mellon SA/NV has forward foreign exchange contracts related to: a) its treasury activity and b) customer transactions. The latter were mirrored on a back to back basis with BNY Mellon until November 16th, 2020. Until this point in time, no market risk resided in the trading book of BNYM SA/NV for this activity. The back-to-back model has been replaced to warehouse risk for non-optional derivatives (FX Spot/Forward/Swap, NDF) in the trading book of BNYM SA/NV since the aforementioned go-live date. Please refer to Note 4 regarding the corresponding profit and loss impact.

In 2021 BNYM SA/NV has on-boarded two new derivative products: FX options and Interest Rate Swaps (IRS). FX options are contracted with our clients and mirrored on a back to back basis with BNY Mellon. IRS have been entered in the context of hedging interest rate risk on the investment portfolio.

At 31 December 2021, BNYM SA/NV had guarantee commitments provided in connection to fund accounting and other fund administration services for tax-exempt retirement savings accounts to Postbank's retail clients. These guarantees are presented in other derivatives caption and amounted to €0.25Mio at 31 December 2021. The notional amount of this derivative was €42.21 Mio.

Disclosures concerning the fair value of derivatives are provided in Note 24.

15. Other Assets

	2021	2020
	In € '000	**In € '000**
Equity securities	2,949	—
Prepaid charges	993	1,006
Accrued income (other than interest income from financial assets)	109,499	88,234
Accounts receivable, including:	278,856	197,644
From affiliate companies	*51,107*	*43,688*
Suspense accounts	87,617	17,438
Miscellaneous	861	2,590
	480,774	**306,912**

The accounts receivable balance at year end is highly driven by day-to-day operations. BNY Mellon SA/NV's customers are billed based on fee schedules that are agreed upon in each customer contract. Accounts receivables included receivables from customers in a total amount of €130.31Mio at 31 December 2021 (2020: €106.71Mio). Next to this amount, accounts receivables include receivables from brokers in a total amount of €88.1Mio at 31 December 2021 (2020:€48.15 Mio) .

At 31 December 2021, the accrued income refers mainly to unbilled receivables, which amounted to €85.64 Mio and considered due to the passage of time rather than due to contingent factors; hence there were no contract assets or associated impairment in 2021. At 31 December 2020 the unbilled receivables were €114.01Mio.

Miscellaneous assets include operating transactions that are in a suspense account until clarification that result from day-to-day operations of BNY Mellon SA/NV.

16. Property and Equipment

2021	Buildings and Leasehold improvements[14]	Computer equipment	Furniture, fixtures and other equipment	Total
Net Book Value	**In € '000**	**In € '000**	**In € '000**	**In € '000**
At 1 January	32,570	1,679	7,568	41,818
Additions	9,862	28	2,236	12,126
Disposals	(22)	—	—	(22)
Depreciation charge for the year	(9,217)	(718)	(3,428)	(13,363)
Impairment loss	0	(13)	—	(13)
Other movements	—	84	(67)	17
At 31 December	**33,193**	**1,060**	**6,309**	**40,562**
Gross carrying amount	74,828	6,323	23,803	104,956
Accumulated depreciation and impairment	(41,635)	(5,263)	(17,495)	(64,393)

2020	Buildings and Leasehold improvements	Computer equipment	Furniture, fixtures and other equipment	Total
Net Book Value	**In € '000**	**In € '000**	**In € '000**	**In € '000**
At 1 January	40,329	1,006	7,687	49,022
Additions	846	878	3,622	5,346
Business combinations	—	—	—	—
Disposals	(31)	—	—	(31)
Depreciation charge for the year	(8,573)	(741)	(3,275)	(12,589)
Other movements	(1)	536	(466)	69
At 31 December	**32,570**	**1,679**	**7,568**	**41,818**
Gross carrying amount	64,773	6,117	21,698	92,588
Accumulated depreciation and impairment	(32,202)	(4,438)	(14,130)	(50,770)

[14] As at 31 December 2021, property and equipment includes right-of-use assets of €33.7 Mio, mainly related to leased branches and office premises (see note 26.4).

17. Goodwill and Other Intangible Assets

2021	Goodwill	Computer software	Client Contracts	Total
Net Book Value	In € '000	In € '000	In € '000	In € '000
At 1 January	**4,403**	**344**	**24,243**	**28,990**
Acquisitions	—	134	43,021	43,155
Amortization charge for the year	—	(209)	(3,303)	(3,512)
Other movements	—	(1)	1	—
At 31 December	**4,403**	**268**	**63,962**	**68,633**
Gross carrying amount	546,326	30,559	122,118	699,003
Accumulated depreciation and impairment	(541,923)	(30,290)	(58,157)	(630,370)

2020	Goodwill	Computer software	Client Contracts	Total
Net Book Value	In € '000	In € '000	In € '000	In € '000
At 1 January	**4,403**	**542**	**27,343**	**32,288**
Acquisitions	—	101	—	101
Amortization charge for the year	—	(302)	(3,101)	(3,403)
Other movements	—	3	1	4
At 31 December	**4,403**	**344**	**24,243**	**28,990**
Gross carrying amount	546,326	30,719	79,097	656,142
Accumulated depreciation and impairment	(541,923)	(30,375)	(54,854)	(627,152)

BNY Mellon SA/NV recognized a new intangible asset of DKK 320 Mn (equivalent to €43 Mio) as from November 1st, 2021 following NyCredit Depository deal. Based on IFRS 3 for Business Combination guidance, the deal is considered as asset acquisition. For more details please see note 27.6.

17.1. Impairment Testing of Goodwill and Other Intangible Assets

Under IFRS, goodwill is annually tested for impairment at BNY Mellon SA/NV level, which was determined to be the cash generating unit. We refer to section 1 (Significant accounting policies) for the determination of the cash generating unit and the date (31 December) on which goodwill is tested for impairment.

The goodwill balance with a net book value of €4.4 Mio was acquired through TCIL merger completed in December 2019.

Hence, an impairment testing exercise is still performed at year-end, using a 5-year financial plan. Overall analysis supports that no impairment write-off is required as the value in use exceeds the carrying value of goodwill of €4.4 Mio.

The recoverable amount for BNY Mellon SA/NV was calculated based on the value in use. This value in use was determined by discounting the future cash flows expected to be generated from the cash generating unit’s continuing use. Value in use in 2021 was determined in a similar manner as in prior years based on updated assumptions, summarized as follows:

- Cash flows were projected based on net earnings after taxes (corrected for "non-cash" gains/losses) as of 31 December 2021, an updated assessment of the cash flows for the 5-year business plan.

- Terminal cash flows were extrapolated using a constant growth rate of 1.27 percent (in line with 2020 exercise), which is based on the long-term growth assumption of the BNY Mellon SA/NV and set equal to the current long-term risk free rate.

- A discount rate of 9.77 percent (in line with 2020 exercise) was applied in determining the recoverable amounts for the cash generating unit. BNY Mellon SA/NV used a WACC based on European risk free rate and a Belgium premium, in line with previous iterations. Next to this, an alpha of 1.00% (in line with 2020 exercise) was included in the discount rate to reflect uncertainty.

For 2021, management has used year-end actuals combined with latest available forecasted figures regardless the impact of the emerging geopolitical crisis on the global economy, due to unpredictable consequences.

To mitigate against the uncertainty, the Company has a lower-risk diversified fee-based business model which benefits from heightened volatility and a flight-to-quality on a relative basis compared with other credit-focused financial institutions. Our Investment Services businesses were favorably impacted by higher client volumes in 2021 compared with the prior year.

Hence, for 2021 BNYM SA/NV did not identify any impairment triggers on other intangibles and as a result of it, no impairment test was considered necessary as of 31 December 2021.

18. Financial Liabilities Measured at Amortized Costs

	2021	2020
	In € '000	In € '000
Deposits from central banks	**83,825**	**491,483**
Deposits from credit institutions	**3,362,584**	**3,521,164**
Current accounts / overnight deposits	3,232,165	3,861,197
Deposits with agreed maturity	130,419	18,173
Deposits from other financial institutions	**28,579,808**	**28,259,310**
Current accounts / overnight deposits	28,409,682	27,901,103
Deposits with agreed maturity	170,126	—
Deposits from non-financial institutions	**240,346**	**186,560**
Current accounts / overnight deposits	240,346	186,560
Subordinated liabilities (Note 21)	**—**	**358,207**
Long term debt	**3,166,861**	**2,309,730**
Other financial liabilities (Lease liabilities)	**35,374**	**34,617**
	35,468,797	**35,161,070**

All the liabilities were issued by BNY Mellon SA/NV.

BNY Mellon SA/NV has not had any defaults of principal, interest or other breaches with regard to all liabilities during 2021 (2020: €nil). The increase of €0.3B in deposits results from

growth in third party deposits (€+0.8B), while intercompany deposits have slightly decreased (€-0.5B).
The increase in deposits with agreed maturity and the Long term debt from credit institutions is a result of the alignment of maturities between assets and liabilities in the context of balance sheet management. Other financial liabilities consist of lease liabilities as per IFRS 16 (note 26.4).

19. Other Liabilities

	2021 In € '000	2020 In € '000
Employee benefits – Defined benefit obligation (Note 22.2)	6,995	15,530
Other employee benefits and social charges	27,244	26,551
Accrued charges (other than from interest expenses on financial liabilities)	80,224	114,036
Accounts Payables	71,588	43,749
Suspense accounts	185,898	72,881
Other	3,080	6,658
	375,028	**279,406**

Other liabilities caption increased mainly due to the suspense accounts and accounts payables that increased by €113.02 Mio and €28 Mio respectively. Suspense accounts contain, amongst others, holdover accounts representing unsettled amounts of trades executed by several businesses at year end (where settlement occurred in the next period). This activity is volatile by nature. The accrued charges mostly contain intercompany recharges that have been recognized, but not yet settled.

Contract liabilities were €0.79 Mio at 31 December 2021 (2020: €0.87 Mio) . Revenue recognised in 2021 relating to contract liabilities was €0.49Mio (2020: €0.47 Mio) .

20. Provisions

	Restructuring Costs In € '000	Pending legal issues In € '000	Other provisions In € '000	Total In € '000
At 1 January 2021	—	155,329	1,148	156,477
Amounts provisioned	1,218	4,420	2,225	7,862
Amounts utilized	(1,045)	(18,660)	(1,937)	(21,642)
Unused amounts reversed during the period	—	—	(902)	(902)
At 31 December 2021	**173**	**141,089**	**534**	**141,796**
At 1 January 2020	1,607	165,701	—	167,307
Amounts provisioned	965	5,427	1,474	7,866
Amounts utilized	(1,810)	—	(326)	(2,136)
Unused amounts reversed during the period	(762)	(1,776)	—	(2,538)
Other movements	—	(14,023)	—	(14,023)
At 31 December 2020	—	**155,329**	**1,148**	**156,477**

Please refer to Note 26.1 for the description of these pending legal issues as at 31 December 2021. The utilisation of €18.7 Mio relates to a payment to the tax authorities related to the Company's exposure with regards to the German cum-ex trading in the past.

BNY Mellon SA/NV has implemented a restructuring plan over the past years that has led to job relocation and re-organization of certain functions across different locations. The Brussels office maintains client facing functions, specialized processing activities and numerous shared services functions. The outstanding provisions for restructuring costs have entirely been utilized or reversed. Other provisions in 2020 relate to provisions for operational losses in the German branch.

21. Subordinated and Long term Liabilities

21.1. Subordinated loans

As at 31st December 2020 BNY Mellon SA/NV was the borrower of a perpetual loan from a related party of €92.5 Mio to be used for general corporate purposes. Interest accrued on the loan at the rate of 8.18% per annum based on the actual number of days elapsed and a year of 360 days.
BNY Mellon SA/NV was also the borrower of a loan maturing on 22 July 2040 from a related party of €253 Mio to be used for general corporate purposes. Interest accrued on the loan at the rate of 8.75% per annum and was calculated on the basis of the actual number of days elapsed and a year of 360 days.

As at 31st December 2020 both loans were considered as Tier 2 capital for regulatory purposes, however, towards the end of 2020 BNY Mellon SA/NV formally requested to the competent authority permission to reduce own funds by redeeming the two Tier 2 subordinated loans. Permission was granted on 19 January 2021 with the immediate deduction of the €345.5 Mio from own funds and impact on the determination of the regulatory ratios from that date, accordingly. The two subordinated loans were actually repaid on 26 February 2021.

As at 31st December 2021 BNY Mellon SA/NV is not the borrower of any subordinated loan.

21.2. Long-term debt

BNY Mellon SA/NV contracted a €800 Mio borrowing with a 10-year maturity in 2021. This was needed to manage the impact of the €345.5 Mio sub-debt repayment on the BNY Mellon SA/NV regulatory metrics. This borrowing did not qualify as capital.

BNY Mellon SA/NV balance sheet has increased over the past two years and is expected to remain at high levels in the medium term. On March 28, 2022 BNY Mellon SA/NV entered into a 10-year subordinated loan arrangement with The Bank of New York Mellon (“BNYM”) for the purposes of ensuring compliance with internal risk appetite for own funds and eligible liabilities (“MREL”) and internal total loss absorbing capacity (“TLAC”). The majority of the subordinated loan is funded with the repayment of an existing €800 Mio loan from BNYM to BNY Mellon SA/NV originated in February 2021 with a 10-year maturity.

Moreover, two-long term intercompany trades for $1 billion and €1.5 billion were reclassified to the long-term liabilities in December 2021.

22. Retirement Benefit Plan

22.1. Defined Contribution Plan

BNY Mellon SA/NV has five defined contribution plans to which BNY Mellon SA/NV pays fixed contributions (two plans in the Netherlands, one in Luxembourg, one in Ireland and one in Milan); there is no legal or constructive obligation to pay further contributions. Moreover, in Belgium, a part of a hybrid scheme has a contribution base part, with a granted return. This part is therefore a cash balance scheme. This kind of Belgian scheme is treated as a defined benefit plan under IAS19 Standard.

