

The Depository Trust Company

Financial Statements (Unaudited) as of March 31, 2026 and
December 31, 2025 and for the three months ended
March 31, 2026 and 2025

THE DEPOSITORY TRUST COMPANY

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THE DEPOSITORY TRUST COMPANY
STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of March 31, 2026	As of December 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,697,210	\$ 674,123
Short-term investments	225,000	225,000
Accounts receivable - net of allowance for credit losses	68,908	64,305
Participants' Fund cash deposits	2,136,417	2,254,595
Other Participants' assets	3,722,391	654,423
Other current assets	6,774	5,935
Total current assets	7,856,700	3,878,381
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$10,909 and \$10,781 as of March 31, 2026 and December 31, 2025, respectively	11,711	11,839
Intangible assets - net of accumulated amortization of \$82,576 and \$78,648 as of March 31, 2026 and December 31, 2025, respectively	57,754	55,940
Other non-current assets	36,104	36,976
Total non-current assets	105,569	104,755
TOTAL ASSETS	\$ 7,962,269	\$ 3,983,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 91,504	\$ 79,999
Participants' Fund cash deposits	2,136,417	2,254,595
Payable to Participants	3,722,391	654,423
Other current liabilities	14,050	14,707
Total current liabilities	5,964,362	3,003,724
OTHER NON-CURRENT LIABILITIES:		
Long-term debt	991,925	—
Other non-current liabilities	10,663	9,762
Total non-current liabilities	1,002,588	9,762
Total liabilities	6,966,950	3,013,486
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A, \$100 par value - 3,250,000 shares authorized; 1,500,000 shares issued and outstanding	150,000	150,000
Common stock, \$100 par value - 18,500 shares authorized, issued and outstanding	1,850	1,850
Additional paid-in capital	61,546	61,546
Retained earnings	781,923	756,254
Total shareholders' equity	995,319	969,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,962,269	\$ 3,983,136

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY
STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	For the three months ended March 31,	
	2026	2025
REVENUES		
Settlement and asset services	\$ 165,495	\$ 150,605
Other services	6,279	8,572
Total revenues	<u>171,774</u>	<u>159,177</u>
EXPENSES		
Employee compensation and related benefits	75,516	71,337
Information technology	19,751	16,424
Professional and other services	33,136	31,982
Occupancy	4,650	4,059
Depreciation and amortization	4,304	4,376
General and administrative	9,514	9,014
Impairment of intangible assets	96	—
Total expenses	<u>146,967</u>	<u>137,192</u>
Total operating income	<u>24,807</u>	<u>21,985</u>
NON-OPERATING INCOME (EXPENSE)		
Interest income	35,204	37,664
Refunds to Participants	(23,529)	(25,217)
Interest expense	(3,035)	(2,694)
Other non-operating income, net	2,192	3,014
Total non-operating income	<u>10,832</u>	<u>12,767</u>
Income before taxes	35,639	34,752
Provision for income taxes	9,970	11,067
Net income	<u>\$ 25,669</u>	<u>\$ 23,685</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

<u>(In thousands)</u>	<u>Preferred Stock Series A</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
BALANCE - January 1, 2026	\$ 150,000	\$ 1,850	\$ 61,546	\$ 756,254	\$ 969,650
Net income	—	—	—	25,669	25,669
BALANCE - March 31, 2026	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 781,923</u>	<u>\$ 995,319</u>

<u>(In thousands)</u>	<u>Preferred Stock Series A</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
BALANCE - January 1, 2025	\$ 150,000	\$ 1,850	\$ 61,546	\$ 659,293	\$ 872,689
Net income	—	—	—	23,685	23,685
BALANCE - March 31, 2025	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 682,978</u>	<u>\$ 896,374</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	For the three months ended March 31,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 25,669	\$ 23,685
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	4,304	4,376
Impairment of intangible assets	96	—
Deferred income taxes	968	(136)
Accretion of discount and amortization of debt issuance costs	21	—
Other	—	8
Net change in:		
Accounts receivable	(4,603)	(4,770)
Other assets	(935)	(699)
Accounts payable and accrued expenses	11,505	2,500
Other liabilities	(510)	(16,653)
Participants' Fund liabilities	(118,178)	62,608
Payable to Participants	3,067,968	738,506
Net cash provided by operating activities	<u>2,986,305</u>	<u>809,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Short-term investments	(225,000)	(175,000)
Maturities of Short-term investments	225,000	225,000
Capitalized software development costs	(6,086)	(5,100)
Net cash (used in)/provided by investing activities	<u>(6,086)</u>	<u>44,900</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Long-term debt, net of debt issuance costs	992,658	—
Cash provided by financing activities	<u>992,658</u>	<u>—</u>
Net increase in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	3,972,877	854,325
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>3,583,141</u>	<u>2,994,292</u>
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 7,556,018</u>	<u>\$ 3,848,617</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 2,686</u>	<u>\$ 2,716</u>
Income taxes paid - net of refunds	<u>\$ 9,495</u>	<u>\$ 33,410</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

