UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2022
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-07511

STATE STREET CORPORATION

(Exact name of registrant as specified in its charter)

MA		**04-2456637**
(State or other jurisdiction of incorporation)		(I.R.S. Employer Identification No.)
One Lincoln Street		
Boston, MA		**02111**
(Address of principal executive offices)		(Zip Code)

(617) 786-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1 par value per share	STT	New York Stock Exchange
Depositary Shares, each representing a 1/4,000th ownership interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series D, without par value per share	STT.PRD	New York Stock Exchange
Depositary Shares, each representing a 1/4,000th ownership interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series G, without par value per share	STT.PRG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of July 26, 2022 was 367,619,359.

STATE STREET CORPORATION
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED
June 30, 2022

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We use acronyms and other defined terms for certain business terms and abbreviations, as defined in the acronyms list and glossary following the consolidated financial statements in this Form 10-Q.

PART I. FINANCIAL INFORMATION

GENERAL

State Street Corporation, referred to as the Parent Company, is a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts. Our executive offices are located at One Lincoln Street, Boston, Massachusetts 02111 (telephone (617) 786-3000). For purposes of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (Form 10-Q), unless the context requires otherwise, references to "State Street," "we," "us," "our" or similar terms mean State Street Corporation and its subsidiaries on a consolidated basis. The Parent Company is a source of financial and managerial strength to our subsidiaries. Through our subsidiaries, including our principal banking subsidiary, State Street Bank and Trust Company, referred to as State Street Bank, we provide a broad range of financial products and services to institutional investors worldwide, with $38.18 trillion of AUC/A and $3.48 trillion of AUM as of June 30, 2022.

As of June 30, 2022, we had consolidated total assets of $300.22 billion, consolidated total deposits of $241.91 billion, consolidated total shareholders' equity of $25.77 billion and 40,354 employees. We operate in more than 100 geographic markets worldwide, including in the U.S., Canada, Europe, the Middle East and Asia.

Our operations are organized into two lines of business, Investment Servicing and Investment Management, which are defined based on products and services provided.

Additional information about our lines of business is provided in Line of Business Information in this Management's Discussion and Analysis and Note 17 to the consolidated financial statements in this Form 10-Q.

This Management's Discussion and Analysis is part of the Form 10-Q and updates the Management's Discussion and Analysis in our 2021 Annual Report on Form 10-K for the year ended December 31, 2021 previously filed with the SEC (2021 Form 10-K). You should read the financial information contained in this Management's Discussion and Analysis and elsewhere in this Form 10-Q in conjunction with the financial and other information contained in our 2021 Form 10-K. Certain previously reported amounts presented in this Form 10-Q have been reclassified to conform to current-period presentation.

We prepare our consolidated financial statements in conformity with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions in its application of certain accounting policies that materially affect the reported amounts of assets, liabilities, equity, revenue and expenses.

The significant accounting policies that require us to make judgments, estimates and assumptions that are difficult, subjective or complex about matters that are uncertain and may change in subsequent periods include:

- accounting for fair value measurements;
- allowance for credit losses;
- impairment of goodwill and other intangible assets; and
- contingencies.

These significant accounting policies require the most subjective or complex judgments, and underlying estimates and assumptions could be subject to revision as new information becomes available. For additional information about these significant accounting policies refer to pages 124 to 126, “Significant Accounting Estimates” included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2021 Form 10-K. We did not change these significant accounting policies in the first six months of 2022.

Certain financial information provided in this Form 10-Q, including in this Management's Discussion and Analysis, is prepared on both a U.S. GAAP, or reported basis, and a non-GAAP basis. We measure and compare certain financial information on a non-GAAP basis, including information that management uses in evaluating our business and activities. Non-GAAP financial information should be considered in addition to, and not as a substitute for or superior to, financial information prepared in conformity with U.S. GAAP. Any non-GAAP financial information presented in this Form 10-Q, including this Management’s Discussion and Analysis, is reconciled to its most directly comparable U.S. GAAP-basis measure.

We further believe that our presentation of FTE NII, a non-GAAP measure, which reports non-taxable revenue, such as interest income associated with tax-exempt investment securities, on a FTE basis, facilitates an investor's understanding and analysis of our underlying financial performance and trends.

We provide additional disclosures required by applicable bank regulatory standards, including supplemental qualitative and quantitative information with respect to regulatory capital (including market risk associated with our trading activities) and the

LCR, summary results of semi-annual State Street-run stress tests which we conduct under the Dodd-Frank Act, and resolution plan disclosures required under the Dodd-Frank Act. These additional disclosures are accessible on the "Investor Relations" section of our corporate website at *www.statestreet.com*.

We have included our website address in this report as an inactive textual reference only. Information on our website is not incorporated by reference into this Form 10-Q.

We use acronyms and other defined terms for certain business terms and abbreviations, as defined in the acronyms list and glossary following the consolidated financial statements in this Form 10-Q.

Forward-Looking Statements

This Form 10-Q, as well as other reports and proxy materials submitted by us under the Securities Exchange Act of 1934, registration statements filed by us under the Securities Act of 1933, our annual report to shareholders and other public statements we may make, may contain statements (including statements in our Management's Discussion and Analysis included in such reports, as applicable) that are considered "forward-looking statements" within the meaning of U.S. securities laws, including statements about our goals and expectations regarding our business, financial and capital condition, results of operations, strategies, cost savings and transformation initiatives, investment portfolio performance, dividend and stock purchase programs, acquisitions (including, without limitation, our proposed acquisition of the BBH Investor Services business), outcomes of legal proceedings, market growth, joint ventures and divestitures, client growth and new technologies, services and opportunities, as well as industry, governmental, regulatory, economic and market trends, initiatives and developments, the business environment and other matters that do not relate strictly to historical facts.

Terminology such as "plan," "expect," "intend," "objective," "forecast," "outlook," "believe," "priority," "anticipate," "estimate," "seek," "may," "will," "trend," "target," "strategy" and "goal," or similar statements or variations of such terms, are intended to identify forward-looking statements, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to various risks and uncertainties, which change over time, are based on management's expectations and assumptions at the time the statements are made and are not guarantees of future results. Management's expectations and assumptions, and the continued validity of the forward-looking statements, are subject to change due to a broad range of factors affecting the U.S. and global economies, regulatory environment and the equity, debt, currency and other financial markets, as well as factors specific to State Street and its subsidiaries, including State Street Bank. Factors that could cause changes in the expectations or assumptions on which forward-looking statements are based cannot be foreseen with certainty and include, but are not limited to:

Strategic Risks

- The consummation of our proposed acquisition of the BBH Investor Services business is subject to the receipt of regulatory approvals and the satisfaction of other closing conditions, the failure or delay of which may prevent or further delay the consummation of the acquisition;
- We have been engaged in discussions with banking regulators regarding our proposed acquisition of the BBH Investor Services business and have developed with BBH proposed modifications to the proposed acquisition, including changes to the operating model and legal entity structure and changes to regulatory approvals required to consummate the transaction. These proposed modifications may facilitate resolution of the regulatory review process and provide a path to consummating the transaction. As part of the discussions with BBH, State Street is seeking amendments to the transaction terms, including the purchase price. Any modification to the transaction terms would be subject to review and approval by both BBH and our Board of Directors, and there can be no assurance that a mutually acceptable modified transaction will be entered into or as to the timing or outcome of any regulatory approvals and other closing conditions for that modified transaction; and absent further agreement of the parties, after September 6, 2022 either party can terminate the transaction without penalty;
- Assuming the financial and operational aspects of the proposed modifications to our proposed acquisition of the BBH Investor Services business are timely finalized and contracted, subject to regulatory approval and other closing conditions, the parties are aiming to close the transaction at the end of the fourth quarter of 2022; however, there exists significant timing uncertainty and risk that closing will extend beyond that timeline; and even if we successfully consummate a modified transaction, we may fail to realize some or all of the anticipated benefits of the transaction or the benefits may take longer to realize than expected;

- We are subject to intense competition, which could negatively affect our profitability;
- We are subject to significant pricing pressure and variability in our financial results and our AUC/A and AUM;
- Our development and completion of new products and services, including State Street Digital and State Street Alpha, and the enhancement of our infrastructure required to meet increased regulatory and client expectations for resiliency and the systems and process re-engineering necessary to achieve improved productivity and reduced operating risk, may take an extended period to implement, involve costs and expose us to increased risk;
- Our business may be negatively affected by our failure to update and maintain our technology infrastructure;
- The COVID-19 pandemic continues to exacerbate certain risks and uncertainties for our business;
- Acquisitions, strategic alliances, joint ventures and divestitures, and the integration, retention and development of the benefits of our acquisitions, pose risks for our business; and
- Competition for qualified members of our workforce is intense, and we may not be able to attract and retain the highly skilled people we need to support our business.

Financial Market Risks

- We could be adversely affected by geopolitical, economic and market conditions; including, for example, as a result of the present war in Ukraine;
- We have significant International operations, and disruptions in European and Asian economies could have an adverse effect on our consolidated results of operations or financial condition;
- Our investment securities portfolio, consolidated financial condition and consolidated results of operations could be adversely affected by changes in the financial markets;
- Our business activities expose us to interest rate risk;
- We assume significant credit risk to counterparties, who may also have substantial financial dependencies with other financial institutions, and these credit exposures and concentrations could expose us to financial loss;
- Our fee revenue represents a significant portion of our consolidated revenue and is subject to decline based on, among other factors, market conditions, competition, currency valuation and investment activities of our clients and their business mix;
- If we are unable to effectively manage our capital and liquidity, our consolidated financial condition, capital ratios, results of operations and business prospects could be adversely affected;
- We may need to raise additional capital or debt in the future, which may not be available to us or may only be available on unfavorable terms; and
- If we experience a downgrade in our credit ratings, or an actual or perceived reduction in our financial strength, our borrowing and capital costs, liquidity and reputation could be adversely affected.

Compliance and Regulatory Risks

- Our business and capital-related activities, including common share repurchases, may be adversely affected by capital and liquidity standards required as a result of capital stress testing;
- We face extensive and changing government regulation in the jurisdictions in which we operate, which may increase our costs and compliance risks;
- We are subject to enhanced external oversight as a result of the resolution of prior regulatory or governmental matters;
- Our businesses may be adversely affected by government enforcement and litigation;
- Any misappropriation of the confidential information we possess could have an adverse impact on our business and could subject us to regulatory actions, litigation and other adverse effects;
- Our calculations of risk exposures, total RWA and capital ratios depend on data inputs, formulae, models, correlations and assumptions that are subject to change, which could materially impact our risk exposures, our total RWA and our capital ratios from period to period;
- Changes in accounting standards may adversely affect our consolidated financial statements;
- Changes in tax laws, rules or regulations, challenges to our tax positions and changes in the composition of our pre-tax earnings may increase our effective tax rate; and

- The transition away from LIBOR may result in additional costs and increased risk exposure.

Operational Risks

- Our control environment may be inadequate, fail or be circumvented, and operational risks could adversely affect our consolidated results of operations;
- Cost shifting to non-U.S. jurisdictions and outsourcing may expose us to increased operational risk, geopolitical risk and reputational harm and may not result in expected cost savings;
- Attacks or unauthorized access to our information technology systems or facilities, or those of the third parties with which we do business, or disruptions to our or their continuous operations, could result in significant costs, reputational damage and impacts on our business activities;
- Long-term contracts expose us to pricing and performance risk;
- Our businesses may be negatively affected by adverse publicity or other reputational harm;
- We may not be able to protect our intellectual property;
- The quantitative models we use to manage our business may contain errors that could result in material harm;
- Our reputation and business prospects may be damaged if our clients incur substantial losses or are restricted in redeeming their interests in investment pools that we sponsor or manage;
- The impacts of climate change, and regulatory responses to such risks, could adversely affect us; and
- We may incur losses as a result of unforeseen events including terrorist attacks, natural disasters, the emergence of a new pandemic or acts of embezzlement.

Actual outcomes and results may differ materially from what is expressed in our forward-looking statements and from our historical financial results due to the factors discussed in this section and elsewhere in this Form 10-Q or disclosed in our other SEC filings. Forward-looking statements in this Form 10-Q should not be relied on as representing our expectations or assumptions as of any time subsequent to the time this Form 10-Q is filed with the SEC. We undertake no obligation to revise our forward-looking statements after the time they are made. The factors discussed herein are not intended to be a complete statement of all risks and uncertainties that may affect our businesses. We cannot anticipate all developments that may adversely affect our business or operations or our consolidated results of operations, financial condition or cash flows.

Forward-looking statements should not be viewed as predictions and should not be the primary basis on which investors evaluate State Street. Any investor in State Street should consider all risks and uncertainties disclosed in our SEC filings, including our filings under the Securities Exchange Act of 1934, in particular our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, and our registration statements filed under the Securities Act of 1933, all of which are accessible on the SEC's website at *www.sec.gov* or on the "Investor Relations" section of our corporate website at *investors.statestreet.com.*

OVERVIEW OF FINANCIAL RESULTS

TABLE 1: OVERVIEW OF FINANCIAL RESULTS

	Three Months Ended June 30,		
(Dollars in millions, except per share amounts)	**2022**	**2021**	**% Change**
Total fee revenue	$ 2,370	$ 2,514	(6)%
Net interest income	584	467	25
Total other income	(1)	53	nm
Total revenue	2,953	3,034	(3)
Provision for credit losses	10	(15)	nm
Total expenses	2,108	2,111	—
Income before income tax expense	835	938	(11)
Income tax expense	88	175	(50)
Net income	$ 747	$ 763	(2)
Adjustments to net income:			
Dividends on preferred stock[1]	$ (35)	$ (34)	3
Earnings allocated to participating securities[2]	—	(1)	nm
Net income available to common shareholders	$ 712	$ 728	(2)
Earnings per common share:			
Basic	$ 1.94	$ 2.11	(8)
Diluted	1.91	2.07	(8)
Average common shares outstanding (in thousands):			
Basic	367,375	345,889	6
Diluted	372,123	351,582	6
Cash dividends declared per common share	$ .57	$ .52	10
Return on average common equity	12.1 %	12.6 %	(50) bps
Pre-tax margin	28.3	30.9	(260)

	Six Months Ended June 30,		
(Dollars in millions, except per share amounts)	**2022**	**2021**	**% Change**
Total fee revenue	$ 4,943	$ 4,997	(1)%
Net interest income	1,093	934	17
Total other income	(2) —	53	nm
Total revenue	6,034	5,984	1
Provision for credit losses	10	(24)	nm
Total expenses	4,435	4,443	—
Income before income tax expense	1,589	1,565	2
Income tax expense	238	283	(16)
Net income	$ 1,351	$ 1,282	5
Adjustments to net income:			
Dividends on preferred stock[1]	$ (55)	$ (64)	(14)
Earnings allocated to participating securities[2]	(1)	(1)	—
Net income available to common shareholders	$ 1,295	$ 1,217	6
Earnings per common share:			
Basic	$ 3.53	$ 3.49	1
Diluted	3.48	3.44	1
Average common shares outstanding (in thousands):			
Basic	366,961	348,303	5
Diluted	372,080	353,434	5
Cash dividends declared per common share	$ 1.14	$ 1.04	10
Return on average common equity	10.8 %	10.5 %	30 bps
Pre-tax margin	26.3	26.2	10

[1] Additional information about our preferred stock dividends is provided in Note 12 to the consolidated financial statements in this Form 10-Q.