The assets of the plans are held separately from those of BNY Mellon SA/NV in a fund under the control of trustees.

The total expense of €9.5 Mio (2020: €6.0 Mio) charged to the consolidated statement of profit and loss and other comprehensive income represents contributions payable to these plans by BNY Mellon SA/NV at rates specified in the rules of the plan. Please refer to Note 6.

22.2. Defined Benefit Plan

Employee benefits

During the year the group operated four defined benefit plans (or considered as such under IAS19 standards): two in Belgium and two in Germany. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Nature of benefits provided by the Plans

The German Plans are final salary plans and provide pension benefits linked to salary at retirement or earlier date of leaving service. The plans are open to future accrual. The first Belgian defined benefit Plan (“Old Plan”) provide pension or lump sum benefits and has been closed to new employees since April 2007. The second Belgian pension scheme (“New Plan”) is an hybrid scheme; Defined Benefit plan for the part of the salary limited to a ceiling and Cash Balance plan for the part of the salary above this ceiling.

Regulatory framework in which the Plans operates

The group operates defined benefit pension plans in Belgium and Germany under broadly similar regulatory frameworks.
German Plans: The plans operate under the framework of German company pension law (BetrAVG) and general regulations based on German labor law. The pension plans are closed for new employees. The main pension plans are frozen. The plans are partly funded with assets invested in funds.

Belgian Plans: The defined benefit pension plans (i.e. “Old Plan”) and the hybrid defined benefit pension plan/”cash balance” plan (i.e. “New Plan”) are financed by the plan Sponsor. Benefit payments are made from self-administered funds. The Fund is regulated by the FSMA (financial regulatory agency in Belgium). Minimum benefits are defined by the law.

Other entity's responsibilities for governance of the Plans

German Plans: None.

Belgian Plans: The Board of Directors is responsible for the governance of the Plans as well as for the governance and investments of the Fund’s assets. Benefit payments are made from the self-administered funds and Plan assets are held in the OFP, which are governed by local regulations and practice. Contributions paid by the sponsor are based on the financing plan. The Board of Directors are comprised of representatives of the company in accordance with local regulations and practice.

Risks to which the Plans expose the Company

- Asset volatility - If plan assets underperform the discount rate a deficit results. As the Belgian plans are partly invested in fixed income assets, there is a possibility of underperformance against the discount rate and so an increase to the deficit.
- Longevity - Increases in life expectancy will increase plan liabilities, the inflation-linkage of the benefits for the German and Belgian Plans also means that inflationary increases result in a higher sensitivity to increases in life expectancy.
- Inflation risk - The majority of benefits in the German plans are linked to inflation and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation). The Belgian Plan is less sensitive to inflation as a lump sum is provided at retirement.

Plan amendments, curtailments or settlements

No plan amendments, curtailments or settlements occurred during the financial year of 2021 or 2020.

Funding arrangements and funding policy that would affect future contributions

The funding requirements of the individual plans are based on the actuarial measurement frameworks sets out in the funding policies of the plans and are in accordance with the statutory requirements of the plans in the various jurisdictions. BNY Mellon SA/NV undertakes separate actuarial valuations for funding purposes for each of the individual plans and pays contributions to the plans in line with the outcomes of these valuations.

Asset-liability matching strategies

Investment positions are managed by Pension Fund managers within an ALM framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, ALM objective is to match assets to pension obligations by investing in long-term interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors the duration and the expected yield of the investments to ensure they are matching the expected cash flows arising from the pension obligations.

Movement in net defined benefit (asset) liability

The following table shows reconciliation from the opening balances to the closing balances for the net defined benefit (liability)/ asset and its components.

	Defined benefit obligations		Fair value of plan assets		Net defined benefit (liability)/ asset	
	2021	2020	2021	2020	2021	2020
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Balance at 1 January	**(91,813)**	**(104,502)**	**76,283**	**70,917**	**(15,530)**	**(33,585)**
Included in profit or loss						
Current service cost	(3,419)	(3,495)	—	—	(3,419)	(3,495)
Administrative expenses	—	—	(89)	(89)	(89)	(89)
Losses/(gains) on non routine settlements	—	—	—	—	—	—
Operating expense/ (income)	(3,419)	**(3,495)**	**(89)**	**(89)**	(3,508)	**(3,584)**
Net interest on the net benefit obligation/ (asset)	(713)	(1,218)	574	839	(139)	(379)
Finance expense/ (income)	**(713)**	**(1,218)**	**574**	**839**	**(139)**	**(379)**
Net benefit expense	**(4,132)**	**(4,713)**	**485**	**750**	**(3,647)**	**(3,963)**
Included in other comprehensive income						
Return on plan assets excluding interest income	—	—	7,778	3,147	7,778	3,147
Experience gains/ (losses)	1,020	215	—	—	1,020	215
Actuarial gains/(losses) arising from changes in financial assumptions	7,657	2,211	—	—	7,657	2,211
Actuarial gains/(losses) arising from changes in demographic assumptions	764	13,153	—	—	764	13,153
Total gains/ (losses) recognized	**9,441**	**15,579**	**7,778**	**3,147**	**17,219**	**18,726**
Other						
Net transfers (in)/out	—	—	—	—	—	—
Contribution paid by the employer	—	—	2,917	3,292	2,917	3,292
Benefits paid	2,441	1,823	(2,441)	(1,823)	—	—
	2,441	**1,823**	**476**	**1,469**	**2,917**	**3,292**
Balance at 31 December	**(84,063)**	**(91,813)**	**85,022**	**76,283**	**959**	**(15,530)**

The actuarial gain arising from demographic assumptions gain is lower compared to the one from 2020 mainly due to the change in form of payment (percentage of annuity and lump sum) of the pension benefits for the Belgium plans that occurred in 2020.
The financial assumption gain is explained by a gain due to the increase in the legal social security and a gain due to the decrease in the discount rate, which is partially offset by a loss due to the increase in price inflation.

The amounts of the defined benefit obligation and plan assets for the previous five years are reported below.

Net defined benefit (obligation)/asset

31 December	2021	2020	2019	2018	2017
	In € '000	In € '000	In € '000	In € '000	In € '000
Fair value of plan assets	85,022	76,283	70,917	63,640	65,421
Defined benefit obligation	(84,063)	(91,813)	(104,502)	(78,014)	(78,451)
As of 31 December	**959**	**(15,530)**	**(33,585)**	**(14,374)**	**(13,030)**

Net defined benefit obligations and assets aren't netted off amongst the plans. Hence, other assets - accounts receivables (note 15) include a net defined benefit asset (€7.95 Mio) and other liabilities as mentioned in note 19 a net defined benefit obligation (€7 Mio).

BNY Mellon SA/NV expects to contribute €2.3 Mio to its defined benefit pension plan in 2022 (2021: €2.48 Mio). The cumulative amount of gains and losses recognized in other comprehensive income is presented below:

Gains and losses recognized in other comprehensive income

	2021	2020
	In € '000	In € '000
As of 1 January	10,658	28,864
Recognized during the year	(17,542)	(18,206)
As of 31 December	**(6,884)**	**10,658**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows (weighted average):

	2021	2020
Equity instruments (all quoted), of which:	41.8 %	44.0 %
Domestic equities	*18.7 %*	*23.3 %*
Overseas equities	*19.6 %*	*17.7 %*
Emerging markets equities	*3.5 %*	*3.0 %*
Debt instruments, of which:[15]	52.3 %	47.1 %
Corporate/government bonds	29.0 %	28.7 %
Property (all quoted)	2.6 %	2.3 %
Cash	1.0 %	2.0 %
Quoted	0.9 %	1.9 %
Unquoted	0.1 %	0.1 %
Other *(quoted)*	2.29 %	4.56 %

[15] Investments in funds are included in the categories of Debt Instruments. The sub-categories reflect the underlying assets of the fund.

The sector allocation of the equity instruments is as follows:

	2021 In € '000	2020 In € '000
Equity instruments, of which:	**35,567**	**33,577**
Energy, industrial companies and materials	7,576	6,783
Consumer Discretionary and Staples	5,940	6,077
Financials	5,477	4,802
Health Care	3,912	3,996
Information Technology	10,812	10,174
Other	1,849	1,746

Substantially the equity securities and bonds are issued in EUR currency 61.36% (2020: 63.67%) and traded in active markets. All government bonds are issued by European governments.

	2021	2020
AAA	6.9 %	n/a
AA	10.2 %	n/a
A	22.3 %	n/a
Not rated	0.3 %	n/a

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of BNY Mellon SA/NV at 31 December 2021. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Actuarial assumptions and sensitivity analysis

Assumptions are set based on actuarial advice with reference to the duration of the individual plans and market conditions in each territory. These individual plan assumptions are equivalent to liability-weighted assumptions as follows:

	2021	2020
Discount rate	1.25%	0.80%
Future salary growth	2.85%	2.70%
Future pension increase	1.90%	1.75%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into the average life expectancy underlying the values of the defined benefit obligation at the reporting date as per below:

	2021	2020
Longevity at age 65 for current pensioners		
Males	21.6	21.6
Females	25.3	25.3
Longevity at age 65 for current members aged 45		
Males	22.4	22.4
Females	26.0	25.9

Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below.

Value of obligations at year end if (In '€000) :	Movement	31 December 2021
Discount rate reduced by	1.00%	100,695
Discount rate increased by	1.00%	71,147
Inflation reduced by	1.00%	78,485
Inflation increased by	1.00%	90,650
Life expectancy decreased by	1 year	83,003
Life expectancy increased by	1 year	85,095

The above analysis assume that assumption changes occur in isolation. In practice this is unlikely to occur and some assumptions may be correlated, such as pension increases and RPI inflation. The same method (project unit method) has been applied when calculating these sensitivities.

23. Issued Capital and Reserves

Authorized, issued and fully paid	2021	2020
	In '000	In '000
Ordinary shares of 1038.5 € each (2020: 1038.5 €)	1.689	1.689
	1.689	**1.689**

BNY Mellon has share option schemes under which options to subscribe for the BNY Mellon's shares have been granted to certain executives and senior employees of BNY Mellon SA/NV.

24. Fair Value of Financial Instruments

24.1. Determination of Fair Value and Fair Value Hierarchy

BNY Mellon SA/NV uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. Level 1 prices are available from an exchange, a dealer, broker or a similar counterparty. The fair value measurement of financial instruments with quoted prices is based on a mark-to-market valuation derived from currently available transaction prices with no valuation (modeling) technique needed.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. Observable inputs imply existence of an active market and should be used in preference to unobservable inputs. Risk free rates and exchange rates are observable inputs. Valuation techniques based on observable inputs are referenced to the current fair value of a similar instrument or a discounted cash flow model.

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The level 3 category implies that there is no active market and that assumptions hence internally developed valuation techniques are put in place to determine the fair value of the financial instrument.

BNY Mellon SA/NV considers that the Level 2 reflects better the valuation technics used to estimate the value of financial liabilities given that the valuation is not derived directly from currently available transaction prices.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy of BNY Mellon SA/NV:

2021	Level 1	Level 2	Level 3	Total
	In € '000	In € '000	In € '000	In € '000
Financial assets				
Derivative financial instruments				
Options	—	86	—	86
Forward foreign exchange contracts	—	368,353	—	368,353
Interest rate swaps	—	116	—	116
Financial investments at FVOCI (Quoted)				
Debt securities	12,503,280	149,422	—	12,652,702
Equity instruments	—	2,949	—	2,949
	12,503,280	**520,926**	**—**	**13,024,205**
Financial liabilities				
Derivative financial instruments				
Options		86		86
Forward foreign exchange contracts	—	316,403	—	316,403
Other	—	246	—	246
	—	**316,735**	**—**	**316,735**

2020	Level 1	Level 2	Level 3	Total
	In € '000	In € '000	In € '000	In € '000
Financial assets				
Derivative financial instruments				
Forward foreign exchange contracts	—	500,209	—	500,209
Financial investments at FVOCI (Quoted)				
Debt securities	13,043,282	123,954	—	13,167,236
	13,043,282	**624,163**	**—**	**13,667,446**
Financial liabilities				
Derivative financial instruments				
Forward foreign exchange contracts	—	582,639	—	582,639
Other	—	370	—	370
	—	**583,009**	**—**	**583,009**

BNY Mellon SA/NV did not transfer any financial instruments from level 1 to level 2 and from level 1 and level 2 to level 3 of the fair value hierarchy in 2021 or 2020. The debt securities classified as Level 2 represent the positions in RMBS.

The €0.25 Mio disclosed as 'other derivative financial instruments' represent the unrealised losses on the guarantee commitments provided in connection with covering certain pension/ minimum payment commitments as further explained in section 1.6.3.2 of this document.

24.2. Financial Instruments Recorded at Fair Value

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

24.2.1. Derivatives

All BNY Mellon SA/NV OTC derivative products are valued using internally developed models that use as their basis readily observable market parameters and as a result these are classified as Level 2 of the valuation hierarchy. Such derivatives comprise the forward foreign exchange and interest rate swap contracts used for treasury management

As of December 2021 and 2020, the credit valuation/ debit valuation adjustment (CVA/DVA) was determined to be immaterial, hence it was not adjusted.

24.2.2. Financial Instruments – FVOCI

The financial assets measured at fair value through other comprehensive income that are classified within Level 1 mainly consist of government securities that are actively traded in highly liquid over-the-counter markets. These securities are valued using recent quoted unadjusted prices.