1. BUSINESS AND OWNERSHIP

The Depository Trust Company (DTC or the Company) is a limited purpose trust company formed under the Banking Law of New York State and supervised by the New York State Department of Financial Services (NYSDFS); a State member bank of the Federal Reserve System (FRS), subject to examination by the Federal Reserve Bank of New York (FRBNY) under delegated authority from the Board of Governors (the FRB) of the FRS; and a clearing agency registered with and under the supervision of the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the securities, banking and other financial industries (referred to herein as its Participants).

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC, DTCC Deriv/SERV LLC, DTCC Solutions LLC and DTCC Digital (US) Inc.

DTC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to enhanced standards for risk management, operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited interim financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The interim financial statements exclude some of the disclosures required in audited financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2025 and 2024, which are located on the Company's website at <http://www.dtcc.com/legal/financial-statements>. See Note 2 in DTC's audited financial statements for the years ended December 31, 2025 and 2024, for additional information on the Company's Summary of Significant Accounting Policies.

The interim financial statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Management makes estimates regarding, among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefit liabilities, impairment of intangible assets, fair value measurements, expense allocations and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

Other Participants' assets and Payable to Participants. The Company receives cash and stock dividends, interest, reorganization and redemption proceeds on securities registered in the name of its nominee, Cede and Co., and interest and redemption proceeds on bearer securities, which it distributes to Participants. Balances comprised of cash that represent cash dividends, interest, reorganization, redemptions, and cash collateral received are included in Other Participants' assets, with a corresponding liability recorded in Payable to Participants, on the accompanying Statements of Financial Condition.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives and hedging. The Company uses derivatives for hedging purposes to manage its exposure to changes in interest rates. The Company uses interest rate swaps to mitigate the interest rate risk associated with fixed-rate long-term debt obligations by converting a portion of its interest expense exposure from fixed rate to a floating rate to more closely align with interest income received on its cash equivalents. The Company does not use derivatives for trading purposes. The Company formally documents all relationships between the hedging instruments and hedged items, as well as the Company's risk-management objectives and strategy for undertaking various hedging transactions. Hedge accounting is applied when a derivative is highly effective at reducing the risk associated with the hedged exposure and the risk management objective and strategy are documented. Hedge documentation identifies the derivative hedging instrument, the asset or liability and type of risk hedged, and how the effectiveness of the derivative is assessed prospectively and retrospectively. See Note 7, Long-term debt, for the Company's fixed-rate senior notes being hedged through interest rate swaps.

Commitments and contingencies. The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the accompanying Statements of Financial Condition, Income or Cash Flows.

Revenue recognition. The Company recognizes revenue to depict the transfer of promised services and related performance obligations to customers in an amount that reflects the consideration to which the entity expects to be entitled, upon satisfaction, in exchange for those services.

The Company derives its revenue from transaction fees, subscription revenue, and usage fees. Revenue from transaction fees is billed monthly and calculated based on the value and volume of executed transactions, and the established fee schedules, less any applicable volume discounts. The volume targets or thresholds for the discounts primarily reset monthly. Subscription revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Usage fees are recognized when services are provided based on contractual terms.

Details for each revenue stream presented in the Company's Statements of Income follow:

Settlement and asset services. Revenue derived from this revenue stream is in the form of transaction fees and subscription revenue. The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the United States of America. Asset Servicing includes a broad range of services for underwriting, custody, corporate actions, dividend, proxy and reorganization services, as well as the electronic registration and transfer of securities processing.