[2] Represents the portion of net income available to common equity allocated to participating securities, composed of unvested and fully vested SERP (Supplemental executive retirement plans) shares and fully vested deferred director stock awards, which are equity-based awards that contain non-forfeitable rights to dividends, and are considered to participate with the common stock in undistributed earnings.

nm Not meaningful

The following "Financial Results and Highlights" section provides information related to significant events, as well as highlights of our consolidated financial results for the second quarter of 2022 presented in Table 1: Overview of Financial Results. More detailed information about our consolidated financial results, including the comparison of our financial results for the three and six months ended June 30, 2022, compared to the same periods in 2021, is provided under "Consolidated Results of Operations", "Line of Business Information" and "Capital" which follows these sections, as well as in our consolidated financial statements in this Form 10-Q. In this Management's Discussion and Analysis, where we describe the effects of changes in foreign currency translation, those effects are determined by applying applicable weighted average FX rates from the relevant 2021 period to the relevant 2022 period results.

Financial Results and Highlights

- Second quarter of 2022 financial performance:
  - Earnings per share of $1.91 in the second quarter of 2022, decreased 8% compared to $2.07 in the same period in 2021.
  - Total fee revenue and total revenue decreased 6% and 3%, respectively, in the second quarter of 2022, compared to the same period in 2021. Currency translation decreased both fee revenue and total revenue by 2% in the second quarter of 2022, relative to the same period in 2021.
  - NII increased 25% in the second quarter of 2022, compared to the same period in 2021.
  - In the second quarter of 2022, return on equity of 12.1% decreased from 12.6% in the same period in 2021, primarily due to a decrease in net income available to common shareholders. Pre-tax margin of 28.3% in the second quarter of 2022, decreased from 30.9% in the same period in 2021, primarily due to a decrease in total revenue.
  - Negative operating leverage of 2.5% points in the second quarter of 2022. Operating leverage represents the difference between the percentage change in total revenue and the percentage change in total expenses, in each case relative to the prior year period.

  - Negative fee operating leverage of 5.6% points in the second quarter of 2022. Fee operating leverage represents the difference between the percentage change in total fee revenue and the percentage change in total expenses, in each case relative to the prior year period.
- While the ongoing war in Ukraine continued to cause considerable challenges for global markets in the second quarter of 2022, our direct financial exposure to Russia remains very low. As of June 30, 2022, we had no direct credit exposures to Russian-domiciled entities, including the Russian central bank, other than our subcustodian in Russia, which is an affiliate of a large multinational bank.

Revenue

- Total revenue decreased 3% in the second quarter of 2022, compared to the same period in 2021, as the decrease in total fee revenue was partially offset by higher NII. Total fee revenue decreased 6% in the second quarter of 2022, compared to the same period in 2021, primarily driven by lower servicing fees, management fees, software and processing fees and other fee revenue, partially offset by higher foreign exchange trading services revenue. Currency translation decreased both total revenue and total fee revenue by 2% in the second quarter of 2022, relative to the same period in 2021
- Servicing fee revenue decreased 7% in the second quarter of 2022, compared to the same period in 2021, primarily due to lower average equity and fixed income market levels, normal pricing headwinds, lower client activity and adjustments and the impact of currency translation, partially offset by net new business. Currency translation decreased servicing fee revenue by 3% in the second quarter of 2022, relative to the same period in 2021.
- Management fee revenue decreased 3% in the second quarter of 2022, compared to the same period in 2021, primarily due to lower average equity and fixed income market levels, a client-specific pricing adjustment, and the impact of currency translation, partially offset by the absence of the impact of money market fee waivers and net inflows from ETFs. Currency translation decreased management fees by 2% in the second quarter of 2022, relative to the same period in 2021.
- Foreign exchange trading services revenue increased 16% in the second quarter of 2022, compared to the same period in 2021, primarily reflecting higher FX spreads, partially offset by lower client FX volumes.
- Securities finance revenue decreased 2% in the second quarter of 2022, compared to the same period in 2021, reflecting lower agency and enhanced custody balances, partially offset by higher spreads.
- Software and processing fees revenue decreased 11% in the second quarter of 2022, compared to the same period in 2021, primarily due to lower front office software and data revenue associated with CRD.
- Other fee revenue decreased $53 million in the second quarter of 2022, compared to the same period in 2021, primarily due to negative market-related adjustments.
- NII increased 25% in the second quarter of 2022, compared to the same period in 2021, primarily due to higher market interest rates and growth in loan balances.

Provision for Credit Losses

- We recorded a $10 million provision for credit losses in the second quarter of 2022, compared to a $15 million reserve release in the same period in 2021, reflecting a downward shift in management's economic outlook, partially offset by a decrease in expected losses related to leveraged loans within our portfolio.

Expenses

- Total expenses were flat in the second quarter of 2022, compared to the same period in 2021, as higher targeted business investments and wage growth were offset by productivity savings and ongoing disciplined expense management, and the positive impact of currency translation. Currency translation decreased expenses by 3% in the second quarter of 2022, relative to the same period in 2021.

Notable items

- The impact of notable items in the second quarter of 2022 includes acquisition and restructuring costs of approximately $12 million related to our proposed acquisition of the BBH Investor Services business, which is subject to regulatory review and other closing conditions.
- The impact of notable items in the second quarter of 2021 includes:

- $53 million gain on the sale of a majority share of our Wealth Management Services (WMS) business, recorded in other income;
- legal accrual release of approximately $11 million; and
- acquisition and restructuring costs of approximately $11 million, primarily related to our 2018 acquisition of CRD.

AUC/A and AUM

- AUC/A of $38.18 trillion decreased 10% as of June 30, 2022, compared to June 30, 2021, primarily due to lower market levels, partially offset by net new business and client flows. In the second quarter of 2022, newly announced asset servicing mandates totaled approximately $972 billion. Servicing assets remaining to be installed in future periods totaled approximately $3.63 trillion as of June 30, 2022.
- AUM of $3.48 trillion decreased 11% as of June 30, 2022, compared to June 30, 2021, primarily due to lower market levels and net outflows from our Institutional business, partially offset by net inflows from our ETF and Cash businesses.

Capital

- We declared common stock dividends of $0.57 per share, totaling $210 million in the second quarter of 2022, compared to $0.52 per share, totaling $179 million in the same period in 2021.
- In July 2022, we declared third quarter common stock dividends of $0.63 per share, representing a 10% increase on a per share basis from both the third quarter of 2021 and second quarter of 2022.
- In July 2021, our Board authorized a common share repurchase plan of up to $3.0 billion of our common stock through the end of 2022; however, in connection with our proposed acquisition of the BBH Investor Services business, we did not repurchase any common stock during the last half of 2021, as well as during the first half of 2022. In June 2022, we announced our intention to resume our common share repurchases during the fourth quarter of 2022 in an amount reflecting interest rate levels and market conditions at that time.
- Our standardized CET1 capital ratio decreased to 12.9% as of June 30, 2022, compared to 14.3% as of December 31, 2021, primarily reflecting lower AOCI related to AFS securities driven by the significant increase in rates across the yield curve and the implementation of the standardized approach for counterparty credit risk (SA-CCR), partially offset by planned RWA reductions and optimization. Our Tier 1 leverage ratio decreased to 6.0% as of June 30, 2022 compared to 6.1% as of December 31, 2021, primarily driven by lower AOCI, partially offset by lower consolidated average assets. During the second quarter of 2022, we completed a number of our previously announced actions to mitigate additional AOCI risk in the current environment including a $21.23 billion transfer of securities from AFS to HTM. Given the reduction in AOCI risk, we have the ability to operate with CET1 and Tier 1 leverage capital ratios at or somewhat below the lower end of our target ranges of 10-11% and 5.25-5.75%, respectively, after the close of the proposed acquisition of the BBH Investor Services business.

Debt Issuances and Redemptions

- On May 13, 2022, we issued $500 million aggregate principal amount of 4.421% fixed-to-floating rate senior notes due 2033.
- On May 15, 2022, we redeemed $750 million aggregate principal amount of 2.653% fixed-to-floating rate senior notes due 2023.

CONSOLIDATED RESULTS OF OPERATIONS

This section discusses our consolidated results of operations for the three and six months ended June 30, 2022, compared to the same periods in 2021, and should be read in conjunction with the consolidated financial statements and accompanying notes to the consolidated financial statements in this Form 10-Q.

Total Revenue

TABLE 2: TOTAL REVENUE

(Dollars in millions)	Three Months Ended June 30, 2022	2021	% Change
Fee revenue:			
Back office services	$ 1,205	$ 1,290	(7)%
Middle office services	92	104	(12)
Servicing fees[1]	1,297	1,394	(7)
Management fees	490	504	(3)
Foreign exchange trading services	331	286	16
Securities finance	107	109	(2)
Front office software and data	126	148	(15)
Lending related and other fees	62	63	(2)
Software and processing fees[1]	188	211	(11)
Other fee revenue[1]	(43)	10	nm
Total fee revenue	2,370	2,514	(6)
Net interest income:			
Interest income	704	467	51
Interest expense	120	—	nm
Net interest income	584	467	25
Other income:			
Gains (losses) related to investment securities, net	(1)	—	nm
Other income	—	53	nm
Total other income	(1)	53	nm
Total revenue	$ 2,953	$ 3,034	(3)

(Dollars in millions)	Six Months Ended June 30, 2022	2021	% Change
Fee revenue:			
Back office services	$ 2,473	$ 2,556	(3)%
Middle office services	192	207	(7)
Servicing fees[1]	2,665	2,763	(4)
Management fees	1,010	997	1
Foreign exchange trading services	690	632	9
Securities finance	203	208	(2)
Front office software and data	264	244	8
Lending related and other fees	125	127	(2)
Software and processing fees[1]	389	371	5
Other fee revenue[1]	(14)	26	nm
Total fee revenue	4,943	4,997	(1)
Net interest income:			
Interest income	1,225	938	31
Interest expense	132	4	nm
Net interest income	1,093	934	17
Other income:			
Gains (losses) related to investment securities, net	(2)	—	nm
Other income	—	53	nm
Total other income	(2)	53	nm
Total revenue	$ 6,034	$ 5,984	1

[1] In the first quarter of 2022, we reclassified certain fee revenue in our Consolidated Statement of Operations, primarily moving revenues that are not directly associated with software and processing fees to a new Other fee revenue line item. In addition, we provided a disaggregation of servicing fees into Back office services and Middle office services and of software and processing fees into Front office software and data and Lending related and other fees. Prior periods were revised to reflect these changes.

nm Not meaningful

Fee Revenue

Table 2: Total Revenue, provides the breakout of fee revenue for the three and six months ended June 30, 2022 and 2021. Servicing and management fees collectively made up approximately 75% and 74% of the total fee revenue in the three and six months ended June 30, 2022, respectively, compared to 75% in both the same periods in 2021.

Servicing Fee Revenue

Servicing fee revenue comprises revenue from both back office and middle office services. Generally, our servicing fee revenues are affected by several factors including changes in market valuations, client activity and asset flows, net new business and the manner in which we price our services. We provide a range of services to our clients, including core custody services, accounting, reporting and administration, which we refer to collectively as back office services, and middle office services. The nature and mix of services provided affects our servicing fees. The basis for fees will differ across regions and clients.

Changes in Market Valuations

Our servicing fee revenue is impacted by both our levels and the geographic and product mix of our AUC/A. Increases or decreases in market valuations have a corresponding impact on the level of our AUC/A and servicing fee revenues, though the degree of impact will vary depending on asset types and classes and geography of assets held within our clients' portfolios. For certain asset classes where the valuation process is more complex, including alternative investments, or where our valuation is dependent on third party information, AUC/A is reported on a lag, typically one-month. For those asset classes, the impact of market levels on our reported AUC/A does not reflect current period-end market levels.

Over the five years ended December 31, 2021, we estimate that worldwide market valuations impacted our servicing fee revenues by approximately 3% on average with a range of 0% to 7% annually and approximately 7% and 2% in 2021 and 2020, respectively. See Table 3: Daily Averages, Month-End Averages and Quarter-End Equity Indices for selected indices. While the specific indices presented are indicative of general market trends, the asset types and classes relevant to individual client portfolios can and do differ, and the performance of associated relevant indices and of client portfolios can therefore differ from the performance of the indices presented. In addition, our asset classifications may differ from those industry classifications presented.

Assuming that all other factors remain constant, including client activity, asset flows and pricing, we estimate, using relevant information as of June 30, 2022 that a 10% increase or decrease in worldwide equity valuations, on a weighted average basis, over the relevant periods for which our servicing fees are calculated, would result in a corresponding change in our total servicing fee revenues, on average and over multiple quarters, of approximately 3%. We estimate, similarly assuming all other factors remain constant and using relevant information as of June 30, 2022, that changes in worldwide fixed income markets, which on a weighted average basis and over time are typically less volatile than worldwide equity markets, have a significantly smaller impact on our servicing fee revenues on average and over time.

TABLE 3: DAILY AVERAGES, MONTH-END AVERAGES AND QUARTER-END EQUITY INDICES[1]

	Daily Averages of Indices			Month-End Averages of Indices			Quarter-End Indices		
	Three Months Ended June 30,			Three Months Ended June 30,			As of June 30,		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
S&P 500®	**4,106**	4,184	(2)%	**4,016**	4,228	(5)%	**3,785**	4,298	(12)%
MSCI EAFE®	**1,998**	2,307	(13)	**1,973**	2,302	(14)	**1,846**	2,305	(20)
MSCI® Emerging Markets	**1,055**	1,351	(22)	**1,052**	1,366	(23)	**1,001**	1,375	(27)

	Daily Averages of Indices			Month-End Averages of Indices		
	Six Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
S&P 500®	**4,285**	4,027	6 %	**4,245**	4,030	5 %
MSCI EAFE®	**2,105**	2,254	(7)	**2,084**	2,235	(7)
MSCI® Emerging Markets	**1,120**	1,357	(17)	**1,113**	1,347	(17)

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[1] The index names listed in the table are service marks of their respective owners.

TABLE 4: QUARTER-END DEBT INDICES[1]

	As of June 30,		
	2022	2021	% Change
Barclays Capital U.S. Aggregate Bond Index®	**2,111**	2,354	(10)%
Barclays Capital Global Aggregate Bond Index®	**458**	541	(15)

[1] The index names listed in the table are service marks of their respective owners.