If quoted market prices are not available, the fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. For securities where quotes from recent transactions are not available for identical securities, BNY Mellon SA/NV determines fair value primarily based on pricing sources with reasonable levels of price transparency. Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g. vintage, position in the securitization structure) and ascertain variables such as speed of prepayment and discount rate for the types of transaction and apply them to similar types of bonds. BNY Mellon SA/NV does not have such securities at 31 December 2021.

At BNY Mellon SA/NV, any actively traded RMBS with pricing sources derived largely from broker quotes are classified as Level 2 in the Fair Value Hierarchy.

24.3. Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements:

24.3.1. Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

24.3.2. Assets for which Fair Value does not Approximate Carrying Value

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

For financial assets and financial liabilities, where quoted market prices are not available, we generally base the fair value of loans on observable market prices of similar instruments, including bonds, credit derivatives and loans with similar characteristics. If observable market prices are not available, we base the fair value on estimated cash flows adjusted for credit risk which are discounted using an interest rate appropriate for the maturity of the applicable loans.

The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates for similar financial instruments. As BNY Mellon SA/NV has high quality counterparts, credit risk does not significantly influence the fair value. From an economic viewpoint, credit risk is very low at BNY Mellon SA/NV. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. Set out below is a comparison, by class, of the carrying amounts and fair values of BNY Mellon SA/NV's financial instruments that are not carried at fair value in the consolidated financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	2021		2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	In € '000	**In € '000**	**In € '000**	**In € '000**
Financial assets				
Cash and cash balances with central banks	19,861,195	19,861,195	17,562,524	17,562,524
Loans and advances to customers	6,318,493	6,318,493	7,902,902	7,902,902
Debt instruments at amortised cost - Quoted	153,067	154,086	221,736	224,759
Financial liabilities				
Financial liabilities at amortized cost	35,468,797	35,468,797	35,161,070	35,161,070
Deposits	32,266,562	32,266,562	32,458,517	32,458,517
Subordinated liabilities	—	—	358,207	358,207
Long term debt	3,166,861	3,166,861	2,309,730	2,309,730
Other financial liabilities	35,374	35,374	34,617	34,617

The table below shows the interest income and expense that relates to financial instruments measured at amortized cost:

Interest income from financial instruments measured at amortized cost	2021	2020
	in € '000	in € '000
Loans and advances to customers	44,172	80,120
Debt instruments at amortised cost - Quoted	565	793
Total	**44,737**	**80,914**

Interest expense from financial instruments measured at amortized cost	2021	2020
	in € '000	in € '000
Deposits	35,066	53,399
Subordinated loans	4,621	30,199
Lease liabilities (note 26.4)	241	278
Total	**39,928**	**83,876**

25. Share-based Payment

The share-based payment plans are described below. There have been no cancellations of or modifications to, any of the plans during 2021.

A Long Term Incentive Plan is operated by BNY Mellon, under which both stock options and restricted stock units are granted to senior employees.

Restricted Stock Units are issued under the plan and generally vest in ¼ increments each year.
The expense recognized for employee services received during the year is shown in the following table:

	2021	2020
	In € '000	In € '000
Expense arising from equity-settled share-based payment transactions	3,387	2,068
Total expense arising from share-based payment transactions	**3,387**	**2,068**

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year. The WAEP has been converted to EUR based on the monthly average rates.

Options

	2021			2020		
	No.	WAEP USD	WAEP EUR	No.	WAEP USD	WAEP EUR
Outstanding at the beginning of the year	38,440	25.58	23.03	59,613	27.02	24.33
Exercisable at the beginning of the year	38,440	25.58	23.03	59,613	27.02	24.33
Staff transfers due to organisational changes[16]	2,069	—	—	—	—	—
Granted and vested during the year	—	—	—	—	—	—
Forfeited during the year	0	60.26	54.25	0	60.50	54.47
Exercised during the year	25,359	27.72	24.96	18,987	30.16	27.16
Expired during the year	2,087	—	—	3,065	—	—
Outstanding at the end of the year	13,063	22.03	19.83	38,440	25.58	23.03
Exercisable at the end of the year	13,063	22.03	19.83	38,440	25.58	23.03

Restricted stock

	2021	2020
	No.	No.
Outstanding at the beginning of the year	93,350	86,112
Staff transfers during the year (see footnote 13)	9,801	2,469
Granted during the year	88,634	53,777
Vested and exercised during the year	67,596	48,356
Forfeited during the year	846	652
Outstanding at the end of the year	123,343	93,350
Non vested expected to vest at year end	121,705	92,385

[16] Staff transfers include the internal transfer of: 1) 1.075 options and 455 restricted stocks from BNYM Luxembourg entity of BNYM UK Bank to the BNYM Luxembourg bank that merged with BNYM SA/NV; 2) 2.424 restricted stocks from BNYM UK bank to various branches of BNY Mellon SA/NV and 3) 3.453 restricted stock coming from TCIL entity into Dublin branch of BNY Mellon SA/NV.

The weighted average remaining contractual life of options outstanding at year end varies for different entities between 0.56 years and 1.84 years (2020: 1.84 years).

The range of exercise price of options outstanding at year end is from USD 18.02 to USD 30.25 (2020: USD 18.02 to USD 30.25).

The expected life of options and expected volatility of BNY Mellon stock both are based on historical data and hence reflect the assumption that historical data is indicative of future trends, which may also not necessarily be the actual outcome. No other features of option grants were incorporated into the measurement of fair value.

The share price and exercise price are the same and equal the price of BNY Mellon stock on the date of grant. No stock options were granted during the past years and thus there is no available input data to the model used for equity-settled options for the years ended 31 December 2021 and 2020.

26. Other information

26.1. Legal Claims

In 2013 a Swedish Arbitral Tribunal issued an award of over USD500m against the Republic of Kazakhstan (“RoK”) in favour of the "Stati Parties". The Stati Parties sought to legally enforce this award in numerous jurisdictions against RoK’s assets held by any party. In October 2017 BNYM SA/NV London Branch (“SA/NV”) was served with a conservatory garnishment order in Belgium, ordering SA/NV to freeze certain assets belonging to RoK and its National Fund. Accordingly, and in compliance with SA/NV’s legal obligations, SA/NV froze assets held by its client, the National Bank of Kazakhstan (“NBK”), for the National Fund. On 25 May 2018 the amount of the Belgian freeze was reduced, but remained in place pending the outcome of further legal proceedings in England regarding the nature of the relationship among RoK, NBK and SA/NV and the accuracy of SA/NV’s prior statements as the garnishee in the Belgian proceedings. On 22 April 2020 the English Court handed down judgment and determined certain English law questions. However, questions concerning the relationship between RoK/NBK were referred back to the Belgian court. On 16 November 2021, in what are referred to as ‘executory proceedings’, a Belgian judge unexpectedly found that the arbitral award the Statis are seeking to enforce may be tainted by fraud. Following this, the Stati parties confirmed on 25 November 2021 that they agreed to lift the conservatory garnishment. This had the effect of unilaterally lifting the freezing order concerning the USD530m immediately and without any further court order being required. There now remains a number of legal and administrative steps that need to take place to close off other proceedings in Belgium which BNYM are involved with, but the substantive dispute involving BNYM has come to a close.

German authorities are investigating past “cum/ex” trading, which involved the purchase of equity securities on or shortly before the dividend date, but settled after that date, potentially resulting in an unwarranted refund of withholding tax. German authorities have taken the view that past cum/ex trading may have resulted in tax avoidance or evasion. BNY Mellon SA/NV and its German subsidiary have been informed by German authorities about investigations into potential cum/ex trading by certain third-party investment funds, where BNY Mellon SA/NV had acquired entities that served as depositary and/or fund manager for those third-party investment funds. We have received information requests from the authorities relating to pre-acquisition activity and are cooperating fully with those requests. In August 2019, the District Court of Bonn ordered that the German subsidiary be joined as a secondary party in connection with the prosecution of unrelated individual defendants. The trial commenced in September 2019. In March 2020, the court stated that it would refrain from taking action against the subsidiary in order to expedite the conclusion of the trial. The court convicted the unrelated individual defendants, and determined that the cum/ex trading activities of the relevant third-party investment funds were unlawful. In May 2020, pursuant to legal advice from outside counsel indicating a legal obligation to correct tax returns, disclosure letters were sent to the tax authorities disclosing certain facts related to the judgment in the Bonn trial and maintaining that the cases were time barred. In November and December 2020, we received secondary liability notices from the German tax authorities related to pre-acquisition activity in various funds for which the entities we acquired were depositary and/or fund manager. We have appealed the notices. In connection with the acquisition of the subject entities, BNY Mellon SA/NV obtained an indemnity for liabilities from the sellers that BNY Mellon SA/NV intends to pursue as necessary. Whilst we continue to pursue our claims under the indemnity, until we have confirmation of payment, we assess recovery as less than virtually certain as referred to in IAS 37. The provision booked with respect to this legal matter has been determined based on management judgment of the most likely liability that will be owed to German authorities (including legal interest at 6%; no penalties are expected). There is estimation uncertainty in the final outcome of this legal matter.

The Dutch Tax Authorities (“DTA”) are investigating a number of Dutch dividend withholding tax (“DWT”) reclaims filed by BNYM as part of its global custody business between 2014 - 2017. BNY Mellon SA/NV provides DWT reclaim services in the Netherlands for clients who hold Dutch issued securities. The provision of these services by BNY Mellon SA/NV is via an electronic portal that is owned and controlled by the DTA. On 16 December 2019 BNYM SA/NV received tax assessments in the sum of €1.63Mio (including interest) for the year 2014. On 4 February 2020, BNY Mellon SA/NV also received formal tax assessments for the years 2015-2017 in the sum of €12.04Mio (including interest). These tax assessments relate to former BNY Mellon clients. This provision will be reimbursed by the Company of the Group that holds the contractual relationships with the clients for which a reimbursement asset has been accrued. In this regard, the former BNY Mellon clients have now either made full payment to BNY Mellon in accordance with their contractual indemnification obligations or provided contractual undertakings to comply with their indemnification obligations following the outcome of certain tax appeals to which BNY Mellon is not a party.

26.2. Off-balance Sheet

The off-balance sheet items consist mainly of: (i) the assets under custody (AUC) totaling €3,290B as of 31 December 2021 (2020: €2,916B), and (ii) other given and received commitments.

The significant increase of AuC in 2021 by €374B is mainly due to normal business activity (volume increase) and foreign exchange rates impact and as a result had a major impact on the asset servicing business.

The breakdown of the off-balance sheet positions are provided in the table below.

Overview of off balance sheet positions:

CATEGORY	2021	2020
	In € Mio	In € Mio
Commitments given (repurchase agreements and forward deposits)	3	57
Financial guarantees received for state guaranteed bonds (Note 28.2.5)	1,841	1,844
Other commitments received (Note 26.3)	1,000	1,000
Assets under custody	3,290,351	2,916,391
TOTAL	**3,293,195**	**2,919,293**

The amount of assets under custody received, split by currency at 31 December 2021, are presented in the table below:

	2021			2020		
	EUR	Other currency	Total	EUR	Other currency	Total
	In € 'Mio	In € 'Mio	In € 'Mio	In € 'Mio	In € 'Mio	In € 'Mio
Assets under custody	1,204,145	2,086,206	3,290,351	1,134,376	1,782,014	2,916,391
	1,204,145	**2,086,206**	**3,290,351**	**1,134,376**	**1,782,014**	**2,916,391**

26.3. Collateral and other commitments received

On the 6th of February 2020, BNYM SA/NV signed an Unfunded Credit Risk Mitigation Agreement with The Bank of New York Mellon to cover the part of exposures exceeding the prudential limit (25% of own funds) on all external counterparties for maximum €1bn. No usage of this guarantee has been recorded as of December 31, 2021 reporting.

On 25 February 2016, BNY Mellon SA/NV signed a collateral agreement with Deutsche Bank AG to cover exposures incurred by BNY Mellon SA/NV's cash deposits to Deutsche Bank AG and its branches in its capacity of sub-custodian. The collateral was returned to Deutsche Bank AG during the first quarter of 2020.

26.4. Leasing

BNY Mellon SA/NV has entered into a number of leases on premises and equipment. These leases typically have an average life of 0.75 years for machine and equipment, of 1.85 for cars and 3.27 years for premises with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Previously these leases were classified as operating leases under IAS 17.

Information about leases for which BNY Mellon SA/NV is a lessee is presented below.
The right-of-use assets relate to leased branches and head office premises, cars and other equipment and are presented within property and equipment category on the face of the balance sheet (please see note 16).

	2021	2020
	In '000	In '000
Right-of-use assets		
Balance at 1 January	32,744	38,895
Depreciation charge for the year	(10,507)	(9,663)
Additions	11,424	3,512
Balance at 31 December	**33,660**	**32,744**

The amounts recognised in profit or loss for the years 2021 and 2020 were:

	2021	2020
	In '000	In '000
Interest on lease liabilities	241	278
Expenses relating to short-term leases/low value assets	285	—
	526	**278**

BNY Mellon SA/NV has classified cash payments for the principal portion of lease payments as financing activities and cash payments for interest portion as operating activities consistent with the presentation of other interest payments.

Amounts recognized in the statement of cash flows were as follows:

	2021	2020
	In '000	In '000
Outflows for operating activities	241	278
Outflows for financing activities	10,495	8,892
Total cash outflows for leases	**10,736**	**9,169**

27. Related Party Disclosures

27.1. Key Management Compensation

Key management personnel refer to the members of the Board of Directors, the Committees of the Board of Directors and senior management as set out in the Report of the Board of Directors.

	2021	2020
	In € '000	In € '000
Short-term employee benefits	3,673	3,184
Post-employment benefits	112	76
Other long-term benefits	14	16
Share based payments	474	131
	4,273	**3,406**

Short-term employee benefits section consists of salaries of €3.47 Mio (2020: €2.76 Mio), social charges of €0.17 Mio (2020: €0.38 Mio) and pension expenses of €0.04 Mio (2020: €0.05 Mio).The increase is mainly due to the remuneration of the key executives. The increase is also linked to the higher number of key executives : six individuals in total during year 2021 compared to four in 2020.