Other services. Revenue derived from this revenue stream may be in the form of subscription revenue and usage fees, which include referential and activity-based announcement, security reference, and liquidity data through the DTCC Data Services product. These offerings are delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data.

Deferred revenue. Deferred revenue represents the Company's liability to perform services in the future related to payments received in advance of those services. Deferred revenue as of March 31, 2026 and December 31, 2025 was \$3,404,000 and \$3,422,000, respectively, and is included in Other current liabilities and Other non-current liabilities on the accompanying Statements of Financial Condition. Of the \$3,422,000 as of December 31, 2025, \$1,423,000 was recognized as revenue during the three months ended March 31, 2026.

Expense allocations. Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries, including DTC, based upon their estimated use of such goods or services as determined by various allocation factors including level of support provided and utilization of technology resources. Accordingly, the expenses in the accompanying Statements of Income represent allocated costs including Employee compensation and related benefits, Information technology, Professional and other services, Occupancy and General and administrative.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes. The Company recognizes tax benefits from uncertain tax positions only if it is more-likely-than-not, generally meaning a greater than 50% likelihood, to be sustained upon examination by the taxing authority. If the more-likely-than-not threshold is met, the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon settlement. The difference between the position taken on the tax return and the amount recognized in the financial statements is considered “unrecognized tax benefit liability” and included in Other non-current liabilities on the accompanying Statements of Financial Condition.

If a tax position fails to meet the more-likely-than-not threshold, the benefit is not recognized in the financial statements, creating an "unrecognized tax benefit".

Reconciliation of Cash and cash equivalents and other limited use cash. When reconciling the beginning and ending total amounts shown in the Statements of Cash Flows, the Company includes all cash on the Statements of Financial Condition, regardless of which line it is included. The Statement of Cash Flows includes Cash and cash equivalents and cash balances that are not available for general corporate purposes due to certain limitations, including - Participants’ Fund cash deposits and Cash in Other Participants’ assets.

A reconciliation of Cash and cash equivalents, Participants’ Fund cash deposits, and Cash in Other Participants’ assets, reported within the Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Statements of Cash Flows follows (in thousands):

	March 31, 2026	December 31, 2025	March 31, 2025
Cash and cash equivalents	\$ 1,697,210	\$ 674,123	\$ 643,573
Participants’ Fund cash deposits (see Note 4)	2,136,417	2,254,595	2,043,939
Cash in Other Participants’ assets (see Note 5)	3,722,391	654,423	1,161,105
Total Cash and cash equivalents, Participants’ Fund cash deposits and Cash in Other Participants’ assets shown on the Statements of Cash Flows	<u>\$ 7,556,018</u>	<u>\$ 3,583,141</u>	<u>\$ 3,848,617</u>