Client Activity and Asset Flows

Client activity and asset flows are impacted by the number of transactions we execute on behalf of our clients, including FX settlements, equity and derivative trades, and wire transfer activity, as well as actions by our clients to change the asset class in which their assets are invested. Our servicing fee revenues are impacted by a number of factors, including transaction volumes, asset levels and asset classes in which funds are invested, as well as industry trends associated with these client-related activities.

Our clients may change the asset classes in which their assets are invested, based on their market outlook, risk acceptance tolerance or other considerations. Over the five years ended December 31, 2021, we estimate that client activity and asset flows, together, impacted our servicing fee revenues by approximately 0% on average with a range of (1)% to 2% annually and approximately 0% and 2% in 2021 and 2020, respectively. See Table 5: Industry Asset Flows for selected asset flow information. While the asset flows presented are indicative of general market trends, the asset types and classes relevant to individual client portfolios can and do differ, and our flows may differ from those market trends. In addition, our asset classifications may differ from those industry classifications presented.

TABLE 5: INDUSTRY ASSET FLOWS

	Three Months Ended June 30,	
(In billions)	**2022**	**2021**
North America - (US Domiciled) - Morningstar Direct Market Data[1][2][3]		
Long-Term Funds[4]	**$ (275.6)**	$ 195.7
Money Market	**(54.2)**	33.1
Exchange-Traded Fund	**93.2**	122.6
Total Flows	**$ (236.6)**	$ 351.4
Europe - Morningstar Direct Market Data[1][2][5]		
Long-Term Funds[4]	**$ (32.2)**	$ 225.8
Money Market	**(4.8)**	(9.8)
Exchange-Traded Fund	**24.0**	51.1
Total Flows	**$ (13.0)**	$ 267.1

[1] Industry data is provided for illustrative purposes only. It is not intended to reflect our activity or our clients' activity and is indicative of only segments of the entire industry.

[2] Source: Morningstar. The data includes long-term mutual funds, ETFs and money market funds. Mutual fund data represents estimates of net new cash flow, which is new sales minus redemptions combined with net exchanges, while ETF data represents net issuance, which is gross issuance less gross redemptions. Data for Fund of Funds, Feeder funds and Obsolete funds were excluded from the series to prevent double counting. Data is from the Morningstar Direct Asset Flows database.

[3] The second quarter of 2022 data for North America (U.S. domiciled) includes Morningstar direct actuals for April and May 2022 and Morningstar direct estimates for June 2022.

[4] The long-term fund flows reported by Morningstar direct in North America are composed of U.S. domiciled market flows mainly in Equities, Allocation and Fixed-Income asset classes. The long-term fund flows reported by Morningstar direct in Europe, Middle East, and Africa are composed of the European market flows mainly in Equities, Allocation and Fixed-Income asset classes.

[5] The second quarter of 2022 data for Europe is on a rolling three month basis for March 2022 through May 2022, sourced by Morningstar.

Net New Business

Over the five years ended December 31, 2021, net new business, which includes business both won and lost, has affected our servicing fee revenues by approximately 1% on average with a range of 0% to 3% annually and approximately 1% and 0% in 2021 and 2020, respectively. Gross new investment servicing mandates were $972 billion in the second quarter of 2022 and $1.8 trillion per year on average over the past five years. Over the five years ended December 31, 2021, gross new annual investment servicing mandates ranged from $750 billion to $3.5 trillion.

Servicing fee revenue associated with new servicing mandates may vary based on the breadth of services provided, the time required to install the assets, and the types of assets installed.

Revenues associated with new mandates are not reflected in our servicing fee revenue until the assets have been installed. Our installation timeline, in general, can range from 6 to 36 months, with the average installation timeline being approximately 9 to 12 months over the past 2 years. Our more complex installations, including new State Street Alpha mandates, will generally be on the longer end of that range. With respect to the current asset mandates of approximately $3.63 trillion that are yet to be installed as of June 30, 2022, we expect the conversion will occur over the coming 36 months.

Pricing

The industry in which we operate has historically faced pricing pressure, and our servicing fee revenues are also affected by such pressures today. Consequently, no assumption should be drawn as to future revenue run rate from announced servicing wins, as the amount of revenue associated with AUC/A can vary materially. On average, over the five years ended December 31, 2021, we estimate that pricing pressure with respect to existing clients has impacted our servicing fees by approximately (2)% annually, with the impact ranging from (1)% to (4)% in any given year, and approximately (2)% in both 2021 and 2020. Pricing concessions can be a part of a contract renegotiation with a client including terms that may benefit us, such as extending the term of our relationship with the client, expanding the scope of services that we provide or reducing our dependency on manual processes through the standardization of the services we provide. The timing of the impact of additional revenue generated by anticipated additional services, and the amount of revenue generated, may differ from expectations due to the impact of pricing concessions on existing services due to the necessary time required to onboard those new services, the nature of those services and client investment practices and other factors. These same market pressures also impact the fees we negotiate when we win business from new clients.

In order to offset the typical client attrition and normal pricing headwinds, we estimate that we need at least $1.5 trillion of new AUC/A per year; although, notwithstanding increases in AUC/A, servicing fees remain subject to several factors, including changes in market valuations, client activity and asset flows, the manner in which we price our services, the nature of the assets being serviced and the type of services and the other factors described in this Form 10-Q.

Historically, and based on an indicative sample of revenue, we estimate that approximately 55%, on average, of our servicing fee revenues have been variable due to changes in asset valuations including changes in daily average valuations of AUC/A; another 15%, on average, of our servicing fees are impacted by the volume of activity in the funds we serve; and the remaining approximately 30% of our servicing fees tend not to be variable in nature nor impacted by market fluctuations or values.

Based on the impact of the above, client activity and asset flows, net new business and pricing, noted drivers of our servicing fee revenue will vary depending on the mix of products and services we provide to our clients. The full impact of changes in market valuations and the volume of activity in the funds may not be fully reflected in our servicing fee revenues in the periods in which the changes occur, particularly in periods of higher volatility.

Servicing fees, as presented in Table 2: Total Revenue, decreased 7% in the three months ended June 30, 2022 compared to the same period in 2021, primarily due to lower average equity and fixed income market levels, normal pricing headwinds, lower client activity and adjustments and the impact of currency translation, partially offset by net new business. Currency translation decreased servicing fee revenue by 3% in the second quarter of 2022, relative to the same period in 2021. Servicing fees decreased 4% in the six months ended June 30, 2022, compared to the same period in 2021, primarily due to normal pricing headwinds, lower client activity and adjustments and the impact of currency translation, partially offset by net new business. Currency translation decreased servicing fee revenue by 2% in the six months ended June 30, 2022, relative to the same period in 2021.

Servicing fees generated outside the U.S. were approximately 47% of total servicing fees in both the three and six months ended June 30, 2022, compared to approximately 49% and 48% in the same periods in 2021, respectively.

TABLE 6: ASSETS UNDER CUSTODY AND/OR ADMINISTRATION BY PRODUCT[1]

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
Collective funds, including ETFs	$ 13,609	$ 15,722	$ 15,048
Mutual funds	9,642	11,575	10,873
Pension products	7,764	8,443	8,291
Insurance and other products	7,165	7,938	8,385
Total	$ 38,180	$ 43,678	$ 42,597

TABLE 7: ASSETS UNDER CUSTODY AND/OR ADMINISTRATION BY ASSET CLASS[1]

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
Equities	$ 21,953	$ 25,974	$ 24,792
Fixed-income	10,716	12,587	13,079
Short-term and other investments	5,511	5,117	4,726
Total	$ 38,180	$ 43,678	$ 42,597

TABLE 8: ASSETS UNDER CUSTODY AND/OR ADMINISTRATION BY GEOGRAPHY[1][2]

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
Americas	$ 28,207	$ 32,427	$ 31,280
Europe/Middle East/Africa	7,498	8,599	8,716
Asia/Pacific	2,475	2,652	2,601
Total	$ 38,180	$ 43,678	$ 42,597

[1] Consistent with past practice, AUC/A values for certain asset classes are based on a lag, typically one-month.

[2] Geographic mix is generally based on the domicile of the entity servicing the funds and is not necessarily representative of the underlying asset mix.

Asset servicing mandates newly announced in the second quarter of 2022 totaled approximately $972 billion. Servicing assets remaining to be installed in future periods totaled approximately $3.63 trillion as of June 30, 2022, which will be reflected in AUC/A in future periods after installation and will generate servicing fee revenue in subsequent periods. The full revenue impact of such mandates will be realized as the assets are installed and additional services are added over that period.

New asset servicing mandates may be subject to completion of definitive agreements, approval of applicable boards and shareholders and customary regulatory approvals. New asset servicing mandates and servicing assets remaining to be installed in future periods exclude certain new business which has been contracted, but for which the client has not yet provided permission to publicly disclose and the expected installation date extends beyond one quarter. These excluded assets, which from time to time may be significant, will be included in new asset servicing mandates and reflected in servicing assets remaining to be installed in the period in which the client provides its permission. Servicing mandates and servicing assets remaining to be installed in future periods are presented on a gross basis and therefore also do not include the impact of clients who have notified us during the period of their intent to terminate or reduce their relationship with us, which may from time to time be significant.

With respect to these new servicing mandates, once installed we may provide various services, including back office services such as custody and safekeeping, transaction processing and trade settlement, fund administration, reporting and record keeping, security servicing, fund accounting, middle office services such as investment book of records (IBOR), transaction management, loans, cash, derivatives and collateral services, recordkeeping, client reporting and investment analytics, markets services such as FX trading services, liquidity solutions, currency and collateral management, securities finance, and front office services such as portfolio management solutions, risk analytics, scenario analysis, performance and attribution, trade order and execution management, pre-trade compliance and environmental, social and governance (ESG) investment tools. Revenues associated with new servicing mandates may vary based on the breadth of services provided and the timing of installation, and the types of assets.

As a result of a decision to diversify providers, one of our large asset servicing clients has advised us it expects to move a significant portion of its ETF assets currently with State Street to one or more other providers, pending necessary approvals. We expect to continue as a significant service provider for this client after this transition and for the client to continue to be meaningful to our business. The transition is expected to begin in 2022, but will principally occur in 2023 and 2024. For the year ended December 31, 2021, the fee revenue associated with the transitioning assets represented approximately 1.9% of our total 2021 fee revenue. The actual total revenue and income impact of this transition will reflect a range of factors, including potential growth in our continuing business with the client and expense reductions associated with the transition.

Management Fee Revenue

Management fees generally are affected by our level of AUM, which we report based on month-end valuations. Management fees for certain components of managed assets, such as ETFs, mutual funds and Undertakings for Collective Investments in Transferable Securities, are affected by daily average valuations of AUM. Management fee revenue is more sensitive to market valuations than servicing fee revenue, as a higher proportion of the underlying services provided, and the associated management fees earned, are dependent on equity and fixed-income security valuations. Additional factors, such as the relative mix of assets managed, may have a significant effect on our management fee revenue. While certain management fees are directly determined by the values of AUM and the investment strategies employed, management fees may reflect other factors, including performance fee arrangements, as well as our relationship pricing for clients. From the second half of 2020 through the first quarter of 2022, we were in a prolonged low-interest rate environment, and waived certain fees for our clients for money market products. Following the Federal Reserve rate hikes in March 2022, money market fee waivers did not have a significant impact on our management fee revenue in the second quarter of 2022, and we do not expect them to materially impact subsequent quarters in 2022.

Asset-based management fees for passively managed products, to which our AUM is currently primarily weighted, are generally charged at a lower fee on AUM than for actively managed products. Actively managed products may also include performance fee arrangements which are recorded when the fee is earned, based on predetermined benchmarks associated with the applicable account's performance.

In light of the above, we estimate, using relevant information as of June 30, 2022, and assuming that all other factors remain constant, including the impact of business won and lost and client flows, that:

- A 10% increase or decrease in worldwide equity valuations, on a weighted average basis, over the relevant periods for which our management fees are calculated, would result in a corresponding change in our total management fee revenues, on average and over multiple quarters, of approximately 5%; and
- changes in worldwide fixed income markets, which on a weighted average basis and over time are typically less volatile than worldwide equity markets, will have a significantly smaller impact on our management fee revenues on average and over time.

Daily averages, month-end averages and year-end indices demonstrate worldwide changes in equity and debt markets that affect our management fee revenue. Year-end indices affect the values of AUM as of those dates. See Table 3: Daily Averages, Month-End Averages and Quarter-End Equity Indices for selected indices. While the specific indices presented are indicative of general market trends, the asset types and classes relevant to individual client portfolios can and do differ, and the performance of associated relevant indices and of client portfolios can therefore differ from the performance of the indices presented. In addition, our asset classifications may differ from those industry classifications presented.

Management fees decreased 3% in the three months ended June 30, 2022 compared to same period in 2021, primarily due to lower average equity and fixed income market levels, a client-specific pricing adjustment, and the impact of currency translation, partially offset by the absence of the impact of money market fee waivers and net inflows from ETFs. Currency translation decreased management fees by 2% in the second quarter of 2022, relative to the same period in 2021. Management fees increased 1% in the six months ended June 30, 2022 compared to the same period in 2021, primarily due to higher average equity market levels and the absence of the impact of money market fee waivers, partially offset by a client-specific pricing adjustment and the impact of currency translation. Currency translation decreased management fees by 1% in the six months ended June 30, 2022 compared to the same period in 2021.

Management fees generated outside the U.S. were approximately 25% and 26% of total management fees in the three and six months ended June 30, 2022, respectively, compared to approximately 26% in both the three and six months ended June 30, 2021.

TABLE 9: ASSETS UNDER MANAGEMENT BY ASSET CLASS AND INVESTMENT APPROACH

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
Equity:			
Active	**$ 62**	$ 80	$ 83
Passive	**2,024**	2,594	2,378
Total equity	**2,086**	2,674	2,461
Fixed-income:			
Active	**89**	103	100
Passive	**461**	520	510
Total fixed-income	**550**	623	610
Cash[1]	**403**	368	381
Multi-asset-class solutions:			
Active	**29**	34	35
Passive	**173**	188	172
Total multi-asset-class solutions	**202**	222	207
Alternative investments[2]:			
Active	**42**	56	63
Passive	**192**	195	175
Total alternative investments	**234**	251	238
Total	**$ 3,475**	$ 4,138	$ 3,897

[1] Includes both floating- and constant-net-asset-value portfolios held in commingled structures or separate accounts.

[2] Includes real estate investment trusts, currency and commodities, including SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust. We are not the investment manager for the SPDR® Gold Shares and SPDR®Gold MiniSharesSM Trust, but act as the marketing agent.