Post-employment benefits of the key management are an estimation of extra-legal pension contribution. Other long term benefits are the contributions to the death-in-service reinsurance and long term disability.

More information regarding the share based payments are disclosed in Note 25.

27.2. Transactions with Key Management Personnel of BNY Mellon SA/NV

BNY Mellon SA/NV does not enter into transactions, arrangements and agreements involving directors, senior management and their relatives. There are no mortgages or any personal loans granted to key management. Therefore there is nothing to report as transactions with key management.

27.3. Transactions with Related Parties

The following is a summary of the balances relating to transactions with BNY Mellon SA/NV's parent (i.e. ultimate parent and ultimate controlling party only), the companies included in its parent's consolidated financial statements and other companies related to BNY Mellon group. The outstanding balances and transactions with own subsidiaries are included for presentation purposes only, since these transactions are eliminated for the consolidation scope.

Amounts payable to and amounts receivable from related parties

	2021			2020		
	Parent	Own subsidiaries	Other entities of the group	Parent	Own subsidiaries	Other entities of the group
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Assets: loans and advances	2,727,759	2	572,543	4,301,009	15	459,759
Current accounts	2,235,898	2	264,763	4,220,518	15	174,437
Term loans	491,862	—	307,780	80,491	—	285,322
Other assets	215,226	40,563	—	493,040	46,865	6,066
TOTAL ASSETS	**2,942,985**	**40,564**	**572,543**	**4,794,049**	**46,880**	**465,825**
Deposits	2,099,831	96,802	393,384	2,990,415	102,291	592,097
Long term debt	3,166,861	—	—	2,309,730	—	358,207
Other liabilities	96,351	17	—	492,579	1,847	12,324
TOTAL LIABILITIES	**5,363,043**	**96,818**	**393,384**	**5,792,724**	**104,138**	**962,628**

Income and expense generated by transactions with related parties

	2021			2020		
	Parent	Own subsidiaries	Other entities of the group	Parent	Own subsidiaries	Other entities of the group
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Interest income	48,898	646	5,650	58,663	688	5,603
Fees and commissions	238,960	2,051	13,434	212,652	1,566	6,304
Other	2,976	813	755	1,713	1,072	910
TOTAL INCOME	**290,834**	**3,510**	**19,840**	**273,028**	**3,326**	**12,817**
Interest expense	68,419	—	5,989	35,499	1	32,045
Fees and commissions	149,295	1,270	42,640	123,714	1,389	39,821
Other	82,888	(1,095)	9,731	76,152	(25,888)	9,011
TOTAL EXPENSE	**300,602**	**175**	**58,360**	**235,365**	**(24,498)**	**80,877**

27.4. Terms and Conditions of Transactions with Related Parties

The outstanding balances arise from the ordinary course of business. Outstanding balances at the year-end are unsecured. Nonetheless, the term deposits with BNY Mellon are covered by a master agreement that contains a right to withdraw prior to maturity date subject to early withdrawal penalty (break clause). For the year ended 31 December 2021, receivables from related parties are not considered to be doubtful and hence no provision for doubtful debt has been made.

27.5. Consolidated Subsidiaries and Branches and Key Financial Performance Figures by Geographical Location

The consolidated financial statements include the separate financial statements of BNY Mellon SA/NV which includes its branches and the subsidiaries in the following table:

Branches and Subsidiary	Country of incorporation	Nature of activity
		2021
The Bank of New York Mellon SA/NV - Amsterdam Branch	Netherlands	Asset Servicing, Markets
The Bank of New York Mellon SA/NV - London Branch	United Kingdom	Asset Servicing, Corporate Trust, Markets
The Bank of New York Mellon SA/NV - Frankfurt Branch	Germany	Asset Servicing, Markets, Global Collateral Management
The Bank of New York Mellon SA/NV - Luxembourg Branch	Luxembourg	Asset Servicing, Corporate Trust, Markets
The Bank of New York Mellon SA/NV – Milan Branch	Italy	Corporate Trust
The Bank of New York Mellon SA/NV	Belgium	Asset Servicing, Clearance and Collateral Management, Markets
The Bank of New York Mellon SA/NV - Dublin Branch	Ireland	Asset Servicing, Corporate Trust, Depositary Receipts, Markets
The Bank of New York Mellon SA/NV - Paris Branch	France	Corporate Trust
BNY Mellon Service Kapitalanlage - Gesellschaft mbH (subsidiary)	Germany	Asset Servicing
The Bank of New York Mellon SA/NV - Copenhagen Branch	Denmark	Asset Servicing
The Bank of New York Mellon SA/NV - Madrid Branch	Spain	Corporate Trust

Name of Subsidiary	Country of incorporation	% equity interest	% equity interest
		2021	2020
BNY Mellon Service Kapitalanlage - Gesellschaft mbH	DE	100 %	100 %
BNY AIS Nominees Limited	IE	100 %	100 %

The turnover, profit before tax and after tax consolidated into the consolidated statement of profit and loss of BNY Mellon SA/NV as well as the number of employees (full time equivalent) are presented by location in the table below:

Branches and Subsidiary	Turnover*	Profit before tax	Profit after tax	No of FTE (equivalent)
	In € '000	In € '000	In € '000	
The Bank of New York Mellon SA/NV	287,330	143,935	95,816	511
The Bank of New York Mellon SA/NV - London Branch	220	159	129	—
The Bank of New York Mellon SA/NV - Amsterdam Branch	68,704	44,874	37,598	131
The Bank of New York Mellon SA/NV - Dublin Branch	144,794	84,127	76,718	375
The Bank of New York Mellon SA/NV - Luxembourg Branch	134,840	70,001	60,942	259
BNY Mellon Service Kapitalanlage - Gesellschaft mbH	22,001	(3,725)	(3,725)	83
The Bank of New York Mellon SA/NV - Frankfurt Branch	8,360	(39,880)	(39,861)	172
The Bank of New York Mellon SA/NV - Milan Branch	8,983	3,584	3,037	24
The Bank of New York Mellon SA/NV - Paris Branch	707	(2,350)	(2,446)	11
The Bank of New York Mellon SA/NV - Madrid Branch	1,070	(1,361)	(1,431)	**11**
The Bank of New York Mellon SA/NV - Copenhagen Branch	157	(1,107)	(1,123)	**13**
Total	**677,166**	**298,258**	**225,655**	**1,590**

*Turnover comprises interest income, fee and commission income, gains on non-qualifying economic hedges, gains from sale of FVOCI debt securities and non-trading gains from exchange differences.

27.6. Business Combinations

No business combinations occurred in 2021.

On 27th January 2021, BNY Mellon SA/NV and Nykredit announced to have reached an agreement to transfer Nykredit Depositary activity to BNY Mellon SA/NV.

The closing date of the transaction was at October 29th, 2021. The payment date of the transaction was on the same day and was evidenced by a closing memorandum signed by both parties. On this date, BNY Mellon SA/NV paid Nykredit DKK 320 Mn (equivalent to € 43 Mio). After the payment the Nykredit Depositary activity was transferred on November 1st, 2021.

On closing date, BNY Mellon SA/NV recognized the intangible asset. Based on IFRS 3 for Business Combinations guidance, the deal is considered as asset acquisition.

28. Risk Management

28.1. General

The Board of BNYM SA/NV recognizes that risk is inherent in all products, activities, processes and systems, and therefore considers effective management of risk as a fundamental element in the management of BNYM SA/NV.
The Board empowers the Risk Management Function of BNYM SA/NV to establish a framework which provides sufficient assurance that risks are effectively identified, assessed, monitored, mitigated and reported on.

Specifically, the Board empowers the Risk Management Function to ensure that processes and controls are adequate to ensure compliance with the Risk Appetite and its related limits including relevant policies and processes to deal promptly with limit breaches.
The Risk Management Function maintains the BNYM SA/NV's risk management framework which is an overarching framework that describes how risk is managed within BNYM SA/NV, as well as how these framework components interact, including within policies, procedures, limits and controls providing adequate, timely and continuous identification, assessment, monitoring, management and reporting of the risks posed by its activities at consolidated and branch/subsidiary levels.
Given that BNYM SA/NV is a fully owned subsidiary of BNY Mellon and part of the BNY Mellon Group, the Risk Management Function implements locally a risk management framework consistent with the BNY Mellon Group's framework, articulated around the three lines of defense model.

28.1.1. Risk Management Framework

Risk Appetite

BNY Mellon defines risk appetite as “the level of risk it is normally willing to accept while pursuing the interests of our major stakeholders, including our clients, shareholders, employees and regulators”. The Risk Appetite Statement (RAS) defines metrics and controls to measure and monitor risks relative to the risk appetite. These metrics establish risk thresholds through qualitative and quantitative expressions of risk appetite to monitor risk-taking activities.

The Risk Appetite of BNYM SA/NV constitutes the risk-limiting perimeter within which the Firm, its Branches and Subsidiary must operate.

The Board owns and defines the RAS, and is responsible for annually reviewing it and approve any amendment. The Risk Appetite Metrics Report is actively monitored, and managed by the BNYM SA/NV Executive Committee through a defined governance and set of delegated controls to ensure that the performance of business activities remains within risk appetite levels. The Risk Appetite is reviewed at least annually or as needed if the risk profile changes. The Risk appetite is developed according to a Group Policy.

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

28.1.2. Committees assisting the Executive Committee

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

Risk Management Committee (“RMC”)

The purpose of the RMC is to provide oversight of the risks supported by BNYM SA/NV (including head office, branches and representative office), to ensure that risks are identified, monitored and reported and to ensure that appropriate actions and activities are in place to manage the identified risks. The Committee also plays a central role in ensuring that any material change that has the potential to affect BNYM SA/NV is identified in a timely manner and managed in an appropriate fashion.
The aim of the RMC is to establish and maintain a capable, effective forward looking risk organization that is well placed to identify and manage emerging risks for the legal entity including its branches and subsidiary. The RMC provides risk-based challenge to the Business (first line of defense), establishes and maintains the risk culture, and advises the ExCo as second line of defense on risk matters.
The RMC is responsible for ensuring that risk and compliance activities undertaken by BNYM SA/ NV and its underlying branches, representative office, and businesses are executed in accordance with BNYM SA/NV Risk Appetite Statement (RAS), policies, and regulations.

Capital and Stress Testing Committee (“CSTC”)

The purpose of the CSTC is to ensure adequate governance, ownership and understanding of the processes and documentation pertaining to BNYM SA/NV's capital requirements (economic, regulatory, adequacy and allocation), risk model methodologies and stress testing in accordance with the ICAAP governance, BNYM SA/NV Stress Testing policies and Framework whilst taking into consideration BNY Mellon's over-arching capital, profit and strategic plans.
The CSTC is an empowered decision making body under authority delegated by the ExCo and subject to corporate policy, legislation and external regulation.

Asset and Liability Committee ("ALCO")

The BNYM SA/NV ALCO is responsible for overseeing the asset and liability management activities on the balance sheet of BNYM SA/NV and its branches and subsidiary and, for ensuring compliance with all liquidity, interest rate risk and capital related regulatory requirements. BNYM SA/NV ALCO is responsible for ensuring that policy and guidance set through the BNY Mellon Group is understood and executed locally. This includes strategy related to the investment portfolio, placements, capital, interest rate risk, and liquidity risk.

Business Acceptance Committees (BAC)

A BAC is responsible for the acceptance, oversight and guidance of new and existing businesses and clients for each of the following business lines for all BNY Mellon legal entities across EMEA: Asset Servicing & AIS, Corporate Trust, Depositary Receipts, Global Markets and Broker-Dealer & Advisory Services.

BNY Mellon SA/NV representatives, selected by the ExCo for their expertise, sit at BACs when BNY Mellon SA/NV deals have to be approved.

Credit Risk Oversight Committee ("CROC")

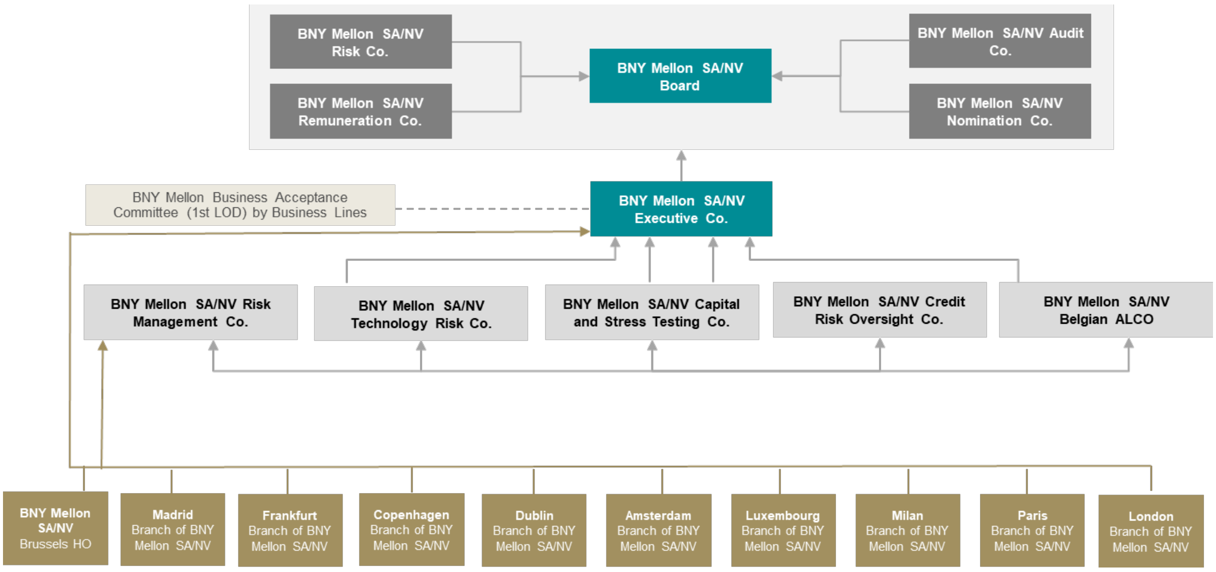
The key purpose of the CROC is to oversee all forms of credit risk, to oversee controls of credit risk associated with BNYM SA/NV banking business and to ensure compliance with BNYM SA/NV credit policies. The activities of the CROC are reported to the ExCo as well as to the Risk Committee of the Board where relevant.