Global Economic and Market Conditions. The global economy continues to navigate a dynamic environment shaped by significant policy changes, evolving trade relationships, and geopolitical challenges, including wars/conflicts in certain regions. Financial markets have reflected these conditions through periods of volatility influenced by monetary policy adjustments, fiscal measures, and structural reforms aimed at restoring confidence and supporting sustainable growth. These factors have the potential to affect the Company’s financial performance, including revenue trends, interest rate movements, liquidity and credit conditions, and regulatory developments. At this time, the Company has not experienced any material adverse financial impact from these events or related conditions.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
<i>Financial Accounting Standards Board Standard Issued, but not yet Adopted</i>		
ASU 2024-03 and ASU 2025-01 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)	<ul style="list-style-type: none"> Enhances disclosures required for specified information about certain costs and expenses at each interim and annual reporting period of an entity. 	<ul style="list-style-type: none"> Effective January 1, 2027 for annual reporting periods, and January 1, 2028 for interim reporting periods. The Company is evaluating the impact on its financial statements and related disclosures.
<i>Issued November 2024 and January 2025, respectively</i>		
ASU 2025-06 - Intangibles - Goodwill and Other Internal - Use Software (Subtopic 350-40)	<ul style="list-style-type: none"> The amendment applies to all entities accounting for internal-use software and development costs under Subtopic 350-40. Clarifies the capitalization criteria for software costs, requiring management authorization/commitment and a "probable-to-complete" threshold. Requires evaluation and disclosure of significant development uncertainty, including unresolved performance requirements or ongoing revisions. 	<ul style="list-style-type: none"> Effective January 1, 2028 for annual reporting periods, but early adoption is permitted. The Company is evaluating the timing of adoption and impact on its financial statements and related disclosures.
<i>Issued September 2025</i>		
ASU 2025-11- Interim Reporting (Topic 270): Narrow-Scope Improvements	<ul style="list-style-type: none"> The amendment applies to all entities that provide interim financial statements. Establishes a comprehensive list of required interim disclosures and introduces a disclosure principle requiring the reporting of material events occurring after the most recent annual reporting period. 	<ul style="list-style-type: none"> Effective January 1, 2028 for interim reporting periods within annual reporting periods that begin after December 15, 2027. The Company is evaluating the impact on its financial statements and related disclosures.
<i>Issued December 2025</i>		
ASU 2025-09 - Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements	<ul style="list-style-type: none"> The amendment applies to all entities that elect to apply hedge accounting under Topic 815. Provides clarification related to cash flow hedges of groups of forecasted transactions, hedging strategies involving choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments and dual hedging relationships involving foreign-currency-denominated debt. Requires enhanced documentation of risks, assessment methods on a prospective basis with optional transition accommodations for existing hedges. 	<ul style="list-style-type: none"> Effective January 1, 2027 for annual reporting periods. The Company is evaluating the impact on its financial statements and related disclosures.
<i>Issued November 2025</i>		

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

4. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund cash deposits as of March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Total deposits	\$ 2,136,417	\$ 2,254,595
Less: Required deposits	1,152,000	1,166,000
Excess deposits	<u>\$ 984,417</u>	<u>\$ 1,088,595</u>

Participants' cash deposits in the Participants' Fund may be applied to satisfy obligations of the depositing Participant, other Participants or the Company pursuant to DTC's rules.

5. OTHER PARTICIPANTS' ASSETS

Details for the Other Participants' assets as of March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Assets:		
Cash	<u>\$ 3,722,391</u>	<u>\$ 654,423</u>

The balance of the Other Participants' assets is subject to fluctuation due to the timing of when the Company receives the cash and stock dividends, interest, reorganization and redemption proceeds, and the subsequent distribution to Participants.

6. INTANGIBLE ASSETS

The Company recognized impairment charges of \$96,000 and \$0 related to capitalized software for the three months ended March 31, 2026 and 2025, respectively. The impairment charges are included in Impairment of intangible assets in the accompanying Statements of Income.

During the three months ended March 31, 2026, the Company recognized a partial impairment of internally developed and purchased software related to a specific Master Reference Data Security project, which experienced a change in strategy due to a reprioritization of efforts, triggering an evaluation for impairment. The evaluation concluded that the \$96,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

7. LONG-TERM DEBT

Details for Long-term debt as of March 31, 2026 follow (in thousands):

	<u>2026</u>
Senior notes ⁽¹⁾	\$ 991,925
Less: Current portion of long-term debt	—
Non-current portion of long-term debt	<u>\$ 991,925</u>

(1) The balances include (i) unamortized discount, (ii) unamortized debt issuance costs and (iii) the impact of the fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps.

The Company had no long-term debt outstanding as of December 31, 2025.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

7. LONG-TERM DEBT (CONTINUED)

Details for principal payments due on Long-term debt for each of the next five years and thereafter follow (in thousands):

2026	\$	—
2027		—
2028		—
2029		600,000
2030		—
Thereafter		400,000
Total	<u>\$</u>	<u>1,000,000</u>

Senior notes. On March 27, 2026, DTC issued three-year and five-year senior unsecured medium-term notes for an aggregate total of \$1 billion. The proceeds from the issuances constitute liquid resources that, together with other liquid resources of the Company, are available to enable DTC to affect the settlement of its payment obligations in the event of the default of any of its Participants pursuant to DTC's rules.