TABLE 10: EXCHANGE-TRADED FUNDS BY ASSET CLASS[1]

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
Alternative Investments[2]	$ 77	$ 72	$ 73
Equity	791	970	844
Multi Asset	1	1	1
Fixed-Income	130	135	128
Total Exchange-Traded Funds	$ 999	$ 1,178	$ 1,046

[1] ETFs are a component of AUM presented in the preceding table.
[2] Includes real estate investment trusts, currency and commodities, including SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust. We are not the investment manager for the SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust, but act as the marketing agent.

TABLE 11: GEOGRAPHIC MIX OF ASSETS UNDER MANAGEMENT[1]

(In billions)	June 30, 2022	December 31, 2021	June 30, 2021
North America	$ 2,525	$ 2,931	$ 2,749
Europe/Middle East/Africa	521	592	570
Asia/Pacific	429	615	578
Total	$ 3,475	$ 4,138	$ 3,897

[1] Geographic mix is based on client location or fund management location.

TABLE 12: ACTIVITY IN ASSETS UNDER MANAGEMENT BY PRODUCT CATEGORY

(In billions)	Equity[1]	Fixed-Income[1]	Cash[1][2]	Multi-Asset-Class Solutions[1]	Alternative Investments[1][3]	Total
Balance as of December 31, 2020	$ 2,171	$ 549	$ 349	$ 186	$ 212	$ 3,467
Long-term institutional flows, net[4]	(35)	26	(1)	1	1	(8)
Exchange-traded fund flows, net	21	9	—	—	(7)	23
Cash fund flows, net	—	—	24	—	—	24
Total flows, net	(14)	35	23	1	(6)	39
Market appreciation (depreciation)	148	(24)	—	3	(11)	116
Foreign exchange impact	(23)	(6)	—	(1)	(1)	(31)
Total market/foreign exchange impact	125	(30)	—	2	(12)	85
Balance as of March 31, 2021	2,282	554	372	189	194	3,591
Long-term institutional flows, net[4]	13	37	—	7	(2)	55
Exchange-traded fund flows, net	15	5	—	—	1	21
Cash fund flows, net	—	—	7	—	—	7
Total flows, net	28	42	7	7	(1)	83
Market appreciation (depreciation)	152	14	2	11	45	224
Foreign exchange impact	(1)	—	—	—	—	(1)
Total market/foreign exchange impact	151	14	2	11	45	223
Balance as of June 30, 2021	$ 2,461	$ 610	$ 381	$ 207	$ 238	$ 3,897
Balance as of December 31, 2021	$ 2,674	$ 623	$ 368	$ 222	$ 251	$ 4,138
Long-term institutional flows, net[4]	(25)	11	4	11	13	14
Exchange-traded fund flows, net	4	5	—	—	8	17
Cash fund flows, net	—	—	20	—	—	20
Total flows, net	(21)	16	24	11	21	51
Market appreciation (depreciation)	(113)	(34)	1	(3)	(4)	(153)
Foreign exchange impact	(10)	(4)	—	(1)	1	(14)
Total market/foreign exchange impact	(123)	(38)	1	(4)	(3)	(167)
Balance as of March 31, 2022	2,530	601	393	229	269	4,022
Long-term institutional flows, net[4]	**(52)**	**(10)**	**(3)**	**2**	**(6)**	**(69)**
Exchange-traded fund flows, net	**(12)**	**5**	**—**	**—**	**(1)**	**(8)**
Cash fund flows, net	**—**	**—**	**15**	**—**	**—**	**15**
Total flows, net	**(64)**	**(5)**	**12**	**2**	**(7)**	**(62)**
Market appreciation (depreciation)	**(337)**	**(33)**	**—**	**(26)**	**(21)**	**(417)**
Foreign exchange impact	**(43)**	**(13)**	**(2)**	**(3)**	**(7)**	**(68)**
Total market/foreign exchange impact	**(380)**	**(46)**	**(2)**	**(29)**	**(28)**	**(485)**
Balance as of June 30, 2022	$ 2,086	$ 550	$ 403	$ 202	$ 234	$ 3,475

[1] The implementation of an improved internal data management system for product level data in the first quarter of 2021 resulted in some AUM reclassifications between the categories presented for prior periods to align with the current presentation. There was no impact to the total level of reported AUM.

[2] Includes both floating- and constant-net-asset-value portfolios held in commingled structures or separate accounts.

[3] Includes real estate investment trusts, currency and commodities, including SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust. We are not the investment manager for the SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust, but act as the marketing agent.

[4] Amounts represent long-term portfolios, excluding ETFs.

Foreign Exchange Trading Services

Foreign exchange trading services revenue, as presented in Table 2: Total Revenue, increased 16% and 9% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily due to higher FX spreads, partially offset by lower client FX volumes. Foreign exchange trading services revenue comprises revenue generated by FX trading and revenue generated by brokerage and other trading services, which made up 67% and 33%, respectively, of foreign exchange trading services revenue in the second quarter of 2022, compared to and 66% and 34%, respectively, in the same period in 2021. The impact of gross money market fund fee waivers on foreign exchange trading services was $1 million and $11 million in the three and six months ended June 30, 2022, respectively, compared to $15 million and $23 million in the same periods in 2021, respectively. This represents a reduction in revenue on the Fund Connect platform due to the impact of fee waivers by participating money market funds, including State Street Global Advisors funds.

We primarily earn FX trading revenue by acting as a principal market-maker through both "direct sales and trading" and "indirect FX trading."

- Direct sales and trading: Represent FX transactions at negotiated rates with clients and investment managers that contact our trading desk directly. These principal market-making activities include transactions for funds serviced by third party custodians or prime brokers, as well as those funds under custody with us.
- Indirect FX trading: Represents FX transactions with clients, for which we are the funds' custodian, or their investment managers, routed to our FX desk through our asset-servicing operation. We execute indirect FX trades as a principal at rates disclosed to our clients.

Our FX trading revenue is influenced by multiple factors, including: the volume and type of client FX transactions and related spreads; currency volatility, reflecting market conditions; and our management of exchange rate, interest rate and other market risks associated with our FX activities. The relative impact of these factors on our total FX trading revenues often differs from period to period. For example, assuming all other factors remain constant, increases or decreases in volumes or bid-offer spreads across product mix tend to result in increases or decreases, as the case may be, in client-related FX revenue.

Our clients that utilize indirect FX trading can, in addition to executing their FX transactions through dealers not affiliated with us, transition from indirect FX trading to either direct sales and trading execution, including our "Street FX" service, or to one of our electronic trading platforms. Street FX, in which we continue to act as a principal market-maker, enables our clients to define their FX execution strategy and automate the FX trade execution process, both for funds under custody with us as well as those under custody at another bank.

We also earn foreign exchange trading services revenue through "electronic FX services" and "other trading, transition management and brokerage revenue."

- Electronic FX services: Our clients may choose to execute FX transactions through one of our electronic trading platforms. These transactions generate revenue through a "click" fee.
- Other trading, transition management and brokerage revenue: As our clients look to us to enhance and preserve portfolio values, they may choose to utilize our Transition or Currency Management capabilities or transact with our Equity Trade execution group. These transactions, which are not limited to foreign exchange, generate revenue via commissions charged for trades transacted during the management of these portfolios.

Fund Connect is another one of our electronic trading platforms: it is a global trading, analytics and cash management tool with access to more than 400 money market funds from leading providers.

Securities Finance

Our securities finance business consists of three components:

(1) an agency lending program for State Street Global Advisors managed investment funds with a broad range of investment objectives, which we refer to as the State Street Global Advisors lending funds;

(2) an agency lending program for third-party investment managers and asset owners, which we refer to as the agency lending funds; and

(3) security lending transactions which we enter into as principal, which we refer to as our enhanced custody business.

Securities finance revenue earned from our agency lending activities, which is composed of our split of both the spreads related to cash collateral and the fees related to non-cash collateral, is principally a function of the volume of securities on loan, the interest rate spreads and fees earned on the underlying collateral and our share of the fee split.

As principal, our enhanced custody business borrows securities from the lending client or other market participants and then lends such securities to the subsequent borrower, either our client or a broker/dealer. We act as principal when the lending client is unable to, or elects not to, transact directly with the market and execute the transaction and furnish the securities. In our role as principal, we provide support to the transaction through our credit rating. While we source a significant proportion of the securities furnished by us in our role as principal from third parties, we have the ability to source securities through assets under custody from clients who have designated us as an eligible borrower.

Securities finance revenue, as presented in Table 2: Total Revenue, decreased 2% in both the three and six months ended June 30, 2022, compared to the same periods in 2021, primarily driven by lower agency and enhanced custody balances, partially offset by higher spreads.

Market influences may continue to affect client demand for securities finance, and as a result our revenue from, and the profitability of, our securities lending activities in future periods. In addition, the constantly evolving regulatory environment, including revised or proposed capital and liquidity standards, interpretations of those standards, and our own balance sheet management activities, may influence modifications to the way in which we deliver our agency lending or enhanced custody businesses, the volume of our securities lending activity and related revenue and profitability in future periods.

Software and Processing Fees

Software and processing fees revenue includes diverse types of fees and revenue, including fees from software licensing and maintenance and fees from our structured products business.

Software and processing fees revenue, presented in Table 2: Total Revenue, decreased 11% in the three months ended June 30, 2022, compared to the same period in 2021, primarily driven by lower front office software and data revenue associated with CRD. Software and processing fees revenue increased 5% in the six months ended June 30, 2022, compared to the same period in 2021, primarily driven by higher front office software and data revenue associated with CRD.

Front office software and data revenue, which includes primarily revenue from CRD, Alpha Data Platform and Alpha Data Services, decreased 15% in the three months ended June 30, 2022, compared to the same period in 2021, primarily driven by lower on-premises renewals and the absence of episodic fees, partially offset by higher software-enabled revenues. Front office software and data revenue increased 8% in the six months ended June 30, 2022, compared to the same period in 2021, primarily driven by higher software-enabled and professional services revenue, partially offset by lower on-premises renewals and absence of episodic fees. Revenue related to the front office solutions provided by CRD is primarily driven by the sale of term software licenses and SaaS, including professional services such as consulting and implementation services, software support and maintenance. Approximately 50%-70% of revenue associated with a sale of software to be installed on-premises is recognized at a point in time when the customer benefits from obtaining access to and use of the software license, with the percentage varying based on the length of the contract and other contractual terms. The remainder of revenue for on-premise installations is recognized over the length of the contract as maintenance and other services are provided. Upon renewal of an on-premises software contract, the same pattern of revenue recognition is followed with 50%-70% recognized upon renewal and the remaining balance recognized over the term of the contract. Revenue for a SaaS related arrangement, where the customer does not take possession of the software, is recognized over the term of the contract as services are provided. Upon renewal of a SaaS arrangement, revenue continues to be recognized as services are provided under the new contract. As a result of these differences in how portions of CRD revenue are accounted for, CRD revenue may vary more than other business units quarter to quarter.

Lending related and other fees, which decreased by 2% in both the three and six months ended June 30, 2022, compared to the same periods in 2021, primarily consists of fee revenue associated with our fund finance, leverage loans, municipal finance, insurance and stable value wrap businesses.

Other Fee Revenue

Other fee revenue includes market-related adjustments and income associated with certain tax-advantaged investments and other equity method investments.

Other fee revenue decreased $53 million and $40 million in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily driven by market-related adjustments which negatively impacted other fee revenue by approximately $39 million and $54 million in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021.

Additional information about fee revenue is provided under "Line of Business Information" included in this Management's Discussion and Analysis.

Net Interest Income

See Table 2: Total Revenue, for the breakout of interest income and interest expense for the three and six months ended June 30, 2022, compared to the same periods in 2021.

NII is defined as interest income earned on interest-earning assets less interest expense incurred on interest-bearing liabilities. Interest-earning assets, which principally consist of investment securities, interest-bearing deposits with banks, loans, resale agreements and other liquid assets, are financed primarily by client deposits, short-term borrowings and long-term debt.

NIM represents the relationship between annualized FTE NII and average total interest-earning assets for the period. It is calculated by dividing FTE NII by average interest-earning assets. Revenue that is exempt from income taxes, mainly earned from certain investment securities (state and political subdivisions), is adjusted to a FTE basis using the U.S. federal and state statutory income tax rates.

NII on an FTE basis increased in the three and six months ended June 30, 2022, compared to the same periods in 2021, primarily due to higher market interest rates and higher loan balances.

Investment securities net purchase premium amortization, which is included in interest income, was $66 million and $153 million for the three and six months ended June 30, 2022, compared to $157 million and $326 million in the same periods in 2021, respectively, primarily driven by lower prepayments from higher long-end interest rates.

Interest income related to debt securities is recognized in our consolidated statement of income using the effective interest method, or on a basis approximating a level rate of return over the contractual or estimated life of the security. The rate of return considers any non-refundable fees or costs, as well as purchase premiums or discounts, resulting in amortization or accretion, accordingly. The amortization of premiums and accretion of discounts are adjusted for prepayments when they occur, which primarily impact mortgage-backed securities.

The following table presents the investment securities amortizable purchase premium net of discount accretion for the periods indicated:

TABLE 13: INVESTMENT SECURITIES NET PREMIUM AMORTIZATION

	Three Months Ended June 30,					
	2022			2021		
(Dollars in millions)	MBS	Non -MBS	Total[1]	MBS	Non- MBS	Total
Unamortized purchase premiums, net of discounts at period end[2]	$ 586	$ 301	$ 887	$ 895	$ 575	$ 1,470
Net premium amortization[3]	40	26	66	101	56	157

[1] The investment securities portfolio duration is 2.8 years as of June 30, 2022.

[2] Excludes any premium or discounts created from the transfer of investment securities at fair value from AFS to HTM during the second quarter of 2022.

[3] Net of discount accretion on MMLF HTM securities in 2021.

See Table 14: Average Balances and Interest Rates - Fully Taxable-Equivalent Basis, for the breakout of NII on a FTE basis for the three and six months ended June 30, 2022, compared to the same periods in 2021.

