

BNY Business Update

Prepared for the North Carolina Supplemental Retirement
System Board of Trustees Quarterly Meeting

February 2025

BNY: A Trusted Partner to Help You Achieve Your Ambitions



Scale

A global financial services company touching approximately one-fifth of the world's investable assets



Expertise

A comprehensive platform and deep expertise to help you uncover new opportunities



Resilience

Innovating and delivering solutions across the financial lifecycle, while remaining resilient through change

GLOBAL REACH AND SCALE

\$52.1T

in assets under custody and / or administration¹

\$2.1T

in assets under management²

100+

markets servicing clients

\$3.8B

Annual technology investment in 2024¹⁸

>50K

Employees serving you globally

BREADTH OF OUR CLIENT FRANCHISE³

91%

of the Fortune 100 Companies

92%

of the top 100 investment managers worldwide

94%

of S&P top 100 banks worldwide

94%

of Top 100 largest U.S. retirement funds

98%

of Top 50 Life/Health Insurance Companies

See important disclosures and disclaimers in Appendix (Footnotes 1, 2, 3).

The Power of Real-Time Payments

CASE STUDY



How an innovative real-time payments solution can drive impact when people need it most.

CLIENT PROFILE

- A global technology-led process solutions company
- Delivers digital business solutions and services on behalf of their clients to create better outcomes for millions of people
- Works with Fortune 100 companies, and government and transportation agencies

Challenges:

- Natural disasters and crises often cause residents to lose critical access to finances, ATMs or post offices.
- Conduent needed a trusted and innovative provider to integrate the payment capabilities of digital payment options, such as ACH direct deposit, Zelle[®],¹ instant payments over the RTP[®] Network² and the FedNow[®] Service,³ as well as chip-enabled, prepaid debit cards.

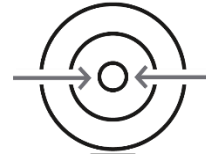
Outcomes:

- BNY worked in tandem with Conduent to create the Rapid Assistance Solution, which aims to help individuals and families gain swift access to resources during a natural disaster.
- Government agencies and non-profits can leverage Conduent's Rapid Assistance Solution to provide faster relief to those impacted by crises.
- By distributing critical relief funds quickly and securely, agencies can help individuals and families gain faster access to housing, food and emergency expenses when they are needed most.

1. Zelle[®] and the Zelle[®] related marks are wholly owned by Early Warning Services, LLC and are used herein under license.
2. RTP[®] is a registered service mark of The Clearing House Payments Company L.L.C.
3. FedNow[®] is a registered trademark of the Federal Reserve Banks.

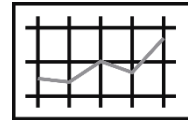
Securities Finance Services

We provide tools to source or deploy liquidity through our robust agency, principal and sponsored member solutions.



AGENCY SECURITIES LENDING

Our agency lending program enables clients to utilize long assets to generate incremental revenue based on the intrinsic value of the long assets and/or the client's collateral guidelines.



PRINCIPAL LENDING*

Through Borrow+, clients can finance short strategies by using cash and securities held at BNY as collateral to borrow securities.



SPONSORED MEMBER PROGRAM*

Our Sponsored Member Program helps to provide clients with access to Fixed Income Clearing Corporation's cleared repo program. Eligible clients may participate in the product as either a Cash Investor (purchasing U.S. Treasury collateral) or a Collateral Provider (selling U.S. Treasury securities).



SECURED LOANS

Expand financing options with our secured loan program to assist clients with their liquidity or leverage strategies.



AGENCY INVESTMENT PRODUCT*

AIP allows clients to leverage BNY's expertise in managing short-term cash investments while following the client's investment guidelines.

*Not available in all jurisdictions

Agency Securities Lending Overview

Strong, Tenured Industry Leader Committed to the Business

FOOTPRINT

- Industry's largest program, with **\$5.3 trillion** in lendable assets and **\$558 billion** on loan^{1,2}
- With **20.5%** of the industry on loan volume and **11.2%** of the industry lendable, BNY captures more than its share of the market^{1,2}
- **372** global client relationships²
- Active lending in **34** local markets³
- **6** global trading desks (New York, Pittsburgh, Toronto, London, Hong Kong and Singapore)
- Providing securities lending services **since 1977**

VALUE PROPOSITION

DEPTH OF RESOURCES

Unique industry position as the largest agent lender leads to ongoing capital investment in technology and resiliency

SAFETY AND STABILITY

The Federal Reserve's 2024 bank stress tests once again show the resiliency of our business model and strength of our balance sheet

CLIENT RETURNS

We focus on generating strong performance for our clients through the combination of spread, utilization and duration of loans

TRANSPARENCY

Detailed client reporting accessible 24/7

1 - Largest program as measured by on-loan assets according to S&P Global Market Intelligence as of 3Q 2024.

2 - September 30, 2024.

3 - Lendable securities include all DTC eligible securities, American Depositary Receipts (ADR), Global Depositary Receipts (GDR) and fixed income securities held in Euroclear and Clearstream.

Enterprise Risk Management Structure

A Conservative, Independent Corporate Risk Oversight

CREDIT (BORROWER) RISK

- Independent approval
- Ongoing periodic review
- Review of regulatory findings
- Review of research by ratings agencies and independent analysts
- Multiple points of contact with borrowers provides greater transparency

COUNTERPARTY CREDIT RISK (NON-CASH COLLATERAL)

- Ensures that collateral risks are identified, quantified, risk managed and governed effectively
- Develops and monitors risk reporting for collateralized exposures, which include appropriate risk metrics vis-à-vis established limits
- Identifies, measures and limits wrong-way risk, which exists when there is a positive correlation between the risk of the collateral posted by a counterparty and the credit of the counterparty
- Regular stress testing / scenario analysis



BUSINESS & OPERATIONAL RISK

- Assess, analyze & monitor operational risk
- Robust business acceptance process and governance structure
- Review key business process changes and new products
- Regular stress testing / scenario analysis
- Monitor regulatory changes
- Continuously update policies & procedures

MARKET RISK (CASH COLLATERAL INVESTMENT)

- Monitors complex wide issuer concentrations
- Conducts stress tests to test NAVs under different market and default/downgrade scenarios
- Tracks counterparty, maturity profile and market risk metrics
- Conducts ABCP and ABS issuer credit research and monitoring, new issuer reviews & recommendations to counterparty credit committee