Details of the senior notes as of March 31, 2026 follow (in thousands, except percentages):

Issue Date	Maturity	Payable	Rate	Principal Balance	Carrying Value
March 27, 2026	March 27, 2029	Semi-annually	4.30%	\$ 600,000	\$ 595,958
March 27, 2026	March 27, 2031	Semi-annually	4.55%	400,000	395,967
				<u>\$ 1,000,000</u>	<u>\$ 991,925</u>

Details for the senior notes interest expense and amortization of discount and issuance costs for the three months ended March 31, 2026, and weighted-average interest rate, and total unamortized debt issuance costs and discount as of March 31, 2026 follow (in thousands):

	<u>2026</u>
Total interest expense and amortization of discount and issuance costs	\$ 510
Weighted-average interest rate	4.40 %
Total unamortized debt issuance costs and discount	\$ 7,321

Fair value hedge. The Company uses interest rate swaps to hedge the fair value of related fixed-rate senior notes. The Company designated the interest rate swaps as a fair value hedge of the related long-term debt and applied the short-cut method for hedge accounting purposes. The fair value of interest rate swaps is included in other assets or other liabilities in the accompanying Statement of Financial Condition.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

7. LONG-TERM DEBT (CONTINUED)

Details of the outstanding fair value hedges as of March 31, 2026 follow (in thousands, except percentages):

Date Entered	Notional of Swap	Debt Amount Hedged	Fixed Rate Receivable	Floating Rate Payable	Fair Value in Other Assets / (Other Liabilities)
					2026
March 27, 2026	\$ 600,000	\$ 600,000	4.30 %	USD-Federal Funds-OIS Compound plus 0.72967%	\$ (234)
March 27, 2026	\$ 400,000	\$ 400,000	4.55 %	USD-Federal Funds-OIS Compound plus 0.97013%	(520)
					\$ (754)

Interest rate swaps may expose the Company to credit-related losses in the event of nonperformance by its counterparty. Credit risk is monitored on an ongoing basis. Derivatives may give rise to counterparty credit risk, which is the risk that a derivative counterparty will default on, or otherwise be unable to perform pursuant to, an uncollateralized derivative exposure. To mitigate derivative credit risk, counterparties are required to be pre-approved and rated as investment grade, and counterparty risk exposures are centrally monitored.

Line of credit. The Company maintains a committed line of credit to support settlement of its payment obligations in the event any of its Participants default. Details for the terms of the outstanding line of credit as of March 31, 2026 and December 31, 2025 follow:

	2026	2025
Committed Amount	\$1.9 billion	\$1.9 billion
Denomination	USD	USD
Number of Participants/Lenders	25/34	25/34
Borrowing Rate	The greatest of the FRBNY rate, Daily Secured Overnight Financing Rate (SOFR), or zero on the day of borrowing, plus 1.40%	The greatest of the FRBNY rate, Daily Secured Overnight Financing Rate (SOFR), or zero on the day of borrowing, plus 1.40%
Maturity Date	July 2026	July 2026
Annual Facility Fee ⁽¹⁾	0.10%	0.10%

(1) The annual facility fee associated with maintaining the line of credit is included in Professional and other services in the accompanying Statements of Income.

As of March 31, 2026 and December 31, 2025, there were no borrowings outstanding under the line of credit.

Details for debt covenants related to the committed line of credit as of March 31, 2026 and December 31, 2025 follow:

	2026	2025
Minimum Net Worth	\$200 million	\$200 million
Minimum Participants' Fund deposits	\$750 million	\$750 million

As of March 31, 2026 and December 31, 2025, the Company was in compliance with its debt covenants.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

7. LONG-TERM DEBT (CONTINUED)

Credit Ratings. The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for issuer credit ratings and ratings outlooks for the Company as of March 31, 2026 follow:

Moody's ⁽¹⁾			S&P		
Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Aa1	P-1	Stable	AA+	A-1+	Stable

(1) Moody's categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under the agency's Clearing Houses Rating Methodology.

8. FAIR VALUE MEASUREMENTS

See Note 9 in DTC's Audited Financial Statements for the years ended December 31, 2025 and 2024, for the Company's valuation basis, including valuation techniques and inputs, as well as the fair value hierarchy used in measuring the Company's financial assets and liabilities that are both accounted for at fair value and at other than fair value.

Financial assets and liabilities measured at fair value on a recurring basis.