TABLE 14: AVERAGE BALANCES AND INTEREST RATES - FULLY TAXABLE-EQUIVALENT BASIS[1]

	Three Months Ended June 30,					
	2022			2021		
(Dollars in millions; fully taxable-equivalent basis)	Average Balance	Interest Revenue/Expense	Rate	Average Balance	Interest Revenue/Expense	Rate
Interest-bearing deposits with banks [2]	$ 76,531	$ 70	.36 %	$ 99,438	$ (4)	(.02)%
Securities purchased under resale agreements[3]	2,022	38	7.47	3,958	3	.28
Trading account assets	746	—	.01	729	—	—
Investment securities:						
Investment securities available-for-sale	54,767	124	.91	66,225	145	.88
Investment securities held-to-maturity	59,162	230	1.55	45,243	166	1.47
Investment securities held-to-maturity purchased under money market liquidity facility	—	—	—	13	—	1.28
Total investment securities	113,929	354	1.24	111,481	311	1.12
Loans	35,826	200	2.23	29,471	157	2.14
Other interest-earning assets	22,199	45	.83	20,939	3	.07
Average total interest-earning assets	$ 251,253	$ 707	1.13	$ 266,016	$ 470	.71
Interest-bearing deposits:						
U.S.	$ 97,273	$ 63	.26 %	$ 110,269	$ 1	— %
Non-U.S.[2][4]	80,055	(40)	(.20)	83,248	(66)	(.32)
Total interest-bearing deposits[4][5]	177,328	23	.05	193,517	(65)	(.14)
Securities sold under repurchase agreements	4,486	3	.26	477	—	(.02)
Short-term borrowings under money market liquidity facility	—	—	—	13	—	1.25
Other short-term borrowings	680	1	.73	893	1	.27
Long-term debt	13,702	72	2.12	13,461	54	1.60
Other interest-bearing liabilities	2,518	21	3.31	5,682	10	.80
Average total interest-bearing liabilities	$ 198,714	$ 120	.24	$ 214,043	$ —	—
Interest rate spread			.89 %			.71 %
Net interest income, fully taxable-equivalent basis		$ 587			$ 470	
Net interest margin, fully taxable-equivalent basis			.94 %			.71 %
Tax-equivalent adjustment		(3)			(3)	
Net interest income, GAAP-basis		$ 584			$ 467	

	Six Months Ended June 30,					
	2022			2021		
(Dollars in millions; fully taxable-equivalent basis)	Average Balance	Interest Revenue/Expense	Rate	Average Balance	Interest Revenue/Expense	Rate
Interest-bearing deposits with banks[2]	$ 76,635	$ 79	.21 %	$ 97,348	$ (13)	(.03)%
Securities purchased under resale agreements[3]	2,583	48	3.74	4,261	13	.60
Trading account assets	754	—	.01	764	—	—
Investment securities:						
Investment securities available-for-sale	64,940	281	.87	62,728	285	.91
Investment securities held-to-maturity	51,653	401	1.55	46,294	349	1.51
Investment securities held-to-maturity purchased under money market liquidity facility	—	—	—	634	4	1.35
Total investment securities	116,593	682	1.17	109,656	638	1.17
Loans	35,120	372	2.13	28,752	299	2.10
Other interest-earning assets	22,979	50	.44	19,625	8	.09
Average total interest-earning assets	$ 254,664	$ 1,231	.97	$ 260,406	$ 945	.73
Interest-bearing deposits:						
U.S.	$ 98,665	$ 67	.14 %	$ 105,647	$ 4	.01 %
Non-U.S.[2][4]	81,796	(107)	(.26)	80,854	(138)	(.34)
Total interest-bearing deposits[4][5]	180,461	(40)	(.04)	186,501	(134)	(.15)
Securities sold under repurchase agreements	3,389	3	.17	745	—	.02
Short-term borrowings under money market liquidity facility	—	—	—	635	4	1.21
Other short-term borrowings	776	1	.32	829	1	.21
Long-term debt	13,982	137	1.97	13,639	114	1.67
Other interest-bearing liabilities	2,698	31	2.34	5,268	19	.77
Average total interest-bearing liabilities	$ 201,306	$ 132	.13	$ 207,617	$ 4	—
Interest rate spread			.84 %			.73 %
Net interest income, fully taxable-equivalent basis		$ 1,099			$ 941	
Net interest margin, fully taxable-equivalent basis			.87 %			.73 %
Tax-equivalent adjustment		(6)			(7)	
Net interest income, GAAP-basis		$ 1,093			$ 934	

[1] Rates earned/paid on interest-earning assets and interest-bearing liabilities include the impact of hedge activities associated with our asset and liability management activities where applicable.

[2] Negative values reflect the interest rate environment outside of the U.S. where central bank rates are below zero for several major currencies.

[3] Reflects the impact of balance sheet netting under enforceable netting agreements of approximately $71.10 billion and $126.12 billion for the three and six months ended June 30, 2022, respectively compared to $61.59 billion and $74.41 billion for the same periods in 2021, respectively. Excluding the impact of netting, the average interest rates would be approximately 0.21% and 0.07% in the three and six months ended June 30, 2022, respectively, compared to 0.02% and 0.03% in the same periods in 2021, respectively.

[4] Average rate includes the impact of FX swap costs of approximately ($3) million and ($16) million for the three and six months ended June 30, 2022, respectively, compared to ($16) million and ($37) million for the same periods in 2021, respectively. Average rates for total interest-bearing deposits excluding the impact of FX swap costs were 0.06% and (0.03)% in the three and six months ended June 30, 2022, respectively, compared to (0.10)% in both the same periods in 2021.

[5] Total deposits averaged $228.42 billion and $230.83 billion in the three and six months ended June 30, 2022, respectively, compared to $242.31 billion and $234.32 billion in the same periods in 2021, respectively.

Changes in the components of interest-earning assets and interest-bearing liabilities are discussed in more detail below. Additional information about the components of interest income and interest expense is provided in Note 14 to the consolidated financial statements within this Form 10-Q.

Average total interest-earning assets were $251.25 billion and $254.66 billion in the three and six months ended June 30, 2022, respectively, compared to $266.02 billion and $260.41 billion in the same periods in 2021, respectively. The decreases in both periods are primarily due to lower client deposit balances.

Interest-bearing deposits with banks averaged $76.53 billion and $76.64 billion in the three and six months ended June 30, 2022, respectively, compared to $99.44 billion and $97.35 billion in the same periods in 2021, respectively. These deposits primarily reflect our maintenance of cash balances at the Federal Reserve, the European Central Bank (ECB) and other non-U.S. central banks. The lower levels of average cash balances reflect lower client deposit balances and a mix shift into securities and loans.

Securities repurchased under resale agreements averaged $2.02 billion and $2.58 billion in the three and six months ended June 30, 2022, respectively, compared to $3.96 billion and $4.26 billion in the same periods in 2021, respectively. We maintain an agreement with Fixed Income Clearing Corporation (FICC), a clearing organization that enables us to net securities sold under repurchase agreements against those repurchased under resale agreements with counterparties that are also members of the clearing organization, when specific netting criteria are met. The impact of balance sheet netting increased to $71.10 billion and $126.12 billion in the three and six months ended June 30, 2022, respectively, compared to $61.59 billion and $74.41 billion in the same periods in 2021, respectively, primarily driven by an increase in FICC repo volumes.

We have been a sponsoring member within FICC since 2005 and continue to expand our client base as program eligibility parameters broaden. We enter into repurchase and resale transactions in eligible securities with sponsored clients and with other FICC members and, pursuant to FICC Government Securities Division rules, submit, novate and net the transactions. We may sponsor clients to clear their eligible repurchase transactions with FICC, backed by our guarantee to FICC of the prompt and full payment and performance of our sponsored member clients' respective obligations. We generally obtain a security interest from our sponsored clients in the high quality securities collateral that they receive, which is designed to mitigate our potential exposure to FICC.

Average investment securities were $113.93 billion and $116.59 billion in the three and six months ended June 30, 2022, respectively, compared to $111.48 billion and $109.66 billion in the same periods in 2021, respectively. The increases in both periods reflect higher U.S. Treasuries and agencies, MBS and CMBS balances, which was primarily driven by a mix shift from interest-bearing deposits with banks.

Loans averaged $35.83 billion and $35.12 billion in the three and six months ended June 30, 2022, respectively, compared to $29.47 billion and $28.75 billion in the same periods in 2021, respectively. Average core loans, which exclude overdrafts and highlight our efforts to grow our lending portfolio over the prior year, averaged $29.28 billion and $29.06 billion in the three and six months ended June 30, 2022, respectively, compared to $25.49 billion and $24.65 billion in the same periods in 2021, respectively. The increases in both periods are primarily due to growth in CLOs in loan form and fund finance loans. Additional information about these loans is provided in Note 4 to the consolidated financial statements in this Form 10-Q.

Average other interest-earning assets, largely associated with our enhanced custody business, increased to $22.20 billion and $22.98 billion in the three and six months ended June 30, 2022, respectively, from $20.94 billion and $19.63 billion in the same periods in 2021, respectively, primarily driven by an increase in the level of cash collateral posted. Enhanced custody is our securities financing business where we act as principal with respect to our custody clients and generate securities finance revenue. The NII earned on these transactions is generally lower than the interest earned on other alternative investments.

Aggregate average total interest-bearing deposits decreased to $177.33 billion and $180.46 billion in the three and six months ended June 30, 2022, respectively, from $193.52 billion and $186.50 billion in the same periods in 2021, respectively. While average U.S. deposits decreased in both periods, they remain significantly higher than pre-pandemic levels and have not yet been significantly impacted by rising interest rates. Future deposit levels will be influenced by the underlying asset servicing business, client deposit behavior and market conditions, including the size of the Federal Reserve balance sheet and the general levels of U.S. and non-U.S. interest rates.

Average other short-term borrowings decreased to $0.68 billion and $0.78 billion in the three and six months ended June 30, 2022, respectively, from

$0.89 billion and $0.83 billion in the same periods in 2021, respectively.

Average long-term debt was $13.70 billion and $13.98 billion in the three and six months ended June 30, 2022, respectively, compared to $13.46 billion and $13.64 billion in the same periods in 2021, respectively. These amounts reflect issuances, redemptions and maturities of senior debt during the respective periods.

Average other interest-bearing liabilities were $2.52 billion and $2.70 billion in the three and six months ended June 30, 2022, respectively, compared to $5.68 billion and $5.27 billion in the same periods in 2021, respectively. Other interest-bearing liabilities primarily reflect our level of cash collateral received from clients in connection with our enhanced custody business, which is presented on a net basis where we have enforceable netting agreements.

Several factors could affect future levels of NII and NIM, including the volume and mix of client deposits and funding sources; central bank actions; balance sheet management activities; changes in the level and slope of U.S. and non-U.S. interest rates; revised or proposed regulatory capital or liquidity standards, or interpretations of those standards; the yields earned on securities purchased compared to the yields earned on securities sold or matured; and changes in the type and amount of credit or other loans we extend.

Based on market conditions and other factors, including regulatory standards, we continue to reinvest the majority of the proceeds from pay-downs and maturities of investment securities in highly-rated U.S. and non-U.S. securities, such as federal agency MBS, sovereign debt securities and U.S. Treasury and agency securities. The pace at which we reinvest and the types of investment securities purchased will depend on the impact of market conditions, the implementation of regulatory standards, including interpretation of those standards and other factors over time. We expect these factors and the levels of global interest rates to impact our reinvestment program and future levels of NII and NIM.

Provision for Credit Losses

We recorded a $10 million provision for credit losses in the second quarter of 2022, reflecting a downward shift in management's economic outlook, partially offset by a decrease in expected losses related to leveraged loans within our portfolio. This compares to a $15 million reserve release in the second quarter of 2021.

Additional information is provided under "Loans" in "Financial Condition" in this Management's Discussion and Analysis and in Note 4 to the consolidated financial statements in this Form 10-Q.

Expenses

Table 15: Expenses, provides the breakout of expenses for the three and six months ended June 30, 2022 compared to the same periods in 2021.

TABLE 15: EXPENSES

	Three Months Ended June 30,		
(Dollars in millions)	2022	2021	% Change
Compensation and employee benefits	$ 1,046	$ 1,077	(3)%
Information systems and communications	392	398	(2)
Transaction processing services	240	263	(9)
Occupancy	96	100	(4)
Amortization of other intangible assets	60	63	(5)
Acquisition costs	12	11	9
Restructuring charges, net	—	—	—
Other:			
Professional services	84	75	12
Other	178	124	44
Total other	262	199	32
Total expenses	$ 2,108	$ 2,111	—
Number of employees at quarter-end	40,354	39,146	3

	Six Months Ended June 30,		
(Dollars in millions)	2022	2021	% Change
Compensation and employee benefits	$ 2,278	$ 2,319	(2)%
Information systems and communications	815	819	—
Transaction processing services	504	533	(5)
Occupancy	191	209	(9)
Amortization of other intangible assets	121	121	—
Acquisition costs	21	22	(5)
Restructuring charges, net	—	(1)	(100)
Other:			
Professional services	181	155	17
Other	324	266	22
Total other	505	421	20
Total expenses	$ 4,435	$ 4,443	—

Compensation and employee benefits expenses decreased 3% in the second quarter of 2022, compared to the same period in 2021, primarily due to lower incentive compensation and the impact of currency translation, partially offset by higher merit increases and contractor spend. Compensation and employee benefits expenses decreased 2% in the six months ended June 30, 2022, compared to the same period in 2021, primarily due to lower incentive compensation and the impact of currency translation, partially offset by higher merit increases, contractor spend and seasonal expenses. Currency translation decreased compensation and employee benefits expenses by 4% and 2% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021.

Total headcount increased 3% as of June 30, 2022 compared to June 30, 2021, primarily driven by hiring in global hubs and insourcing of strategic technology functions from vendors, partially offset by a reduction in high cost locations.

Information systems and communications expenses decreased 2% in the second quarter of 2022, compared to the same period in 2021, primarily due to episodic credits related to vendor pricing optimization initiatives and infrastructure rationalization. Information systems and communications expenses was flat in the six months ended June 30, 2022, compared to the same period in 2021.

Transaction processing services expenses decreased 9% and 5% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily due to lower sub-custody costs.

Occupancy expenses decreased 4% and 9% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily due to footprint optimization and the impact of currency translation. Currency translation decreased occupancy expenses by 4% and 3% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021.

Amortization of other intangible assets decreased 5% and was flat in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, reflecting the impact of currency translation which reduced amortization of other intangible assets by 3% in both the three and six months ended June 30, 2022, relative to the same periods in 2021.

Other expenses increased 32% and 20% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily driven by higher professional services, recoverable client-related expenses and travel costs.

Acquisition Costs

We recorded approximately $12 million and $21 million of acquisition costs in the three and six months ended June 30, 2022, respectively, related to our proposed acquisition of the BBH Investor services business. We expect to incur up to approximately $590 million of total acquisition and integration costs related to the acquisition through the third year following its closing. The acquisition is subject to regulatory reviews and other closing conditions.

We recorded approximately $11 million and $22 million of acquisition costs in the three and six months ended June 30, 2021, respectively, related to our acquisition of CRD in 2018. Starting in 2022, we no longer distinguish certain CRD costs as acquisition costs.