Technology and Information Risk Committee (TIRC)

The key purpose of the TIRC is to provide oversight of the Technology risks supported by the European Bank head office and its branches, to ensure that Technology risks are identified, monitored and reported and to ensure that appropriate actions and activities are in place to manage the identified risks. The Committee also plays a central role in ensuring that any material change that has the potential to affect BNY Mellon SA/NV is identified in a timely manner and managed in an appropriate fashion.
The aim of the Committee is to establish and maintain a capable, effective forward looking Technology risk organisation that is well placed to identify and manage emerging risks for BNY Mellon SA/NV including its branches. The Committee provides risk-based challenge to the Technology 1st line of defence, establishes and maintains a risk culture, and advises and escalates to BNY Mellon SA/NV Executive Committee on risk matters.
The Committee is responsible for ensuring that Technology related risk and compliance activities undertaken by BNY Mellon SA/NV including its branches and service providers are executed in accordance with risk appetite, policies and regulations.

28.1.3. Description of the Risk Management Framework

The risk management function monitors and identifies emerging risks with a forward looking approach. It provides risk management information to the BNY Mellon SA/NV Board and governance committees, and contributes to a “no-surprise” risk culture. It aligns closely with Compliance (2LOD) and Internal Audit (3LOD) plus Finance and Treasury (as 1LOD control functions). It independently educates staff, promotes risk awareness and continually makes improvements, whilst monitoring progress against defined success criteria for improving the effectiveness of the risk function.



A designated (Branch) Risk Manager oversees each one of the eight BNYM SA/NV Branches, the Brussels Head Office and the KVG subsidiary.

The different Branch/Subsidiary Managers are invited to the monthly RMC and have the possibility to escalate any item they deem material.

28.1.4. Risk Assessment Methodology and Reporting Systems

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

Information compiled from all the businesses is examined and processed in order to analyze, control and identify risks on a timely basis. This information is presented and explained to the Risk Management Committee, the Executive Committee and the Board of Directors.

Risk identification and reporting is made using a series of tools and information systems. Each risk type is assessed and reported by risk experts to BNY Mellon SA/NV RMC.

BNY Mellon SA/NV benefits from multiple data gathering, risk monitoring and escalation flows. BNY Mellon SA/NV generally does not build its own risk infrastructure, data aggregation and reporting tools. In that sense, all the tools used by the risk experts are

Corporate tools, of which the building and maintenance is framed by policies and Service Level Agreements.

28.1.5. Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP")

BNY Mellon SA/NV monitors its capital adequacy in accordance with Basel Framework on the basis of Pillar 1 requirements as well as Pillar 2 (Economic Capital).

Pillar 1 capital requirement is calculated according to the Basel standardized approach for credit, market and operational risks, and for credit value adjustment. The standard formula is based on weighting factors applied to the balance sheet and profit and loss components.
Pillar 2 capital requirement is based on an internal risk assessment of the components of the balance sheet and of the business activities; it uses BNY Mellon SA/NV methodologies (most being BNY Mellon methodologies) which follow an approval process including independent validation by BNY Mellon's model validation team. These methodologies are approved by BNY Mellon SA/NV Capital and Stress Testing Committee and by BNY Mellon SA/NV Board of Directors during the annual ICAAP approval. BNY Mellon SA/NV also conducts stress tests in order to assess the resilience of the capital base in the future. This provides an avenue for micro- and macro-economic scenarios, new activities or strategic plans to be assessed from a capital perspective.

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

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

28.1.6. Risk Mitigation

As part of its overall risk management and in addition to the different mitigation measures implemented within the different risk categories, BNY Mellon SA/NV uses derivatives and other instruments to manage exposures resulting from changes in foreign exchange rates. This use is limited to the economical coverage of the liquidity invested in part of its debt instruments portfolio.

28.2. Credit Risk

28.2.1. Source of Risks

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

Because of its business model providing custodial services to the global finance community, BNY Mellon SA/NV assumes less balance sheet and traditional credit risk than many other banks. However, these businesses do create significant intraday credit risk that can originate from different sources.

BNY Mellon SA/NV credit exposures arise primarily through the following activities:

- BNY Mellon SA/NV provides significant intraday credit facilities to clients in order to settle transactions settling in a wide variety of global markets. These facilities are generally secured, unadvised and uncommitted. Although end of day balances (overdrafts) are relatively small, intraday exposures can be extensive, albeit spread across a very wide portfolio of clients.
- Client overdrafts, resulting from unfunded intraday activity (trade purchases, FX and payment activity, etc).
- Placement to central banks and money market: credit risk assumed by BNY Mellon SA/NV in placing funds with banks for a fixed term or overnight. This may be by way of cash placement or through the purchase of certificates of deposits issued by these banks.
- Investment in securities (government bonds, corporate bonds, covered bonds and RMBS): BNY Mellon SA/NV has a large securities portfolio.
- Intercompany exposure (placements, Netting Agreement use and receivables).
- Derivatives in the banking book: FX swaps used to manage liquidity and FX swaps coming from the FX client activity.

28.2.2. Credit Risk Management Framework

The Credit Risk Management Framework (CRMF) defines roles and responsibilities using the three lines of defense, as defined in section 28.1. The CRMF within BNY Mellon SA/NV relies on awareness, well defined policies, procedures and reporting, a clear governance structure and suitable tools for reporting and monitoring; these are used to effectively identify, manage, mitigate, monitor and report the risks in an organized way to the appropriate governance body.
A series of new credit risk procedures at BNY Mellon Group level (applicable to SA/NV as well) have been developed to enhance the execution of the CRMF. The procedures define sustainable baseline standards to be applied across all business level operational risk functions including BNY Mellon SA/NV, and focus on:

- Clearly defined First and Second Line of Defense roles and responsibilities
- Escalation Requirements
- Evidence of Oversight and Challenge Activities

28.2.3. Credit Risk Monitoring and Control

Credit risk is managed and monitored by several teams globally, including officers in Brussels and is reported to the Credit Risk Oversight Committee (CROC), a sub-committee of BNY Mellon SA/NV Executive Committee.

Monitoring and control is conducted via a number of systems to ensure that approved exposure levels are not exceeded, or are pre-approved by an appropriate Credit Officer in the light of individual circumstances. Post event monitoring is conducted by both client service areas and the credit risk function. Each counterparty is associated with an internal rating defining its credit quality. In that respect, Group standards are applied uniformly within the Group. Nostros accounts are maintained at the minimum possible level and within large exposures limits commensurate with smooth operation of client and own fund’s needs. The banks used are all major well rated banks in the relevant country. Regarding intraday overdrafts, limits are set for each client as a percentage of a client’s assets under custody (subject to certain maximum levels); all cash payments are checked against this limit on a real-time basis. Any excesses are referred to a credit officer for approval. Occasionally business requirements are such that a manual fixed limit is required. In these situations, specific credit approval is provided by the credit risk manager. Again all cash payments are checked against this limit, prior to payment. These arrangements allow clients to access proceeds of sales, or other expected funds, even though in many markets the proceeds are not formally received until late in the day.

Formal overdraft facilities have been agreed for selected clients where business and credit risk evaluations are satisfactory. Leverage is required to be moderate. The portfolio composition is required to be adequately diversified and of sufficient quality to mirror credit approval by a dedicated credit risk specialist.

Derivative financial instruments

BNY Mellon SA/NV maintains strict control limits on derivative positions by amount and maturity, and is only engaged for economic hedging purposes. Credit risk arising from derivative financial instruments is, at any time, limited to the positive current fair values of these financial instruments (plus a regulatory "add-on" reflecting the future credit risk exposure of these derivatives).

Collateral or other security is usual practice to cover the credit risk exposure on these instruments, except where BNY Mellon SA/NV requires margin deposits from counterparties.
Settlement risk arises where a payment in cash, securities or equities is made in the expectation of a corresponding similar receipt. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk exposures resulting from the daily market transactions of BNY Mellon SA/NV.

The exposure value of derivatives as of 31 December 2021 is €369 Mio (2020: €500 Mio).

Offsetting financial assets and financial liabilities
BNY Mellon SA/NV does not offset any financial assets and financial liabilities except for intragroup exposures where an MNA exists. The disclosures set out in the table below include financial assets and financial liabilities that are subject to legal agreements similar to enforceable master netting arrangements, which cover similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the tables below unless they are offset in the statement of financial position.

Financial assets and liabilities subject to offsetting, enforceable master netting agreements for the year 2021 are presented in the following table:

	Gross amounts of recognized financial instruments	Gross amounts of recognized financial liabilities/assets offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Related amounts of financial instruments not offset in the statement of financial position
	In € '000	In € '000	In € '000	In € '000
Financial assets				
Loans and advances to customers	4,270,563	4,269,574	989	2,896,380
Financial liabilities				
Deposits	5,884,277	4,269,574	1,614,704	2,896,380

In prior years BNY Mellon SA/NV's activities of sale and repurchase, and reverse sale and repurchase transactions, and securities borrowing and lending were covered by master agreements with netting terms similar to those of ISDA Master Netting Agreements. As of 31 December 2021 and 2020, no such transactions existed within BNY Mellon SA/NV.

BNY Mellon SA/NV received and accepted collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements.

Such collateral is subject to the standard industry terms of ISDA Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

At 31 December 2021 BNY Mellon SA/NV had no exposures subject to the above agreements.

28.2.4. Collateral and Other Credit Enhancements

BNY Mellon SA/NV can receive collateral from a counterparty which can include, guarantees, cash and both equity and debt securities. When a right of pledge exists, BNY Mellon SA/NV has the ability to call on this collateral in the event of a default by the counterparty.
Collateral amounts are adjusted on a daily basis to reflect market activity to ensure they continue to achieve an appropriate mitigation of risk value. Securities are marked-to-market daily and haircuts are applied to protect BNY Mellon SA/NV in the event of the value of the collateral suddenly reducing in value due to adverse market conditions. Customer agreements can include requirements for the provision of additional collateral should valuations decline.

28.2.5. Risk Concentrations: Maximum Exposure to Credit Risk

Credit concentration risk results from concentration of exposures to a single counterparty, borrower or group of connected counterparties or borrowers. This includes on- and off-balance sheet exposures. In addition, industry, country and collateral concentration bear additional credit risk as the systemic credit quality issue in a sector will create losses for the whole sector.

The risk of credit concentrations is controlled and managed according to client/counterparty as opposed to industry. Country limits (in particular for the securities portfolio) are approved by the CROC.

Under European and Belgian bank regulations, all large external individual exposures have to stay below a 25% threshold of their own funds. Shadow banking exposure follows the same rule.

The largest exposure is to The Bank of New York Mellon and is spread across multiple branches and locations which provide some mitigation in the case of the default or rating downgrade of a related party. The remaining placements (including central bank placements) are diversified across a number of banks and geographic locations.

In March 2014, a Master Netting Agreement (MNA) was signed between BNY Mellon SA/NV and BNY Mellon. This agreement has a significant positive impact on the credit risk capital requirement and thereby on BNY Mellon SA/NV solvency ratio. An additional MNA was signed with BNYM International Limited in July 2015. These MNA were still in place as of 31/12/2021.

In addition, an Unfunded Credit Risk Mitigation Agreement (UCRMA) is used for day-to-day management of the risk but is not taken into account for regulatory reporting purposes at the end of the reporting period. The UCRMA is not taken into account for statutory and consolidation reporting.

BNY Mellon SA/NV has carried out extensive work in connection with the remediation of large exposure and concentration risk concerns. The NEXEN large exposures' platform (after the decommissioning of the Concentration Risk System in October 2020) is used at BNY Mellon SA/NV to calculate, manage and report (counterparty and country) Credit Concentration Risk on a day-to-day basis, addressing the requirements of the business and the risk function, and to report Large Exposures to the NBB in line with applicable Large Exposures regulatory reporting requirements.

There was no regulatory breach in 2021, neither towards external counterparties nor towards intergroup exposures.