Fair value measurements for those items measured on a recurring basis as of March 31, 2026 are summarized below (in thousands):

	2026			
	Total	Level 1	Level 2	Level 3
Other non-current liabilities:				
Interest rate swaps	\$ 754	\$ —	\$ 754	\$ —
Total	\$ 754	\$ —	\$ 754	\$ —

Financial assets and liabilities measured at other than fair value. The carrying values, fair values and fair value hierarchy levels of all financial instruments measured at other than fair value on the accompanying Statements of Financial Condition as of March 31, 2026 and December 31, 2025 follow (in thousands):

	2026				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 1,697,210	\$ 1,697,210	\$ 1,697,210	\$ —	\$ —
Short term investment	225,000	225,000	—	225,000	—
Participants' Fund cash deposits	2,136,417	2,136,417	2,136,417	—	—
Other Participants' assets	3,722,391	3,722,391	3,722,391	—	—
Total	\$ 7,781,018	\$ 7,781,018	\$ 7,556,018	\$ 225,000	\$ —
Liabilities:					
Participants' Fund liabilities	\$ 2,136,417	\$ 2,136,417	\$ 2,136,417	\$ —	\$ —
Payable to Participants	3,722,391	3,722,391	3,722,391	—	—
Long-term debt	992,679	1,000,257	—	1,000,257	—
Total	\$ 6,851,487	\$ 6,859,065	\$ 5,858,808	\$ 1,000,257	\$ —

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

8. FAIR VALUE MEASUREMENTS (CONTINUED)

	2025				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 674,123	\$ 674,123	\$ 674,123	\$ —	\$ —
Short-term investments	225,000	225,000	—	225,000	—
Participants' Fund cash deposits	2,254,595	2,254,595	2,254,595	—	—
Other Participants' assets	654,423	654,423	654,423	—	—
Total	<u>\$ 3,808,141</u>	<u>\$ 3,808,141</u>	<u>\$ 3,583,141</u>	<u>\$ 225,000</u>	<u>\$ —</u>
Liabilities:					
Participants' Fund liabilities	\$ 2,254,595	\$ 2,254,595	\$ 2,254,595	\$ —	\$ —
Payable to Participants	654,423	654,423	654,423	—	—
Total	<u>\$ 2,909,018</u>	<u>\$ 2,909,018</u>	<u>\$ 2,909,018</u>	<u>\$ —</u>	<u>\$ —</u>

Assets and liabilities measured at fair value on a non-recurring basis. There were no financial assets or liabilities measured at fair value on a non-recurring basis during the periods ended March 31, 2026 and December 31, 2025.

9. REPORTABLE SEGMENT

The Company determines its reportable operating segments based on a combination of factors, including the results reviewed by the chief operating decision maker (CODM), products and services provided, type of customer served, and geographic considerations. The Company's CODM evaluates the performance of the business as a whole and makes decisions about resource allocations based on the entity's net income. Net income is used by the CODM for monitoring and assessing the segment's performance, as well as making key decisions. As such, the Company determined that it operates as a single operating and reportable segment. The accounting policies used to measure the profit and loss of the segment are the same as those described in Note 2. The CODM is routinely provided with expense details that are limited to what is presented on the face of the Statements of Income.

The Company's CODM is DTCC's Executive Committee.

10. RETIREMENT PLANS

Defined contribution retirement plans. Eligible U.S. DTCC employees participate in one of two defined contribution plans, The Depository Trust & Clearing Corporation Employee Savings Plan (Employee Savings Plan) and The Depository Trust & Clearing Corporation Operations Level Employee Savings Plan (Operations Level Savings Plan). The Employee Savings Plan is a single employer plan covering non-bargaining unit employees. The Operations Level Savings Plan is a single employer plan covering bargaining unit employees.

Defined benefit pension and other postretirement benefit plans. Eligible DTCC employees participate in DTCC's non-contributory defined benefit pension and other postretirement plans, which provide for certain benefits upon retirement. DTCC's sponsored non-contributory plans include a defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan. The other postretirement plans include retiree medical and life insurance plans for eligible retired employees and their beneficiaries.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

10. RETIREMENT PLANS (CONTINUED)

Cost allocation. DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary's salary cost relative to DTCC's total salary cost. The defined contribution retirement plans costs allocated to DTC were expense of \$3,921,000 and \$3,724,000 for the three months ended March 31, 2026 and 2025, respectively, and are included in Employee compensation and related benefits in the accompanying Statements of Income. The defined benefit pension and other postretirement benefit plans costs allocated to DTC were expense of \$562,000 and income of \$162,000 for the three months ended March 31, 2026 and 2025, respectively, and are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net, in the accompanying Statements of Income.