Restructuring and Repositioning Charges

The following table presents aggregate activity for repositioning charges for the periods indicated:

TABLE 16: RESTRUCTURING AND REPOSITIONING CHARGES

(In millions)	Employee Related Costs	Real Estate Actions	Total
Accrual Balance at December 31, 2020	$ 190	$ 6	$ 196
Accruals for Beacon	(1)	—	(1)
Accruals for Repositioning Charges	—	2	2
Payments and Other Adjustments	(9)	(2)	(11)
Accrual Balance at March 31, 2021	180	6	186
Payments and Other Adjustments	(34)	—	(34)
Accrual Balance at June 30, 2021	$ 146	$ 6	$ 152
Accrual Balance at December 31, 2021	$ 68	$ 6	$ 74
Payments and Other Adjustments	(17)	(1)	(18)
Accrual Balance at March 31, 2022	51	5	56
Payments and Other Adjustments	**(11)**	**—**	**(11)**
Accrual Balance at June 30, 2022	**$ 40**	**$ 5**	**$ 45**

Income Tax Expense

Income tax expense was $88 million and $238 million in the three and six months ended June 30, 2022, respectively, compared to $175 million and $283 million in the same periods in 2021, respectively. Our effective tax rate was 10.5% and 15.0% in the three and six months ended June 30, 2022, respectively, compared to 18.6% and 18.1% in the same periods in 2021, respectively, primarily due to higher benefits from the reassessment of a deferred tax asset valuation allowance.

LINE OF BUSINESS INFORMATION

Our operations are organized into two lines of business: Investment Servicing and Investment Management, which are defined based on products and services provided. The results of operations for these lines of business are not necessarily comparable with those of other companies, including companies in the financial services industry.

Our Investment Servicing line of business provides a range of services to our clients. Through State Street Institutional Services, State Street Global Markets, State Street Digital, and CRD, we provide services for institutional clients, including mutual funds, collective investment funds and other investment pools, corporate and public retirement plans, insurance companies, investment managers, foundations and endowments worldwide. Our financial services and products allow our large institutional investor clients to execute financial transactions on a daily basis in markets across the

globe. As most institutional investors cannot economically or efficiently build their own technology and operational processes necessary to facilitate their global securities settlement needs, our primary role as a global trust and custody bank is to aid our clients to efficiently perform services associated with the clearing, settlement and execution of securities transactions and related payments.

Products under the Investment Servicing line of business include: back office products such as custody, accounting, regulatory reporting, investor services, performance and analytics; middle office products such as IBOR, transaction management, loans, cash, derivatives and collateral services, record keeping, client reporting and investment analytics; foreign exchange, brokerage and other trading services; securities finance and enhanced custody products; deposit and short-term investment facilities; loans and lease financing; investment manager and alternative investment manager operations outsourcing; performance, risk and compliance analytics; and financial data management to support institutional investors.

Included within our Investment Servicing line of business is CRD, which we acquired in October 2018. The Charles River Investment Management System is a technology offering which is designed to automate and simplify the institutional investment process across asset classes, from portfolio management and risk analytics through trading and post-trade settlement, with integrated compliance and managed data throughout. With the acquisition of CRD, we took the first step in building our front-to-back platform, State Street Alpha. Today our State Street Alpha platform combines portfolio management, trading and execution, analytics and compliance tools, and advanced data aggregation and integration with other industry platforms and providers. In 2021, we further expanded our technology offering with the acquisition of Mercatus, Inc., enabling the launch of Alpha for Private Markets.

In 2021, we established State Street Digital to focus on the development of digital assets and technologies, including crypto, central bank digital currency, blockchain and tokenization, including the evolution of a new integrated business and digital operating model designed to support our clients' digital investment cycle.

Following consummation of our proposed acquisition of the BBH Investor Services business, the acquired business will be included within our Investment Servicing line of business. The acquisition is subject to regulatory reviews and other closing conditions.

We have been engaged in discussions with banking regulators regarding our proposed acquisition of the BBH Investor Services business and the related regulatory review process and potential modifications to the proposed transaction that may facilitate resolution of that process. Based on those discussions, we have developed with BBH proposed modifications to the transaction structure may provide a path to consummating the transaction. The proposed modifications include changes to the operating model and legal entity structure and changes to the regulatory approvals required to complete the transaction. As part of the discussions with BBH, State Street is seeking amendments to the transaction terms, including the purchase price, given the changes to the planned operating model. Any modification to the transaction terms would be subject to review and approval by both BBH and our Board of Directors. We intend during the third quarter to finalize the proposed structure and contractual terms and confirm our approach with regulators. Assuming the financial and operational aspects of the proposed modifications are timely finalized and contracted, subject to regulatory approval and other closing conditions, the parties are aiming to close the transaction at the end of the fourth quarter of 2022. However, there exists significant timing uncertainty and risk that closing will extend beyond that timeline. There can be no assurance that a mutually acceptable modified transaction will be entered into or as to the timing or outcome of any regulatory approvals and other closing conditions for that modified transaction. Absent further agreement of the parties, after September 6, 2022 either party can terminate the transaction without penalty.

Investment Management, through State Street Global Advisors, provides a broad range of investment management strategies and products for our clients. Our investment management strategies and products span the risk/reward spectrum for equity, fixed income and cash assets, including core and enhanced indexing, multi-asset strategies, active quantitative and fundamental active capabilities and alternative investment strategies. Our AUM is currently primarily weighted to indexed strategies. In addition, we provide a breadth of services and solutions, including ESG investing, defined benefit and defined contribution and Global Fiduciary Solutions (formerly Outsourced Chief Investment Officer). State Street Global Advisors is also a provider of ETFs, including the SPDR® ETF brand. While management fees are primarily determined by the values of AUM and the investment strategies employed, management fees reflect other factors as well, including the benchmarks specified in the respective management agreements related to performance fees.

For information about our two lines of business, as well as the revenues, expenses and capital

allocation methodologies associated with them, refer to Note 17 to the consolidated financial statements in this Form 10-Q.

Investment Servicing

TABLE 17: INVESTMENT SERVICING LINE OF BUSINESS RESULTS

(Dollars in millions, except where otherwise noted)	Three Months Ended June 30, 2022	2021	% Change
Servicing fees	$ 1,297	$ 1,394	(7)%
Foreign exchange trading services	313	270	16
Securities finance	102	106	(4)
Software and processing fees	188	211	(11)
Other fee revenue	(12)	3	nm
Total fee revenue	1,888	1,984	(5)
Net interest income	588	468	26
Total other income	(1)	—	nm
Total revenue	2,475	2,452	1
Provision for credit losses	10	(15)	nm
Total expenses	1,767	1,755	1
Income before income tax expense	$ 698	$ 712	(2)
Pre-tax margin	28.2 %	29.0 %	(80) bps

(Dollars in millions, except where otherwise noted)	Six Months Ended June 30, 2022	2021	% Change
Servicing fees	$ 2,665	$ 2,763	(4)%
Foreign exchange trading services	655	603	9
Securities finance	195	201	(3)
Software and processing fees	389	371	5
Other fee revenue	34	17	nm
Total fee revenue	3,938	3,955	—
Net interest income	1,097	941	17
Total other income	(2)	—	nm
Total revenue	5,033	4,896	3
Provision for credit losses	10	(24)	nm
Total expenses	3,692	3,634	2
Income before income tax expense	$ 1,331	$ 1,286	3
Pre-tax margin	26.4 %	26.3 %	10 bps

[nm] Not meaningful

Servicing Fees

Servicing fees, as presented in Table 17: Investment Servicing Line of Business Results, decreased 7% in the three months ended June 30, 2022, compared to the same period in 2021, primarily due to lower average equity and fixed income market levels, normal pricing headwinds, lower client activity and adjustments and the impact of currency translation, partially offset by net new business. Currency translation decreased servicing fee revenue by 3% in the second quarter of 2022, relative to the same period in 2021. Servicing fees decreased 4% in the six months ended June 30, 2022, compared to the same period in 2021, primarily due to normal pricing headwinds, lower client activity and adjustments and the impact of currency translation, partially offset by net new business. Currency translation decreased servicing fee revenue by 2% in the six months ended June 30, 2022, relative to the same period in 2021.

For additional information about the impact of worldwide equity and fixed-income valuations, as well as other key drivers of our servicing fee revenue, refer to "Fee Revenue" in "Consolidated Results of Operations" included in this Management's Discussion and Analysis.

Expenses

Total expenses for Investment Servicing increased 1% and 2% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, as expense growth from higher technology infrastructure investments and merit increases was partially offset by productivity savings, on-going expense management initiatives and currency translation benefit. Currency translation decreased expenses for Investment Servicing by 3% and 2% in the three and six months ended June 30, 2022, respectively, relative to the same periods in 2021. Seasonal deferred incentive compensation expense and payroll taxes were $161 million in the six months ended June 30, 2022 compared to $141 million in the same period in 2021. Additional information about expenses is provided under "Expenses" in "Consolidated Results of Operations" included in this Management's Discussion and Analysis.

Investment Management

TABLE 18: INVESTMENT MANAGEMENT LINE OF BUSINESS RESULTS

	Three Months Ended June 30,		
(Dollars in millions, except where otherwise noted)	**2022**	**2021**	**% Change**
Management fees[1]	**$ 490**	$ 504	(3)%
Foreign exchange trading services[2]	**18**	16	13
Securities finance	**5**	3	67
Software and processing fees[3]	**—**	—	nm
Other fee revenue[1]	**(31)**	7	nm
Total fee revenue	**482**	530	(9)
Net interest income	**(4)**	(1)	nm
Total revenue	**478**	529	(10)
Total expenses	**327**	346	(5)
Income before income tax expense	**$ 151**	$ 183	(17)
Pre-tax margin	**31.6 %**	34.6 %	(300) bps

	Six Months Ended June 30,		
(Dollars in millions, except where otherwise noted)	**2022**	**2021**	**% Change**
Management fees[1]	**$ 1,010**	$ 997	1 %
Foreign exchange trading services[2]	**35**	29	21
Securities finance	**8**	7	14
Software and processing fees[3]	**—**	—	nm
Other fee revenue[1]	**(48)**	9	nm
Total fee revenue	**1,005**	1,042	(4)
Net interest income	**(4)**	(7)	(43)
Total revenue	**1,001**	1,035	(3)
Total expenses	**716**	743	(4)
Income before income tax expense	**$ 285**	$ 292	(2)
Pre-tax margin	**28.5 %**	28.2 %	30 bps

[1] Includes revenues from SPDR® Gold Shares and SPDR® Gold MiniSharesSM Trust AUM where we are not the investment manager but act as the marketing agent.

[2] Includes revenue for reimbursements received for certain ETFs associated with State Street Global Advisors where we act as the distribution and marketing agent.

[3] Includes other revenue items that are primarily driven by equity market movements.

nm Not meaningful

Investment Management total revenue decreased 10% and 3% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021.

Management Fees

Management fees decreased 3% in the three months ended June 30, 2022, compared to the same period in 2021, primarily due to lower average equity and fixed income market levels, a client-specific pricing adjustment, and the impact of currency translation, partially offset by the absence of the impact of money market fee waivers and net inflows from ETFs. Currency translation decreased management fees by 2% in the second quarter of 2022, relative to the same period in 2021. Management fees increased 1% in the six months ended June 30, 2022 compared to the same period in 2021, primarily due to higher average equity market levels and the absence of the impact of money market fee waivers, partially offset by a client-specific pricing adjustment and the impact of currency translation. Currency translation decreased management fees by 1% in the six months ended June 30, 2022 compared to the same period in 2021.

For additional information about the impact of worldwide equity and fixed-income valuations, as well as other key drivers of our management fees revenue, refer to "Fee Revenue" in "Consolidated Results of Operations" included in this Management's Discussion and Analysis.

Expenses

Total expenses for Investment Management decreased 5% and 4% in the three and six months ended June 30, 2022, respectively, compared to the same periods in 2021, primarily due to savings from on-going expense management initiatives and lower incentive compensation. Currency translation decreased expenses for Investment Management by 1% in both the three and six months ended June 30, 2022, relative to the same periods in 2021. Seasonal deferred incentive compensation expense and payroll taxes were $47 million in the six months ended June 30, 2022, compared to $35 million in the same period in 2021.

Additional information about expenses is provided under "Expenses" in "Consolidated Results of Operations" included in this Management's Discussion and Analysis.

FINANCIAL CONDITION

The structure of our consolidated statement of condition is primarily driven by the liabilities generated by our Investment Servicing and Investment Management lines of business. Our clients' needs and our operating objectives determine balance sheet volume, mix and currency denomination. As our clients execute their worldwide cash management and investment activities, they utilize deposits and short-term investments that constitute the majority of our liabilities. These liabilities are generally in the form of interest-bearing transaction account deposits, which are denominated in a variety of currencies; non-interest-bearing demand deposits; and repurchase agreements, which generally serve as short-term investment alternatives for our clients.

Deposits and other liabilities resulting from client initiated transactions are invested in assets that generally have contractual maturities significantly longer than our liabilities; however, we evaluate the operational nature of our deposits and seek to maintain appropriate short-term liquidity of those liabilities that are not operational in nature and maintain longer-termed assets for our operational deposits. Our assets consist primarily of securities held in our AFS or HTM portfolios and short-duration

financial instruments, such as interest-bearing deposits with banks and securities purchased under resale agreements. The actual mix of assets is determined by the characteristics of the client liabilities and our desire to maintain a well-diversified portfolio of high-quality assets.

The following information on our financial condition is based on our average balance sheet, which we believe is the better measure of our balance sheet trends as period-end balances can be impacted by the timing of client activities including deposits and withdrawals.

TABLE 19: AVERAGE STATEMENT OF CONDITION[1]

	Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Assets:		
Interest-bearing deposits with banks	**$ 76,635**	$ 97,348
Securities purchased under resale agreements	**2,583**	4,261
Trading account assets	**754**	764
Investment securities:		
Investment securities available-for-sale	**64,940**	62,728
Investment securities held-to-maturity	**51,653**	46,294
Investment securities held-to-maturity purchased under money market liquidity facility	**—**	634
Total investment securities	**116,593**	109,656
Loans	**35,120**	28,752
Other interest-earning assets	**22,979**	19,625
Average total interest-earning assets	**254,664**	260,406
Cash and due from banks	**3,923**	5,065
Other non-interest-earning assets	**34,626**	36,823
Average total assets	**$ 293,213**	$ 302,294
Liabilities and shareholders' equity:		
Interest-bearing deposits:		
U.S.	**$ 98,665**	$ 105,647
Non-U.S.	**81,796**	80,854
Total interest-bearing deposits[2]	**180,461**	186,501
Securities sold under repurchase agreements	**3,389**	745
Short-term borrowings under money market liquidity facility	**—**	635
Other short-term borrowings	**776**	829
Long-term debt	**13,982**	13,639
Other interest-bearing liabilities	**2,698**	5,268
Average total interest-bearing liabilities	**201,306**	207,617
Non-interest-bearing deposits[2][3]	**50,368**	47,815
Other non-interest-bearing liabilities	**15,326**	21,269
Preferred shareholders' equity	**1,976**	2,177
Common shareholders' equity	**24,237**	23,416
Average total liabilities and shareholders' equity	**$ 293,213**	$ 302,294

[1] Additional information about our average statement of condition, primarily our interest-earning assets and interest-bearing liabilities, is provided in "Net Interest Income" included in this Management's Discussion and Analysis.