The following table shows the maximum exposure to credit risk for the financial assets and financial liabilities, by geography and by industry before the effect of mitigation through the use of master netting and the Unfunded Credit Risk Mitigation Agreement. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Overview of maximum credit risk exposure

	Maximum risk position		Credit risk mitigant	
	2021	2020	2021	2020
	In € '000	In € '000	In € '000	In € '000
Cash and cash balances with central banks (Note 10)	19,861,195	17,562,524	—	—
Derivative financial instruments (asset side) (Note 14)	368,555	500,209	—	—
Investment securities (Note 12/ 26.2)	12,805,769	13,388,973	1,841,310	1,844,277
Loans and advances to customers (Note 11)	6,318,493	7,902,902	7,165	76
Derivative financial instruments (liability side) (Note 14)	316,735	583,009	—	—
Financial liabilities measured at amortized cost (Note 18)	32,301,935	35,161,070	—	—
Deposits	32,266,562	32,458,517	—	—
Subordinated liabilities	0	358,207	—	—
Long term debt	3,166,861	2,309,730	—	—
Other financial liabilities	35,374	34,617	—	—

	Maximum credit risk exposure by region, carrying values:				2021	2020
	Africa	Americas	Europe	Asia Pacific	In € '000	In € '000
FINANCIAL ASSETS						
Cash and cash balances with central banks	—	—	19,861,195	—	**19,861,195**	**17,562,524**
Derivative financial instruments	4,813	218,889	144,332	520	**368,555**	**500,209**
Investment securities	59,226	3,707,760	7,731,058	1,307,725	**12,805,769**	**13,388,973**
Loans and advances to customers	185,636	2,926,414	1,866,136	1,340,306	**6,318,493**	**7,902,902**
TOTAL FINANCIAL ASSETS	**249,676**	**6,853,064**	**29,602,721**	**2,648,551**	**39,354,010**	**39,354,608**
FINANCIAL LIABILITIES						
Derivative financial instruments	3,261	96,351	210,610	6,514	**316,735**	**583,009**
Deposits	14,906	5,660,104	26,478,597	112,955	**32,266,562**	**32,458,517**
Subordinated liabilities	—	—	—	—	**—**	**358,207**
Long term debt	—	800,004	2,366,857	—	**3,166,861**	**2,309,730**
Other financial liabilities	—	—	35,374	—	**35,374**	**34,617**
TOTAL FINANCIAL LIABILITIES	**18,166**	**6,556,458**	**29,091,438**	**119,469**	**35,785,532**	**35,744,079**

	Maximum credit risk exposure by industry, carrying value:				2021	2020
	Credit institutions	General Government	Other Financial institution	Non-Financial institution	In € '000	In € '000
FINANCIAL ASSETS						
Cash and cash balances with central banks[17]	19,861,195	—	—	—	**19,861,195**	**17,562,524**
Derivative financial instruments	258,672	—	100,116	9,767	**368,555**	**500,209**
Investment securities	7,382,481	4,621,590	337,369	464,329	**12,805,769**	**13,388,973**
Loans and advances to customers	6,078,518	713	239,262	—	**6,318,493**	**7,902,902**
TOTAL FINANCIAL ASSETS	**33,580,865**	**4,622,304**	**676,747**	**474,096**	**39,354,011**	**39,354,608**
FINANCIAL LIABILITIES						
Derivative financial instruments	136,980	—	175,897	3,859	**316,735**	**583,009**
Deposits	3,446,408	203,411	28,579,808	36,935	**32,266,562**	**32,458,517**
Subordinated liabilities	—	—	—	—	**—**	**358,207**
Long term debt	*3,166,861*	—	—	—	**3,166,861**	*2,309,730*
Other financial liabilities	35,356	—	17	—	**35,374**	**34,617**
TOTAL FINANCIAL LIABILITIES	**6,785,605**	**203,411**	**28,755,722**	**40,793**	**35,785,532**	**35,744,079**

28.2.6. Monitoring Sovereign Risks

Risk Management of BNY Mellon SA/NV has actively managed through events in the macro-economy, unstable political situations in regions, acts of nature and threats of a regional debt contagion, events impacting employees, clients and business operations. Stress tests are also conducted as needed. Thus far, no direct credit losses have been recorded in BNY Mellon SA/NV from these events. The split per country is presented further down.

[17] For the purpose of the consolidated financial statements, the cash and cash balances with central banks are presented as credit institutions in line with the financial reporting classification.

Overview of exposure to sovereign debt at year-end 2021 and 2020, carrying value (in € 000):

Country	Held-for-trading	Balances with Central Banks[18]	Investment securities		Loans and advances	2021	2020
			FVOCI	Amortised Cost			
Belgium	—	7,261,574	—	—	—	**7,261,574**	**8,498,496**
Germany	—	6,952,541	999,574	—	—	**7,952,116**	**7,393,258**
Luxembourg	—	1,194,621	25,162	—	—	**1,219,783**	**1,351,298**
Netherlands	—	3,640,319	266,761	50,991	—	**3,958,071**	**1,222,274**
United States	—	—	1,300,234	—	—	**1,300,234**	**1,008,697**
France	—	—	543,537	102,076	—	**645,613**	**737,962**
Ireland	647	763,324	37,317	—	654	**801,942**	**646,818**
Italy	—	48,729	209,097	—	—	**257,826**	**515,865**
Spain	—	—	221,394	—	—	**221,394**	**299,697**
United Kingdom	—	—	144,438	—	—	**144,438**	**169,503**
Canada	—	—	158,962	—	—	**158,962**	**156,807**
Japan	—	—	84,036	—	—	**84,036**	**80,059**
Finland	—	—	62,615	—	59	**62,674**	**30,854**
Other	8,218	86	415,398	—	—	**423,703**	**198,754**
TOTAL	**8,866**	**19,861,195**	**4,468,525**	**153,067**	**713**	**24,492,365**	**22,310,343**

28.2.7. Credit Quality by Class of Financial Assets

Credit is approved through the credit risk function of BNY Mellon, within the risk appetite tolerances of BNY Mellon SA/NV. All counterparties (clients and banks) are assessed and allocated a credit rating in accordance with the BNY Mellon internal rating system.

[18] Given these are exposures to central banks, these cash balances are included as part of sovereign risk monitoring for completeness purposes.

BNY Mellon's internal methodology for borrower ratings is based on external ratings and a dedicated internal assessment. The internal rating scale ranges from 1 to 18 and is mapped to internally estimated probabilities of default. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on BNY Mellon SA/NV's internal credit rating system. This system can be linked to more common rating systems available on the market. The amounts represent the credit risk exposures as calculated according to regulatory rules. There are no impaired financial assets recognized for BNY Mellon SA/NV in 2021 (2020: € nil).

Internal BNY Mellon rating	S&P' equivalent grades	Moody's equivalent grades	Held-for-trading	Balances with Central Banks	Investment securities*		Loans and receivables	2021	2020
					FVOCI	Amortised Cost			
								€ Mio	**€ Mio**
1-2	AAA/AA+	Aaa/Aa1	—	11,787	3,186	51	9	**15,033**	**15,216**
3-6	AA/A	Aa2/ A2	328	8,025	8,863	102	5,435	**22,753**	**20,648**
7-9	A-/BBB	A3 /Baa2	24	—	395	—	405	**825**	**2,560**
10-13	BBB-/BB-	Baa3/Ba3	17	49	209	—	318	**592**	**787**
14-16	B+/B-	B1/B3	—	—	—	—	151	**151**	**144**
Total			**368**	**19,861**	**12,653**	**153**	**6,318**	**39,354**	**39,355**

*Investment securities are rated based on the lower of the two external credit ratings.

It is BNY Mellon SA/NV's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products.

The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk in accordance with BNY Mellon SA/NV's rating policy. The risk ratings are assessed and updated regularly.

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt instruments (2021) split by Stage 1, Stage 2 and Stage 3. Explanations on the stages classification is included in Note 1.6.8.1.

	Stage 1 In € '000	Stage 2 In € '000	Stage 3 In € '000	Total In € '000
Cash with central banks and Loans and advances to customers at amortised cost				
Grades 1-10: Investment grade	25,831,854	86,018	—	25,917,871
Grades 11-14: Non investment grade	75,262	62,212	—	137,474
Grade 15-16: Criticised asset	—	125,395	—	125,395
Grades 17-18: Default	—	—	—	—
	25,907,115	273,625	—	26,180,740
Loss allowance	125	927	—	1,052
Carrying amount	**25,906,990**	**272,698**	**—**	**26,179,688**
Debt investment securities at amortised cost				
Grades 1-10: Investment grade	153,067	—	—	153,067
Grades 11-14: Non investment grade	—	—	—	—
Grade 15-16: Criticised asset	—	—	—	—
Grades 17-18: Default	—	—	—	—
	153,067	—	—	153,067
Loss allowance	—	—	—	—
Carrying amount	**153,067**	**—**	**—**	**153,067**
Debt investment securities carried at FVOCI				
Grades 1-10: Investment grade	12,652,859	—	—	12,652,859
Grades 11-14: Non investment grade	—	—	—	—
Grade 15-16: Criticised asset	—	—	—	—
Grades 17-18: Default	—	—	—	—
	12,652,859	—	—	12,652,859
Loss allowance	157	—	—	157
Carrying amount	**12,652,702**	**—**	**—**	**12,652,702**

28.2.8. Impairment Assessment - Amounts arising from expected credit loss("ECL")

For accounting purposes, the measurement of impairment loss allowances is based on an expected credit loss ("ECL") accounting model. The definition of default is a central concept for ECL.

Definition of default
Under IFRS 9, BNY Mellon SA/NV will consider a financial asset to be in default when either or both of the following conditions are met:

- BNY Mellon SA/NV determines that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries, in full, without recourse by BNY Mellon SA/NV to actions such as realizing collateral (if held).
- The obligor is past due more than 90 days on any material credit obligation to BNY Mellon SA/NV, its ultimate parent undertaking or any subsidiary of its parent undertaking. The assessment of number of days past due will begin from the date of first missed payment. The trigger to count past due days for overdrafts is when the legal obligation for mandatory payment has been established.

Significant increase in credit risk
Internal credit rating-based approach is used for wholesale exposures
BNY Mellon SA/NV allocates to exposures a credit risk grade that is based on experienced credit judgment and a variety of data that is predictive of the risk of default. BNY Mellon SA/NV will use its 18 point internal credit rating scale to determine a significant increase in credit risk for wholesale exposures (cash and due from banks, interest bearing deposits, loans including overdrafts and unfunded commitments and letters of credit):

- 1-10 Investment grade
- 15-16 Criticized asset rating
- 17-18 Default rating

Credit risk grades are defined and calibrated such that the risk of default increases exponentially as the credit rating deteriorates. A significant increase in credit risk and transfer to stage two occurs for such exposures when there has been a four notch downgrade since initial recognition of the exposure. As a backstop, an exposure that is 30 days past due (DPD) is considered to have experienced a significant increase in credit risk. Additionally, exposures with a criticized asset rating (15-16) will be deemed to have suffered a significant increase in credit risk compared with the maximum initial credit risk at recognition. ‘Recovery’ from a significant increase in credit risk occurs when an exposure’s credit rating improves by two notches from the rating when it initially was moved into stage two, subject to being less than four grades below initial recognition date rating and not having a criticized asset rating. A minimum cure period of six months is applied even in the rare occasion that a two notch ratings upgrade occurs within a six month time period.

Low credit risk exception is applied to investment securities portfolio. IFRS 9 permits an entity to assume that credit risk has not increased significantly since initial recognition if the credit risk on the exposure is low at the reporting date. BNY Mellon SA/NV will apply this approach to investment securities that have an internal rating of 10 or above (investment grade).

Inputs into measurement of ECL
The key inputs into the measurement of ECL are:

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

The measurement is based on Point-in-Time (PiT) parameters. BNY Mellon will leverage BNY Mellon SA/NV statistical models for derivation of these key parameters, which are derived using macroeconomic variables from the forward-looking scenarios as described below. BNY Mellon SA/NV measures ECL considering the risk of default over the maximum contractual period for which it is exposed to credit risk or, where no contractual period is stated, the period over which BNY Mellon SA/NV could liquidate or otherwise limit its exposure. The models used follow BNY Mellon policies regarding Model Risk Management.

The expected credit loss at year ending 31 December 2021 is €1.2 Mio.

Forward-looking information
BNY Mellon SA/NV incorporates forward-looking information into its determination of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL.

Internal credit ratings used in determining significant increase in credit risk for wholesale exposures take into account forward-looking information specific to the counterparty.

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

The following table shows reconciliation of the opening balance to the closing balance of the loss allowance by class of financial instrument. All exposures are in Stage 1, except for the ones mentioned in Stage 2 explicitly. No exposures in Stage 3 existed in 2021.

	Loans and advances	**of which Stage 2**	**Investment securities**	**Total**	**of which Individual**
	In € '000	*In € '000*	In € '000	In € '000	*In € '000*
At 1 January	(1,756)	*(1,262)*	(188)	(1,944)	*(1,944)*
Increase due to origination	(150)	*(7)*	(34)	(184)	*(184)*
Decrease due to de-recognition	247	*5*	56	303	*303*
Change in credit risk	620	*350*	8	628	*628*
Net re-measurement	—	—	—	—	—
Foreign exchange and other	(14)	*(11)*	—	(14)	*(14)*
At 31 December	(1,052)	*(927)*	(157)	(1,210)	*(1,210)*

A loan is considered non-performing with regard to a particular obligor when the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries, in full, without recourse by BNYM to actions such as realizing collateral, or the obligor is past due more than 90 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.

There are no past due on Investment Securities and Cash and Cash Balances with Central Banks.

Covid 19 impacts on Expected Credit Loss framework

BNYM SA/NV is more remote to Covid related forbearance and moratoria measures due to the nature of its business model, counterparties and balance sheet. BNYM SA/NV predominantly provides custodial services to financial counterparties (financial institutions and funds). As a result it does not offer committed and/or advised credit to corporate or retail counterparties. Within its custody portfolio, credit is granted on a discretionary basis and as such no formal contractual repayment schedules are agreed upfront. Credit exposure will therefore materialize for BNYM SA/NV as a result of the custody product offering (e.g. overdrafts) and its ancillary services (e.g. derivatives, tri-party collateral management) or as a result of the Bank's liquidity and treasury management (e.g. (reverse-)repo, interbank placements, securities investments). The Bank does not grant any other forms of formal loans. As such, it is unlikely the Bank will engage in the specific Covid-19 moratoria and forbearance process.

The Bank has sound and robust processes in place to monitor its credit risk portfolio on an ongoing basis. With the outbreak of the Covid pandemic, this oversight has increased. BNYM SA/NV is confident that the existing processes for the detection of credit quality deterioration, responding to this pandemic, reporting and monitoring progress and accounting are adequate and in line with all applicable regulations.