11. INCOME TAXES

Details for the unrecognized tax benefit liabilities, for the three months ended March 31, 2026 and 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Beginning balance	\$ 9,498	\$ 5,701
Increases/(Decreases):		
Prior period tax positions	(7)	811
Current period tax positions	56	187
Unrecognized tax benefit liabilities	<u>9,547</u>	<u>6,699</u>
Accrued interest	139	302
Ending balance	<u>\$ 9,686</u>	<u>\$ 7,001</u>

Tax benefits not included in unrecognized tax benefit liabilities relate to tax positions that did not meet the more-likely-than-not threshold (greater than 50% likelihood) and therefore were not recognized in the financial statements. These unrecognized tax benefits were \$11,573,000 as of March 31, 2026 and December 31, 2025.

See Note 12 in DTC's Audited Financial Statements for the years ended December 31, 2025 and 2024 for additional information pertaining to the Company's income taxes.

12. SHAREHOLDERS' EQUITY

DTC Series A Non-Cumulative Perpetual Preferred stock. Under a plan adopted by the Board of Directors, each Participant of DTC is required to own shares of DTC Series A preferred stock. The ownership of DTC preferred stock is reported as non-controlling interests in the consolidated financial statements. There was \$150,000,000 of DTC Series A preferred stock (1,500,000 shares at par value of \$100 per share) outstanding as of March 31, 2026 and December 31, 2025. Dividends are subject to regulatory limitations and restrictions per the New York Banking Law and Federal Reserve Act and must be approved and declared by the Board of Directors. When declared, dividend amounts are based on the weighted-average rate of interest paid by the Company on required Participants' Fund deposits during the dividend period as disclosed in the DTC's rules.

There were no dividends declared to holders of the Series A Preferred Stock during the three months ended March 31, 2026 and 2025.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

13. CAPITAL REQUIREMENTS

As required by Rule 17Ad-22(e)(15) of the CCAS and pursuant to the Clearing Agency Policy on Capital Requirements, the Company must meet its total capital requirement by holding liquid net assets funded by equity. The total capital requirement for DTC is equal to the sum of the general business risk capital requirement and corporate contribution, as described below.

General Business Risk Capital Requirement. This capital requirement is held to cover potential general business losses so that the Company can continue operations and provide services as a going concern if those losses materialize. It is determined based on the Company's general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations and, at a minimum, is equal to six months of operating expenses.

Corporate Contribution. The corporate contribution is applied to losses of the Company as provided in DTC's rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

Details for the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of March 31, 2026 and December 31, 2025 follow (in thousands):

	2026	2025
General business risk capital requirement	\$ 278,330	\$ 273,454
Corporate contribution	139,165	136,727
Total requirement	417,495	410,181
Liquid net assets funded by equity	995,319	899,123
Excess	\$ 577,824	\$ 488,942

Capital Adequacy. The capital and leverage ratios required by the FRBNY and the NYSDFS as of March 31, 2026 follow:

	Ratio	Minimum Capital Ratio ^(a)	Well Capitalized Ratio ^(a)
Tier 1 capital ratio ⁽¹⁾	57.01 %	6.00 %	8.00 %
Total capital ratio ⁽¹⁾	57.01 %	8.00 %	10.00 %
Tier 1 leverage ratio ⁽²⁾	18.19 %	4.00 %	5.00 %

(a) As defined by the regulations issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

(1) Total capital and Tier 1 capital include common stock, retained earnings and preferred stock. DTC's tier 1 capital and total capital ratios are based on tier 1 capital and total risk-weighted assets.

(2) Tier 1 leverage ratio is based on tier 1 capital and quarterly average total assets.

14. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after March 31, 2026 through the date these financial statements were issued for potential recognition or disclosure. No events or transactions, other than as disclosed below, occurred during such period that would require recognition or disclosure in these financial statements.

On April 14, 2026 the Board of Directors approved and declared a dividend in the amount of \$5,280,000 to the holders of Series A Preferred Stock.