[2] Total deposits averaged $230.83 billion in the six months ended June 30, 2022 compared to $234.32 billion in the same period in 2021.

[3] Average non-interest bearing deposits are primarily composed of deposit balances denominated in U.S. dollars.

Investment Securities

TABLE 20: CARRYING VALUES OF INVESTMENT SECURITIES

(In millions)	**June 30, 2022**	**December 31, 2021**
Available-for-sale:		
U.S. Treasury and federal agencies:		
Direct obligations	**$ 9,411**	$ 17,939
Mortgage-backed securities	**10,271**	18,208
Total U.S. Treasury and federal agencies	**19,682**	36,147
Non-U.S. debt securities:		
Mortgage-backed securities	**1,959**	1,995
Asset-backed securities	**1,876**	2,087
Non-U.S. sovereign, supranational and non-U.S. agency	**14,927**	23,547
Other[1]	**2,204**	3,098
Total non-U.S. debt securities	**20,966**	30,727
Asset-backed securities:		
Student loans[2]	**150**	211
Collateralized loan obligations[3]	**2,334**	2,155
Non-agency CMBS and RMBS[4]	**195**	52
Other	**89**	91
Total asset-backed securities	**2,768**	2,509
State and political subdivisions	**1,034**	1,272
Other U.S. debt securities[5]	**1,004**	2,744
Total available-for-sale securities[6][7]	**$ 45,454**	$ 73,399
Held-to-maturity:		
U.S. Treasury and federal agencies:		
Direct obligations	**$ 11,424**	$ 2,170
Mortgage-backed securities	**41,660**	33,481
Total U.S. Treasury and federal agencies	**53,084**	35,651
Non-U.S. debt securities:		
Non-U.S. sovereign, supranational and non-U.S. agency	**6,443**	1,564
Total non-U.S. debt securities	**6,443**	1,564
Asset-backed securities:		
Student loans[2]	**4,468**	4,908
Non-agency CMBS and RMBS[8]	**266**	307
Total asset-backed securities	**4,734**	5,215
Total held-to-maturity securities[6][7]	**$ 64,261**	$ 42,430

[1] As of June 30, 2022 and December 31, 2021, the carrying value includes non-U.S. corporate bonds of $1.10 billion and $1.53 billion, respectively.

[2] Primarily comprised of securities guaranteed by the federal government with respect to at least 97% of defaulted principal and accrued interest on the underlying loans.

[3] Excludes collateralized loan obligations in loan form. Refer to Note 4 for additional information.

[4] Consists entirely of non-agency CMBS as of both June 30, 2022 and December 31, 2021.

[5] As of June 30, 2022 and December 31, 2021, the carrying value of U.S. corporate bonds was $1.00 billion and $2.44 billion, respectively.

[6] An immaterial amount of accrued interest related to HTM and AFS investment securities was excluded from the amortized cost basis for the period ended June 30, 2022.

[7] Approximately $21.23 billion was transferred from AFS to HTM securities in the second quarter of 2022.

[8] As of June 30, 2022 and December 31, 2021, the total amortized cost included $256 million and $292 million, respectively, of non-agency CMBS and $11 million and $14 million of non-agency RMBS, respectively.

Additional information about our investment securities portfolio is provided in Note 3 to the consolidated financial statements in this Form 10-Q.

We manage our investment securities portfolio to align with the interest rate and duration characteristics of our client liabilities and in the context of the overall structure of our consolidated statement of condition, in consideration of the global interest rate environment. We consider a well-diversified, high-credit quality investment securities portfolio to be an important element in the management of our consolidated statement of condition.

During the second quarter of 2022, we completed a number of our previously announced actions to mitigate additional AOCI risk in the current environment including a $21.23 billion transfer of securities from AFS to HTM. While these measures may serve to mitigate additional AOCI risk, we continue to be exposed to risks associated with sudden or significant AOCI deterioration, particularly in an environment of continuing significant, and potentially, historic interest rate increases. There can be no assurance that we will not experience further, potentially material AOCI deterioration.

Average duration of our investment securities portfolio was 2.8 years and 2.9 years as of June 30, 2022 and December 31, 2021, respectively.

Approximately 96% and 92% of the carrying value of the portfolio was rated "AAA" or "AA" as of June 30, 2022 and December 31, 2021, respectively.

TABLE 21: INVESTMENT PORTFOLIO BY EXTERNAL CREDIT RATING

	June 30, 2022	December 31, 2021
AAA[1]	**84 %**	79 %
AA	**12**	13
A	**2**	4
BBB	**2**	4
	100 %	100 %

[1] Includes U.S. Treasury and federal agency securities that are split-rated, "AAA" by Moody's Investors Service and "AA+" by Standard & Poor's and also includes Agency MBS securities which are not explicitly rated but which have an explicit or assumed guarantee from the U.S. government.

As of June 30, 2022 and December 31, 2021, the investment portfolio was diversified with respect to asset class composition. The following table presents the composition of these asset classes.

TABLE 22: INVESTMENT PORTFOLIO BY ASSET CLASS

	June 30, 2022	December 31, 2021
U.S. Agency Mortgage-backed securities	**35 %**	33 %
Foreign sovereign	**19**	21
U.S. Treasuries	**19**	17
Asset-backed securities	**10**	10
Other credit	**17**	19
	100 %	100 %

Non-U.S. Debt Securities

Approximately 25% and 28% of the aggregate carrying value of our investment securities portfolio was non-U.S. debt securities as of June 30, 2022 and December 31, 2021, respectively.

TABLE 23: NON-U.S. DEBT SECURITIES[1]

(In millions)	June 30, 2022	December 31, 2021
Available-for-sale:		
Canada	**$ 3,874**	$ 4,502
Australia	**2,601**	3,019
United Kingdom	**1,628**	1,961
Germany	**1,342**	2,130
France	**1,078**	2,180
Austria	**910**	1,478
Hong Kong	**778**	—
Japan	**751**	1,332
Netherlands	**656**	1,109
Finland	**432**	837
Italy	**334**	803
Brazil	**185**	—
Spain	**182**	1,227
Republic of Korea	**146**	201
Belgium	**16**	1,050
Ireland	**5**	744
Other[2]	**6,048**	8,154
Total	**$ 20,966**	$ 30,727
Held-to-maturity:		
Spain	**$ 801**	$ —
Belgium	**691**	—
France	**602**	—
Ireland	**441**	—
Singapore	**346**	222
Austria	**312**	—
Finland	**208**	—
Netherlands	**169**	—
Germany	**121**	—
Other[2]	**2,752**	1,342
Total	**$ 6,443**	$ 1,564

[1] Geography is determined primarily based on the domicile of collateral or issuer.

[2] As of June 30, 2022, other non-U.S. investments include $5.75 billion of supranational bonds in AFS securities and $2.75 billion of supranational bonds in HTM securities.

Approximately 87% and 81% of the aggregate carrying value of these non-U.S. debt securities was rated "AAA" or "AA" as of June 30, 2022 and December 31, 2021, respectively. The majority of these securities comprised senior positions within the security structures; these positions have a level of protection provided through subordination and other forms of credit protection. As of June 30, 2022 and December 31, 2021, approximately 26% and 24%, respectively, of the aggregate carrying value of these non-U.S. debt securities was floating-rate.

As of June 30, 2022, our non-U.S. debt securities had an average market-to-book ratio of 97.5%, and an aggregate pre-tax net unrealized loss of $693 million, composed of gross unrealized gains of $11 million and gross unrealized losses of $704 million. These unrealized amounts included:

- a pre-tax net unrealized loss of $565 million, composed of gross unrealized gains of $6 million and gross unrealized losses of $571 million, associated with non-U.S. AFS debt securities; and
- a pre-tax net unrealized loss of $128 million, composed of gross unrealized gains of $5 million and gross unrealized losses of $133 million, associated with non-U.S. HTM debt securities.

As of June 30, 2022, the underlying collateral for non-U.S. MBS and ABS primarily included Australian, U.K., Netherlands and Italian mortgages. The securities listed under "Canada" were composed of Canadian government securities and provincial bonds, corporate debt and non-U.S. agency securities. The securities listed under "France" were composed of sovereign bonds, corporate debt, covered bonds, ABS and Non-U.S. agency securities. The securities listed under "Japan" were substantially composed of Japanese government securities.

Municipal Obligations

We carried approximately $1.03 billion of municipal securities classified as state and political subdivisions in our investment securities portfolio as of June 30, 2022, as shown in Table 20: Carrying Values of Investment Securities, all of which were classified as AFS. As of June 30, 2022, we also provided approximately $8.44 billion of credit and liquidity facilities to municipal issuers.

TABLE 24: STATE AND MUNICIPAL OBLIGORS[1]

(Dollars in millions)	Total Municipal Securities	Credit and Liquidity Facilities[2]	Total	% of Total Municipal Exposure
June 30, 2022				
State of Issuer:				
Texas	**$ 196**	**$ 2,326**	**$ 2,522**	**27 %**
New York	**185**	**1,607**	**1,792**	**19**
California	**86**	**1,524**	**1,610**	**17**
Massachusetts	**217**	**512**	**729**	**8**
Tennessee	**—**	**482**	**482**	**5**
Total	**$ 684**	**$ 6,451**	**$ 7,135**	
December 31, 2021				
State of Issuer:				
Texas	$ 221	$ 2,357	$ 2,578	25 %
California	108	2,005	2,113	21
New York	271	1,112	1,383	14
Massachusetts	245	696	941	9
Tennessee	—	491	491	5
Total	$ 845	$ 6,661	$ 7,506	

[1] Represented 5% or more of our aggregate municipal credit exposure of approximately $9.47 billion and $10.22 billion across our businesses as of June 30, 2022 and December 31, 2021, respectively.

[2] Includes municipal loans which are also presented within Table 25: U.S. and Non-U.S. Loans.

Our aggregate municipal securities exposure presented in Table 24: State and Municipal Obligors, was concentrated primarily with highly-rated counterparties, with approximately 89% of the obligors rated "AAA" or "AA" as of June 30, 2022. As of that date, approximately 28% and 72% of our aggregate municipal securities exposure was associated with general obligation and revenue bonds, respectively. The portfolios are also diversified geographically, with the states that represent our largest exposures widely dispersed across the U.S.

Additional information with respect to our assessment of impairment of our municipal securities is provided in Note 3 to the consolidated financial statements in this Form 10-Q.

Loans

TABLE 25: U.S. AND NON- U.S. LOANS

(In millions)	June 30, 2022	December 31, 2021
Domestic[1]:		
Commercial and financial:		
Fund Finance[2]	$ 12,363	$ 12,396
Leveraged loans	2,468	3,106
Overdrafts	2,220	1,796
Other[3]	1,968	2,262
Commercial real estate	2,682	2,554
Total domestic	21,701	22,114
Foreign[1]:		
Commercial and financial:		
Fund Finance[2]	8,131	7,778
Leveraged loans	1,123	1,328
Overdrafts	2,610	1,312
Total foreign	11,864	10,418
Total loans[2][4]	33,565	32,532
Allowance for loan losses	(95)	(87)
Loans, net of allowance	$ 33,470	$ 32,445

[1] Domestic and foreign categorization is based on the borrower's country of domicile.

[2] Fund finance loans include primarily $8.17 billion private equity capital call finance loans, $6.48 billion loans to real money funds, $4.11 billion collateralized loan obligations in loan form and $1.26 billion loans to business development companies as of June 30, 2022, compared to $9.15 billion private equity capital call finance loans, $6.40 billion loans to real money funds, $2.91 billion collateralized loan obligations in loan form and $1.39 billion loans to business development companies as of December 31, 2021.

[3] Includes $1.53 billion securities finance loans, $420 million loans to municipalities and $21 million other loans as of June 30, 2022 and $1.78 billion securities finance loans, $455 million loans to municipalities and $23 million other loans as of December 31, 2021.

[4] As of June 30, 2022, excluding overdrafts, floating rate loans totaled $25.98 billion and fixed rate loans totaled $2.75 billion. We have entered into interest rate swap agreements to hedge the forecasted cash flows associated with LIBOR indexed floating-rate loans. Refer to Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K for additional details.

The increase in foreign loans as of June 30, 2022 compared to December 31, 2021 was primarily driven by higher levels of client overdrafts.

As of June 30, 2022 and December 31, 2021, our leveraged loans totaled approximately $3.59 billion and $4.43 billion, respectively. We sold $770 million of leveraged loans in the second quarter of 2022, of which $155 million remained unsettled and was held for sale as of June 30, 2022.

In addition, we had binding unfunded commitments as of June 30, 2022 and December 31, 2021 of $53 million and $124 million, respectively, to participate in syndications of leveraged loans. Additional information about these unfunded commitments is provided in Note 9 to the consolidated financial statements in this Form 10-Q.

These leveraged loans, which are primarily rated "speculative" under our internal risk-rating framework (refer to Note 4 to the consolidated financial statements in this Form 10-Q), are externally rated "BBB," "BB" or "B," with approximately 96% and 94% of the loans rated "BB" or "B" as of June 30, 2022 and December 31, 2021, respectively. Our investment strategy involves generally limiting our investment to larger, more liquid credits underwritten by major global financial institutions, applying our internal credit analysis process to each potential investment and diversifying our exposure by counterparty and industry segment. However, these loans have significant exposure to credit losses relative to higher-rated loans in our portfolio.

Additional information about all of our loan segments, as well as underlying classes, is provided in Note 4 to the consolidated financial statements in this Form 10-Q.

No loans were modified in troubled debt restructurings as of both June 30, 2022 and December 31, 2021.

Allowance for credit losses

TABLE 26: ALLOWANCE FOR CREDIT LOSSES

	Six Months Ended June 30,	
(In millions)	2022	2021
Allowance for credit losses:		
Beginning balance	$ 108	$ 148
Provision for credit losses (funded commitments)	12	(19)
Provisions for credit losses (unfunded commitments)	(2)	(3)
Provisions for credit losses (held-to-maturity securities and all other)	—	(2)
Charge-offs[1]	(4)	(1)
Other[2]	—	(2)
Ending balance	$ 114	$ 121

[1] The charge-offs are related to commercial and financial loans.

[2] Consists primarily of foreign currency translation.

We recorded a $10 million provision for credit losses in both the three and six months ended June 30, 2022, reflecting a downward shift in management's economic outlook, partially offset by a decrease in expected losses related to leveraged loans within our portfolio, compared to a $15 million and $24 million reserve release in the same periods in 2021, respectively.

As of June 30, 2022, approximately $69 million of our allowance for credit losses was related to leveraged loans included in the commercial and financial segment compared to $74 million as of June 30, 2021. As our view on current and future economic scenarios changes, our allowance for credit losses related to these loans may be impacted through a change to the provisions for credit losses, reflecting credit migration within our loan portfolio, as well as changes in management's economic outlook as of year-end. The remaining $45 million and $47 million as of June 30, 2022 and 2021, respectively, was related to other loans, commercial real estate loans, off-balance sheet commitments and other

financial assets held at amortized cost, including investment securities.