Regarding the Expected Credit Losses, the impact of the crisis is taken since Q1 2020 in the scenarios used to project the rating quality parameters, and in the weighting of the scenarios. The scenarios have incorporated the views on how the pandemic is expected to impact the global economic outlook as well as possible upside and downside risks. The models continued to perform as expected during the crisis.

The ECL for BNYM SA/NV has varied during 2021 in line with the scenario previsions (increasing at times of pessimistic previsions and decreasing with optimistic previsions). The scenarios take into account the current situation and current view on how the situation cold evolve. During 2021, the forecasts were mainly influenced by the variants that appeared during the year and the consequences these variants were expected to make on the economy.

Individually assessed allowances

BNY Mellon SA/NV determines the allowances appropriate for each significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

BNY Mellon SA/NV has recorded an individually assessed allowance of 1.2 Mio in 2021 (2020: € 0.5 Mio).

BNY Mellon SA/NV did not make any collective assessment for impairment, as its remaining balances of its loans and advances, outside the ones determined to be the individually significant, were assessed to be cumulatively immaterial.

BNY Mellon SA/NV has not recorded any allowance on a collective basis in 2021 (2020: € nil).

28.2.9. Commitments and Guarantees

BNY Mellon SA/NV does not enter into irrevocable commitments and contingent liabilities for external customers. The off-balance sheet items of BNY Mellon SA/NV contain mainly: lease car or rental commitments and state guarantees on debt securities. These are not qualified as loan commitments. For more details please refer to note 26.

BNY Mellon SA/NV has entered into an agreement under which it will provide financial support to enable BNY Mellon Service Kapitalanlage-Gesellschaft mbH to meet any tax payment obligation or civil law claims arising from cum-ex trades.

28.2.10 Regulatory and Economic Capital Requirements

Capital requirement for credit risk Pillar 2 (covering credit risk and intraday credit risk) resulted in an (unaudited) amount of € 323 Mio (2020: € 293.8 Mio), versus the Pillar 1 calculation of €323.3Mio (2020: €277.2 Mio).

28.3. Liquidity Risk and Funding Management

28.3.1. Source of Risks

BNY Mellon SA/NV defines Liquidity as the ability to access funding, convert assets to cash quickly and efficiently, or to roll over or issue new debt (where applicable), 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 inability to convert assets to cash, inability to hold or raise cash, low overnight deposits, deposit run-off, and contingent liquidity events. Changes in economic conditions or exposure to credit, market, operational, legal, and reputation risks also can affect the applicable BNY Mellon entity's liquidity risk profile and are considered in the liquidity risk management framework.

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

BNY Mellon SA/NV aims to be self-sufficient for liquidity and seeks to maintain a liquid balance sheet at all times. BNY Mellon SA/NV's balance sheet is liability driven primarily due to deposits generated through its asset servicing, custody and other business (Global Collateral Management, Treasury Services, etc.) activities. Liabilities and sources of funds consist mainly of third party client deposits and intercompany deposits. Client deposit balances are operational in nature and exhibit a degree of stability.

BNY Mellon SA/NV maintains ample liquidity for day-to-day changes in deposit funding. Apart from operational client overdrafts, BNY Mellon SA/NV does not extend term loans to clients and therefore funding assets is not a significant use of liquidity. While sizeable overdrafts can periodically appear on BNY Mellon SA/NV's balance sheet, large deposits offset these amounts.

Liquidity from customer and intercompany deposits on the balance sheet is deployed in the following ways:

- Placed overnight/ on demand with national central banks through the Head office or branches whether it has access to these central banks
- Used to fund the securities portfolio, primarily comprising of High Quality Liquid Assets (HQLA)
- Placed short term in the interbank market (no longer than one-year maturity)
- Used to fund overdrafts, which are mainly operational in nature and short-term
- Placed short term with other BNY Mellon entities (intercompany placements)
- Other currencies may be left on Nostro accounts only if they cannot be placed externally, swapped into another currency, or placed intragroup.

The following table details the assets /liabilities according to the remaining term to maturity (contractual maturity date):

2021	Over night	On demand	Less than a week	Up till 3 months	3 months 1 year	1 year- 5 years	Over 5 years	Gross nominal inflow/ (outflow)	Book Value
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Non derivative assets									
Cash and cash balances with central banks	—	19,861,195	—	—	—	—	—	19,861,195	19,861,195
Loans and advances to customers	396,83	3,876,009	552,052	304,955	1,188,641	—	—	6,318,493	6,318,493
Investment securities	—	—	—	—	66,102	7,647,709	5,091,958	12,805,769	12,805,769
	396,83	**23,737,204**	**552,052**	**304,955**	**1,254,743**	**7,647,709**	**5,091,958**	**38,985,457**	**38,985,457**
Non derivative liabilities									
Deposits	122,51	31,759,673	146,841	28,351	4,280	2,487,925	800,009	35,349,598	32,182,737
Deposits from central banks	—	80,655	—	—	3,170	—	—	83,825	83,825
Long term debt	—	—	—	804	2,448	2,379,918	813,552	3,196,721	3,166,861
Other financial liabilities	—	—	—	2,692	5,952	21,198	6,148	35,991	35,374
	—	31,840,328	146,841	31,847	15,850	4,889,040	1,619,709	38,666,135	35,468,797

2020	Over night	On demand	Less than a week	Up till 3 months	3 months 1 year	1 year- 5 years	Over 5 years	Gross nominal inflow/ (outflow)	Book Value
	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000	In € '000
Non derivative assets									
Cash and cash balances with central banks	—	17,562,524	—	—	—	—	—	17,562,524	17,562,524
Loans and advances to customers	410	5,654,852	713,698	428,891	1,105,051	—	—	7,902,902	7,902,902
Investment securities	—	70	10,161	144,883	1,662,374	7,466,666	4,104,818	13,388,973	13,388,973
	410	**23,217,447**	**723,859**	**573,774**	**2,767,424**	**7,466,666**	**4,104,818**	**38,854,400**	**38,854,400**
Non derivative liabilities									
Deposits	—	31,773,723	174,186	12,709	—	2,316,146	—	34,276,763	34,276,763
Deposits from central banks	—	491,483	—	—	—	—	—	491,483	491,483
Subordinated liabilities	—	—	—	358,207	—	—	—	358,207	358,207
Other financial liabilities	—	—	—	3,489	7,677	19,339	4,833	35,338	34,617
	—	**32,265,206**	**174,186**	**374,405**	**7,677**	**2,335,485**	**4,833**	**35,161,791**	**35,161,070**

28.3.2. Liquidity Risk Management Framework

BNY Mellon SA/NV has in place a governance structure commensurate with the range of its activities and its liquidity profile. Liquidity risk is managed and monitored from a legal entity and functional perspective through various committees and forums.

The goal of BNYM SA/NV's liquidity management is to ensure that all liquidity risks are defined, understood, and effectively managed through well-designed policies and controls. In this context, BNYM SA/NV has established a robust liquidity risk management framework that is fully integrated into its risk management processes.

The liquidity risk management framework is prepared in accordance with the guidelines set forth by the regulators and encompasses the unique structure and characteristics of BNYM SA/NV.

The primary objective of the liquidity risk management framework is to ensure that, with a high degree of confidence, BNYM SA/NV is in a position to meet its day-to-day liquidity obligations and withstand a period of liquidity stress, the source of which could be idiosyncratic, market-wide or both.

BNYM SA/NV's liquidity risk management framework is designed to:

a. Ensure that risks are identified, monitored, reported, and managed / controlled properly;
b. Define and communicate the types and amount of risks to take;
c. Communicate to the appropriate level within BNYM SA/NV the type and amount of risk taken;
d. Maintain a risk management organization that is independent of the risk-taking activities, and
e. Promote a strong risk management culture.

The framework consists of a number of distinct elements which are listed below:

a. Written and approved policies that define the liquidity risk appetite and tolerance, strategy, principles and includes reporting requirements to appropriate management levels. BNYM SA/NV has in place the following policies and guidelines for managing liquidity and funding risk that are updated at least annually:

    i. BNYM SA/NV Liquidity Policy (including Intraday Liquidity and Payments Control Governance addendum)
    ii. BNYM SA/NV Contingency Funding Plan
    iii. BNYM SA/NV Procedures Corporate Treasury policy for FX Swaps
    iv. BNYM SA/NV Guidelines for Investments in Securities

b. A governance structure that includes: 1) oversight committees (including the BNYM SA/NV ALCO, BNYM SA/NV ExCo and Board) that are responsible for review and approval of the liquidity management strategy, policies and practices and that ensures that senior management effectively implements and control these elements, and 2) day-to-day liquidity management, which is the functional responsibility of BNYM SA/NV Corporate Treasury with independent oversight from BNYM SA/NV Treasury Risk.

c. A set of processes that cover the identification, measurement, monitoring, control and mitigation of liquidity risk. Processes are supported by IT platforms, management information systems and an organizational structure that includes independent control functions.

d. A liquidity stress testing process that is established to examine BNYM SA/NV's ability to survive a range of plausible but extreme increasingly severe stress scenarios and adverse funding conditions. BNYM SA/NV undertakes regular assessments of whether its liquidity resources are sufficient to cover the major sources of risk.

e. A management reporting and escalation framework where risks are communicated to senior management and oversight committees through periodical reporting and circulation of committee meeting minutes, including a defined escalation process in case of exceptions to internal triggers, regulatory breaches or emergency situation.

f. Regulatory reporting performed by the BNYM SA/NV Finance function in line with home/host regulatory requirements.

g. Formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations including identified and tested funding sources in order to survive a period of liquidity stress. The CFP further links into the Recovery Plan should the crisis situation result in BNYM SA/NV entering into a recovery phase.

h. Regular testing of market access and funding sources available to BNYM SA/NV in case of a liquidity crisis situation.

28.4. Market Risk

28.4.1. Source of Risks

Market risk is the risk of financial loss arising from movements in market risk factors. Market risk factors include but are not limited to interest rates, foreign exchange rates, market liquidity, equity prices, credit spreads, pre-payment rates, commodity prices and issuer risk associated with the BNY Mellon SA/NV's trading and investment portfolios.

Market risk is a systemic risk. Movements in markets are beyond the control of BNY Mellon SA/NV. Market risk to BNY Mellon SA/NV is reviewed below in the context of: impact on balance sheet and impact on revenues and consequently its profitability, as well as on the trading portfolios.

The BNY Mellon SA/NV bears market risk, inter alia, through the trading book activity in foreign exchange products. The Corporate Treasury FX swap activity is classified as held for trading from an accounting perspective.

BNY Mellon SA/NV is currently exposed to five types of market risk: (a) currency risk, (b) CVA, (c) interest rate risk, (d) credit spread risk and (e) pension risk.

- BNY Mellon SA/NV revenues are denominated in a mix of currencies whereas a high proportion of the bank's costs are denominated in Euro. Apart from the risk of currency mismatch between revenues and cost, the bank is not significantly exposed to this risk.
- Credit Valuation Adjustment (CVA) risk relates to derivatives used in the context of Treasury management and FX trading activity.
- The BNY Mellon SA/NV interest income is subject to the risk that as market interest rates tend toward zero or below, BNY Mellon SA/NV cannot pass all of the interest rates reduction to its client. Interest rate risk in the banking book will also arise from maturity or re-pricing mismatches and from products that include embedded options; the risk could crystallize with changes in interest rate risk or the shape of the yield curve. The interest rate risk in the trading book is insignificant.
- The securities portfolio bears additional credit spread risk.
- Pension risk in BNY Mellon SA/NV arises from the defined benefit pension plans offer to the employees. Defined benefit plans constitute a risk because BNY Mellon SA/NV must compensate any shortfall in the fund's guaranteed pensionable amount. Only the Belgium and German plans my result in a liability for BNY Mellon SA/NV.

28.4.2. Market Risk Management Framework

BNY Mellon SA/NV undertakes market risk within the boundaries of the BNY Mellon's Risk Appetite as approved by the Board of Directors of The Bank of New York Mellon Corporation. The subsidiaries that issue Risk Appetite statements approved by their boards (as the BNY Mellon SA/NV) must undertake market risk within the boundaries of those statements as well.

BNY Mellon SA/NV manages market risk using a "three lines of defense" approach (i.e. by each business unit, by Market Risk, and by Internal Audit).

BNY Mellon SA/NV personnel engaging in market risk-taking or exposure management activities must be explicitly authorized or mandated.

Market risk limits are set for market risk consistent with the BNY Mellon SA/NV's Risk Appetite (and Risk Appetite statements of subsidiaries, where relevant) and are jointly managed by the business units undertaking the risk and the Market Risk function (respectively, the first and second lines of defense).

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

BNY Mellon measures, monitors, and analyses market risk in a manner consistent with applicable law, regulations, and supervisory guidance.

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

- Monitoring of utilization of market risk limits on a daily basis
- Reporting of limit utilization and limit breaches
- Periodic limit reviews
- Coordinating with business data providers to ensure the completeness and accuracy of data that is the basis for market risk data

Market Risk independently daily monitors limit breaches which, depending on the level and type of limit that is breached, are escalated and notified to the Executive Committee and Board Risk Committee, ALCO, or to Senior Risk Management and Business Management levels in the organizational hierarchy.

28.4.3. Market Risk – Trading portfolios

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

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

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

The following is a summary of the VaR and Stressed VaR position of the SANV trading portfolios as of 31 December 2021:

USD Mio	31/12/2021	31/12/2020
Value At Risk	0.171	0.134
Stressed Value At Risk	1.335	0.926

28.4.4. Market Risk – Non-trading portfolios

Interest rate risk arises from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among different yield curves affecting bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in bank products (options risk).

Interest rate risk framework

For BNY Mellon SA/NV, the liabilities are predominantly without maturity.

Interest rate risk in the banking book will arise from maturity or re-pricing mismatches and from products that include embedded optionality; the risk could crystallize with changes in interest rate risk/the shape of the yield curve. Currently, on the asset side, placements are mostly at a week horizon and the securities portfolio, as part of the liquidity asset buffer, has a duration of about two years. Taking into account the behavioral duration of the deposits, it limits the exposure to interest rate risk.

Interest rate risk is a standard agenda item of BNY Mellon SA/NV ALCO. The current market risk applies controls and limits on the level of IRRBB permitted in BNY Mellon SANV's treasury activities. Limits on net interest income, economic value of capital and are established and monitored.

An enhanced second line of defense IRRBB framework has been implemented in 2017. The framework consists of a second line IRRBB Policy, a new more granular set of market risk limits (including daily monitoring and reporting) for the investment portfolio, a comprehensive formal second line challenge and review process of setting thresholds and production of the Board Risk Appetite metrics on EVE and NII as well as for the internal model used for the Pillar 2 IRRBB capital requirement calculation, and the introduction of a monthly stress testing process for the investment portfolio.

In 2021 BNYM SA/NV Corporate Treasury introduced interest rate swap (IRS) derivatives as a new instrument to mitigate interest rate risk within the banking book. As of 31 December 2021 limited IRS notional amount are in place.

Sensitivity analysis

For regulatory purposes, an interest rate sensitivity analysis is prepared on a quarterly basis as shown below this paragraph.

BNY Mellon SA/NV IRRBB metrics, as per below, have been developed to assess the interest rate risk for BNY Mellon SA/NV using economic value of equity (EVE) measures, Net Interest Income (NII) measures, and Capital (including OCI) measures. Interest Rate Risk results include scenarios that are consistent with corporate Bank Holding Company (BHC) standards and regulatory guidance:
- EVE scenarios include parallel shocks, non-parallel shocks and currency shocks
- Earnings scenarios (NII) include parallel shocks, non-parallel shocks and currency shocks

The figures are computed within BNYM corporate ALM system, aligned with internal models and assumptions.

As these figures are based on internal assumptions, they will differ from the figures included in the pillar 3 disclosure.

Description	Board Limit		Early Warning Trigger		Actual (31-12-2021)	
	2021	2020	2021	2020	+	-
+/-200 bps EVE change / Total Reg capital	-20%	+/-20%	-16%	+/-16%	-1.0%	2.0%
+/-200 bps EVE sensitivity	-15%	+/-17%	-12%	+/-14%	-1.0%	2.0%
+/-200 bps NII Sensitivity (12 month forecast)	-50%	-50%	-30%	-40%	86.0%	113.0%

Furthermore, Investment Portfolio OCI scenario evaluates the Mark-to-market evolution of the fair value of the Securities Portfolio on a rolling 12-month basis.

Credit spread risk framework

Movements in credit spreads impact the economic value of the investment portfolio held by the Bank. The Bank's investment portfolio is accounted for under the banking book category. Given the accounting category, default risk is captured under the capital requirements (under Credit Risk) and credit spread risk is accounted for via a dedicated Economic Capital model. Credit spread risks on the investment portfolio is monitored and reported on a daily basis.

28.4.5. Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. In accordance with BNY Mellon SA/NV's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits. In addition, BNY Mellon SA/NV applies a monthly sell-off process in order to reduce foreign exchange exposure generated by the activity of the bank. This is done through foreign exchange from the currency into the base/functional currency of the entity.

The table below indicates a split of the statement of financial position items at carrying amounts at year end, per currency

Currencies exposures before economic hedge

	EUR	GBP	USD	Other	Total
31 December 2021	In € '000	In € '000	In € '000	In € '000	In € '000
Total assets	25,798,389	2,174,665	8,147,264	3,836,338	39,956,655
Total liabilities and shareholder's equity	18,360,348	3,046,991	14,228,708	4,320,609	39,956,655
The statement of financial position (net)	**7,438,041**	**(872,327)**	**(6,081,444)**	**(484,271)**	**—**
31 December 2020					
Total assets	23,771,620	2,384,396	9,394,953	4,201,464	39,752,434
Total liabilities and shareholder's equity	18,941,386	3,709,358	12,460,764	4,640,927	39,752,434
The statement of financial position (net)	**4,830,234**	**(1,324,961)**	**(3,065,811)**	**(439,462)**	**—**

The table below indicates the currencies to which BNY Mellon SA/NV had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows.

The analysis calculates the effect of a reasonably possible movement of the currency rate against the Euro, with all other variables held constant, on the consolidated statement of profit and loss and other comprehensive income and equity. A negative amount in the table reflects a potential net reduction in consolidated statement of profit and loss and other comprehensive income or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against the Euro would have resulted in an equivalent but opposite impact.

Stress Test before economic hedge

Currency	Variation	Conversion rate at closing	Effect on profit before tax	Effect on equity	Variation	Conversion rate at closing	Effect on profit before tax	Effect on equity
		2021	2021	2021		2020	2020	2020
			€ Mio	€ Mio			€ Mio	€ Mio
Scenario	1%				1%			
USD	0.0114	1.1373	133.31	64.26	0.0123	1.2267	(193.09)	70.54
GBP	0.0084	0.840	23.89	16.52	0.0090	0.898	(37.65)	16.87

BNY Mellon SA/NV is entering into FX Forward for "economic hedge" purposes. So, net exposures after economic hedging are not significant.

BNY Mellon SA/NV also manages its liquidity by currency and ensures that the net position in each currency does not exceed internal limits.

28.4.6. Regulatory and Economic Capital Requirements

Capital requirement for market risk Pillar 2 (covering FX, CVA, CSRBB, IRRBB and Pension Risk) resulted in an (unaudited) amount of €25Mio (2020: € 704.8 Mio), versus the Pillar 1 calculation of €24 Mio (2020: €27 Mio).

28.5. Operational Risk

28.5.1. Source of Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events (including legal risk but excluding strategic and reputational risk).
Operational risk may arise from errors in transaction processing, breaches of internal control systems and compliance requirements, internal or external fraud, damage to physical assets, and/or business disruption due to systems failures or other events. Operational risk can also arise from potential legal or regulatory actions as a consequence of non-compliance with regulatory requirements, prudent ethical standards or contractual obligations.

28.5.2. Operational Risk Management Framework

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

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

BNY Mellon SA/NV‘s ORMF relies on a culture of risk awareness, a clear governance structure and, Operational Risk policies and procedures, which define the roles and responsibilities of the First, Second and Third Line of Defense. These policies and procedures complement each other to ensure that the Operational Risks of the business are effectively identified, managed, mitigated (where possible) and reported to the appropriate governance committees on a monthly basis.

BNY Mellon SA/NV uses the ORMF to capture, analyze and monitor its Operational Risks. The tools used to manage the Operational Risks of the business are mandated through individual Operational Risk Polices and are prescribed through the enterprise Operational Risk program, assessment systems and related processes. Regional Committees such as the EMEA Senior Risk Management Committee also monitor and incorporate the material risks in forming its regional risk assessment.

BNY Mellon SA/NV utilizes comprehensive policies and procedures designed to provide a sound operational environment. The Corporate Operational Risk Policies are reviewed and enhanced on an ongoing basis, and adopted by all businesses/Legal Entities including BNY Mellon SA/NV. Business Risk partners oversee the activities undertaken in each of the business lines, with oversight from a Legal Entity point of view through the LERO. Besides Business Risk partners and LEROs, other internal functions also ensure that processes are in place to support the sound Operational Risk management of the business.

28.5.3. Regulatory and Economic Capital Requirements

Capital requirement for operational risk Pillar 2 (using an internal hybrid model) resulted in an (unaudited) amount of € 382 Mio (2020: €285.7 Mio), versus the Pillar 1 calculation of €97.0 Mio (2020: €96.4 Mio).

29. Capital

BNY Mellon SA/NV maintains an actively managed capital base to cover risks inherent to the business. The adequacy of BNY Mellon SA/NV's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the NBB in supervising BNY Mellon SA/NV. During the past year, BNY Mellon SA/NV had complied with its externally imposed capital requirements. Please refer to point 28.1.4 for additional comments on excessive risk concentration.

29.1. Capital Management

According to Pillar II of the Basel principles, banks have to perform their own evaluation of the economic capital and to conduct stress tests in order to assess their needs in own funds in case of a downturn in the economy. This pillar has the effect of structuring the dialog with the NBB on the capital adequacy level adopted by the credit institution.

In the framework of the Internal Capital Adequacy Assessment Process (ICAAP), BNY Mellon SA/NV defined measurement methods for its economic need for capital as well as management and control methods to encompass its risk policies. Furthermore, stress test scenarios are applied, e.g. economic downturn scenarios as well as idiosyncratic scenarios. These tests conclude that BNY Mellon SA/NV is sufficiently capitalized to encompass most of the scenarios. Where needed, additional capital requirement were calculated on the basis of the stress test. The difference between the economic capital and the regulatory capital incorporates the margin ensuring that the capital level of BNY Mellon SA/NV is sufficient at all times. The latter is in function of the risk profile and of the risk aversion of BNY Mellon SA/NV.

Regulatory capital

	2021	2020
	€ Mio	€ Mio
Qualifying Core Tier1 capital	3,367	3,239
Qualifying Tier1 capital	—	—
Total qualifying Tier 1 capital	3,367	3,239
Deductions	(80)	(41)
Total qualifying Tier 2 capital	—	346
Total capital	**3,287**	**3,543**
Total Risk Exposure Amount	**5,559**	**5,001**
Risk weighted exposure amount for credit risk	4,041	3,464
Risk exposure amount for foreign exchange risk	196	176
Risk exposure amount for credit valuation adjustment (CVA)	109	156
Risk exposure amount for operational risk	1,213	1,205
Capital Ratios		
Core Tier 1 capital ratio	59.0%	63.9%
Tier 1 capital ratio	59.0%	63.9%
Total capital ratio	59.0%	70.8%
Leverage ratio (fully phased-in)	10.9%	11.0%

Regulatory capital consists of qualifying core Tier 1 capital, which comprises the paid up share capital, share premium, retained earnings, filtering out the valuation reserves, less goodwill and other intangibles. The Board has formally adopted a (non-)dividend policy by which all profits are systematically carried forward and recommended the same for approval to the shareholders' meeting.

On 26 February 2021 BNY Mellon SA/NV reimbursed €345m qualified as Tier 2, which is no longer eligible for compliance with the Leverage Ratio requirement applicable from June 2021. For more information please see note 21. Subordinated liabilities and 30. Subsequent events.

For risk weighted exposure amount for credit risk, the standardized approach is used. Certain adjustments are made to IFRS-based results and reserves.

During the second quarter of 2015, BNY Mellon SA/NV implemented the Master Netting Agreement covering the netting of placements and deposits with BNY Mellon Corporation, as an eligible form of credit risk mitigation under the capital requirements regulation (CRR) for regulatory reporting purpose.

30. Subsequent events

On February 24th, 2022, Russia invaded Ukraine, launching the biggest military offensive in Europe since World War II.
The Ukraine War has now shaken financial markets, hitting all assets and causing global risk aversion. This emerging issue is adversely affecting us and creates significant risks and uncertainties for our business, and the ultimate impact of this war will depend on future developments.

To date, since the events in Ukraine / Russia started unfolding BNY Mellon SA/NV has observed a modest change in deposit levels and increasing upwards trend and volatility over the past weeks. Similar to other market related crisis', it is expected that in times of stress and volatility there can be corresponding increase in deposit and balance sheet levels. Year to date BNY Mellon SA/NV third party customer deposits have ranged from a low of 28.5 bln (4 Jan) to a high of €32.3 bln (Mar 7) compared to a December 2021 year-end balance of €28.7 bln. BNY Mellon SA/NV continues to closely monitor the situation and deposit levels and while there are no immediate current concerns that the events will have a material impact on BNY Mellon SA/NV's Liquidity or Capital Metrics at this stage, Treasury is closely monitoring on-going volatility and deposit increases particularly in the context of BNY Mellon SA/NV's leverage exposure and consequential management of leverage based requirements following the withdrawal of central bank exemption and addition of TLAC / MREL eligible debt as previously communicated.

Specific to Russia and Ukraine, BNY Mellon SA/NV currently has no direct Money Market or Securities portfolio exposure to Russian / Ukrainian counterparties. BNY Mellon SA/NV has minimal RUB and UAH exposure currently held on accounts with Nostro providers (Rosbank primary RUB Nostro and Citi primary UAH Nostro). Treasury continues to receive multiple daily positioning reports in RUB balances and monitoring of daily balance sheets in RUB and UAH. BNY Mellon SA/NV Treasury maintains a prudent liquidity management strategy in RUB, with deployment of end of day balance is left on account with the primary RUB Nostro account. BNY Mellon SA/NV Treasury remains in close contact and coordination with key stakeholder groups including Cash Operations, Finance, Markets, Risk and Network Management as the situation evolves.

On March 28th, 2022, BNY Mellon SA/NV contracted a 10-year subordinated loan arrangement with The Bank of New York Mellon ("BNYM") for the purposes of ensuring compliance with regulatory capital requirements for own funds and eligible liabilities ("MREL") and internal total loss absorbing capacity ("TLAC"). The majority of the subordinated loan is funded with the repayment of an existing €800 Mio loan from BNYM to BNY Mellon SA/NV originated in February 2021 with a 10-year maturity. Moreover, two-long term intercompany trades for $1B and €1.5B were reclassified to the long-term liabilities in December 2021.

Following a thorough assessment of its operating model and to enable sustainable growth driven by clients demand for new products and services as well as the necessity to adapt our infrastructure to new technologies and digitization, several transformations of the Brussels headquarters and some branches (Netherlands and Germany) are being contemplated. The European Bank has launched on May 3, 2022 an information and consultation process with the workers council in its head office in Brussels.

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