An allowance for credit losses is recognized on HTM securities upon acquisition of the security, and on AFS securities when the fair value and expected future cash flows of the investment securities are less than their amortized cost basis. Our assessment of impairment involves an evaluation of economic and security-specific factors. Such factors are based on estimates, derived by management, which contemplate current market conditions and security-specific performance. To the extent that market conditions are worse than management's expectations or due to idiosyncratic bond performance, the credit-related component of impairment, in particular, could increase and would be recorded in the provision for credit losses. Additional information with respect to the allowance for credit losses, net impairment losses and gross unrealized losses related to investment securities, is provided in Note 3 to the consolidated financial statements in this Form 10-Q.

Cross-Border Outstandings

Cross-border outstandings are amounts payable to us by non-U.S. counterparties which are denominated in U.S. dollars or other non-local currency, as well as non-U.S. local currency claims not funded by local currency liabilities. Our cross-border outstandings consist primarily of deposits with banks; loans and lease financing, including short-duration advances; investment securities; amounts related to FX and interest rate contracts; and securities finance. In addition to credit risk, cross-border outstandings carry the risk that, as a result of political or economic conditions in a country, borrowers may be unable to meet their contractual repayment obligations of principal and/or interest when due because of the unavailability of, or restrictions on, FX needed by borrowers to repay their obligations.

As market and economic conditions change, the major independent credit rating agencies may downgrade U.S. and non-U.S. financial institutions and sovereign issuers which have been, and may in the future be, significant counterparties to us, or whose financial instruments serve as collateral on which we rely for credit risk mitigation purposes, and may do so again in the future. As a result, we may be exposed to increased counterparty risk, leading to negative ratings volatility.

The cross-border outstandings presented in Table 27: Cross-border outstandings, represented approximately 29% and 27% of our consolidated total assets as of June 30, 2022 and December 31, 2021, respectively.

TABLE 27: CROSS-BORDER OUTSTANDINGS[1]

(In millions)	Investment Securities and Other Assets	Derivatives and Securities on Loan	Total Cross-Border Outstandings
June 30, 2022			
Germany	**$ 28,465**	**$ 498**	**$ 28,963**
United Kingdom	**10,326**	**8,589**	**18,915**
Japan	**7,995**	**1,315**	**9,310**
Canada	**6,199**	**2,170**	**8,369**
Australia	**5,755**	**1,357**	**7,112**
Luxembourg	**5,291**	**978**	**6,269**
Ireland	**1,877**	**3,126**	**5,003**
France	**1,877**	**1,881**	**3,758**
December 31, 2021			
Germany	$ 30,263	$ 202	$ 30,465
United Kingdom	13,075	1,287	14,362
Japan	10,713	878	11,591
Canada	8,201	999	9,200
Australia	6,862	534	7,396
Luxembourg	6,300	601	6,901
Ireland	2,822	852	3,674

[1] Cross-border outstandings included countries in which we do business, and which amounted to at least 1% of our consolidated total assets as of the dates indicated.

As of June 30, 2022, there were no countries whose aggregate cross-border outstandings amount to between 0.75% and 1% of our consolidated assets. As of December 31, 2021, aggregate cross-border outstandings in France amounted to between 0.75% and 1% of our consolidated total assets, at approximately $2.83 billion.

Risk Management

In the normal course of our global business activities, we are exposed to a variety of risks, some inherent in the financial services industry, others more specific to our business activities. Our risk management framework focuses on material risks, which include the following:

- credit and counterparty risk;
- liquidity risk, funding and management;
- operational risk;
- information technology risk;
- market risk associated with our trading activities;
- market risk associated with our non-trading activities, which we refer to as asset-and-liability management, and which consists primarily of interest rate risk;
- model risk;
- strategic risk; and
- reputational, fiduciary and business conduct risk.

Many of these risks, as well as certain of the factors underlying each of these risks that could affect our businesses and our consolidated financial statements, are discussed in detail on pages 23 to 51 included under Item 1A, Risk Factors, in our 2021 Form 10-K.

For additional information about our risk management, including our risk appetite framework and risk governance committee structure, refer to pages 83 to 88 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Risk Management, in our 2021 Form 10-K.

Credit Risk Management

We define credit risk as the risk of financial loss if a counterparty, borrower or obligor, collectively referred to as a counterparty, is either unable or unwilling to repay borrowings or settle a transaction in accordance with underlying contractual terms. We assume credit risk in our traditional non-trading lending activities, such as overdrafts, loans and contingent commitments, in our investment securities portfolio, where recourse to a counterparty exists, and in our direct and indirect trading activities, such as securities purchased under a resale agreement, principal securities lending and FX and indemnified agency securities lending. We also assume credit risk in our day-to-day treasury and securities and other settlement operations, in the form of deposit placements and other cash balances, with central banks or private sector institutions and fees receivables.

Allowance for Credit Losses

We maintain an allowance for credit losses to support certain on-balance sheet credit exposures, including financial assets held at amortized cost. We also maintain an allowance for unfunded commitments and letters of credit to support our off-balance sheet credit exposure. The two components together represent the allowance for credit losses. Review and evaluation of the adequacy of the allowance for credit losses is ongoing throughout the year, but occurs at least quarterly, and is based, among other factors, on our evaluation of the level of risk in the portfolio and the estimated effects of our forecasts on our counterparties. We utilize multiple economic scenarios, consisting of a baseline, upside and downside scenarios, to develop management's forecast of future expected losses.

In the second quarter of 2022, our allowance estimate reflected a downward shift in management's economic outlook, partially offset by a decrease in expected losses resulting from a reduction in leveraged loan balances within our portfolio. Allowance estimates remain subject to continued model and economic uncertainty and management may use qualitative adjustments. If future data and forecasts deviate relative to the forecasts utilized to determine our allowance for credit losses as of June 30, 2022, or if credit risk migration is higher or lower than forecasted for reasons independent of the economic forecast, our allowance for credit losses will also change.

Additional information about the allowance for credit losses is provided in Notes 3 and 4 to the consolidated financial statements in this Form 10-Q.

For additional information about our credit risk management framework, including our core policies and principles, structure and organization, credit ratings, risk parameter estimates, credit risk mitigation, credit limits, reporting, monitoring and controls, refer to pages 88 to 93 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Credit Risk Management, in our 2021 Form 10-K.

Liquidity Risk Management

Our liquidity framework contemplates areas of potential risk based on our activities, size and other appropriate risk-related factors. In managing liquidity risk we employ limits, maintain established metrics and early warning indicators and perform routine stress testing to identify potential liquidity needs. This process involves the evaluation of a combination of internal and external scenarios which assist us in measuring our liquidity position and in identifying potential increases in cash needs or decreases in available sources of cash, as well as the potential impairment of our ability to access the global capital markets.

We manage our liquidity on a global, consolidated basis. We also manage liquidity on a stand-alone basis at our Parent Company, as well as at certain branches and subsidiaries of State Street Bank. State Street Bank generally has access to markets and funding sources limited to banks, such as the federal funds market and the Federal Reserve's discount window. The Parent Company is managed to a more conservative liquidity profile, reflecting narrower market access. Additionally, the Parent Company typically holds, or has direct access to, primarily through SSIF, a direct subsidiary of the Parent Company, and the support agreement, as discussed in the "Uses of Liquidity" section of this Management's Discussion and Analysis, enough cash to meet its current debt maturities and cash needs, as well as those projected over the next one-year period. Reference our SPOE Strategy as discussed in the "Uses of Liquidity" section of this Management's Discussion and Analysis. Absent financial distress at the Parent Company, the liquid assets available at SSIF continue to be available to the Parent Company. As of June 30, 2022, our Parent Company and State

Street Bank had approximately $1.75 billion of senior notes or subordinated debentures outstanding that will mature in the next twelve months.

As a systemically important financial institution, our liquidity risk management activities are subject to heightened and evolving regulatory requirements, including interpretations of those requirements, under specific U.S. and international regulations and also resulting from published and unpublished guidance, supervisory activities, such as stress tests, resolution planning, examinations and other regulatory interactions. Satisfaction of these requirements could, in some cases, result in changes in the composition of our investment portfolio, reduced NII or NIM, a reduction in the level of certain business activities or modifications to the way in which we deliver our products and services. If we fail to meet regulatory requirements to the satisfaction of our regulators, we could receive negative regulatory stress test results, incur a resolution plan deficiency or determination of a non-credible resolution plan or otherwise receive an adverse regulatory finding. Our efforts to satisfy, or our failure to satisfy, these regulatory requirements could materially adversely affect our business, financial condition or results of operations.

For additional information on our liquidity risk management, as well as liquidity metrics, refer to pages 93 to 98 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity Risk Management, in our 2021 Form 10-K. For additional information on our liquidity ratios, including LCR and the net stable funding ratio, refer to page 14 included under Item 1, Business, in our 2021 Form 10-K.

Asset Liquidity

Central to the management of our liquidity is asset liquidity, which consists primarily of HQLA. HQLA is the amount of liquid assets that qualify for inclusion in the LCR. As a banking organization, we are subject to a minimum LCR under the LCR rule approved by U.S. banking regulators. The LCR is intended to promote the short-term resilience of internationally active banking organizations, like us, to improve the banking industry's ability to absorb shocks arising from market stress over a 30 calendar day period and improve the measurement and management of liquidity risk. The LCR measures an institution's HQLA against its net cash outflows. HQLA primarily consists of unencumbered cash and certain high quality liquid securities that qualify for inclusion under the LCR rule. We report LCR to the Federal Reserve daily. For the quarters ended June 30, 2022 and December 31, 2021, daily average LCR for the Parent Company was 106% and 105%, respectively. The impact of higher deposits on the Parent Company's LCR is offset by a cap, known as the transferability restriction, on the HQLA from State Street Bank and Trust that can be recognized at the Parent Company as defined in the U.S. LCR Final Rule as it prohibits the upstreaming of liquidity under stress. The average HQLA for the Parent Company under the LCR final rule definition was $141.22 billion and $159.36 billion, post-prescribed haircuts, for the quarters ended June 30, 2022 and December 31, 2021, respectively. For the quarter ended June 30, 2022, LCR for State Street Bank and Trust was approximately 122%. State Street Bank and Trust's LCR is higher than the Parent Company's LCR, primarily due to application of the transferability restriction in the LCR Final Rule to the calculation of the Parent Company's LCR. This restriction limits the HQLA used in the calculation of the Parent Company's LCR to the amount of net cash outflows of its principal banking subsidiary (State Street Bank and Trust). This transferability restriction does not apply in the calculation of State Street Bank and Trust's LCR, and therefore State Street Bank and Trust's LCR reflects the benefit of all of its HQLA holdings.

We maintained average cash balances in excess of regulatory requirements governing deposits with the Federal Reserve of approximately $72.53 billion at the Federal Reserve, the ECB and other non-U.S. central banks for the quarter ended June 30, 2022, and $83.48 billion for the quarter ended December 31, 2021. The lower levels of average cash balances with central banks reflect lower levels of client deposits.

Liquid securities carried in our asset liquidity include securities pledged without corresponding advances from the Federal Reserve Bank of Boston (FRBB), the FHLB, and other non-U.S. central banks. State Street Bank is a member of the FHLB. This membership allows for advances of liquidity in varying terms against high-quality collateral, which helps facilitate asset-and-liability management. As of both June 30, 2022 and December 31, 2021, we had no outstanding borrowings from the FHLB.

Access to primary, intra-day and contingent liquidity provided by these utilities is an important source of contingent liquidity with utilization subject to underlying conditions. As of both June 30, 2022 and December 31, 2021, we had no outstanding primary credit borrowings from the FRBB discount window or any other central bank facility.

In addition to the securities included in our asset liquidity, we have significant amounts of other unencumbered investment securities. These securities are available sources of liquidity, although not as rapidly deployed as those included in our asset liquidity.

The average fair value of total unencumbered securities was $91.34 billion for the quarter ended June 30, 2022, compared to $99.47 billion for the quarter ended December 31, 2021.

Uses of Liquidity

Significant uses of our liquidity could result from the following: withdrawals of client deposits; drawdowns by our custody clients of lines of credit; advances to clients to settle securities transactions; increases in our investment and loan portfolios; or other permitted purposes. Such circumstances would generally arise under stress conditions including deterioration in credit ratings. A recurring use of our liquidity involves our deployment of HQLA from our investment portfolio to post collateral to financial institutions serving as sources of securities under our enhanced custody program.

We had unfunded commitments to extend credit with gross contractual amounts totaling $32.94 billion and $33.03 billion and standby letters of credit totaling $2.54 billion and $3.24 billion as of June 30, 2022 and December 31, 2021, respectively. These amounts do not reflect the value of any collateral. As of June 30, 2022, approximately 78% of our unfunded commitments to extend credit and 38% of our standby letters of credit expire within one year. Since many of our commitments are expected to expire or renew without being drawn upon, the gross contractual amounts do not necessarily represent our future cash requirements.

Resolution Planning

Under Section 165(d) of the Dodd-Frank Act, we are required to submit a resolution plan on a biennial basis jointly to the Federal Reserve and the FDIC (the Agencies). The purpose of our resolution plan is to describe our preferred resolution strategy and to demonstrate that we have the resources and capabilities to execute on that strategy in the event of major financial distress. Through resolution planning, we seek to maintain our role as a key infrastructure provider within the financial system, while minimizing risk to the financial system.

The final rule published in the Federal Register on November 1, 2019 requires a full resolution plan and a targeted resolution plan on an alternating basis in the relevant submission years. We submitted our updated 2021 targeted 165(d) resolution plan by July 1, 2021. The targeted resolution plan included the core elements of resolution planning and some specific firm level information about the impact of the COVID-19 pandemic on resolution planning. In addition, actions taken to remediate the 2019 shortcoming related to the implementation of governance mechanisms were included in the plan. Our next full resolution plan is due July 1, 2023.

In the event of material financial distress, our preferred resolution strategy is the SPOE Strategy. The SPOE Strategy provides that prior to the bankruptcy of the Parent Company and pursuant to a support agreement among the Parent Company, SSIF (a direct subsidiary of the Parent Company), our Beneficiary Entities (as defined below) and certain of our other entities, SSIF is obligated, up to its available resources, to recapitalize and/or provide liquidity to State Street Bank and the other entities benefiting from such capital and/or liquidity support (collectively with State Street Bank, "Beneficiary Entities"), in amounts designed to prevent the Beneficiary Entities from themselves entering into resolution proceedings. Following the recapitalization of, or provision of liquidity to the Beneficiary Entities, the Parent Company would enter into a bankruptcy proceeding under the U.S. Bankruptcy Code. The Beneficiary Entities and our other subsidiaries would be transferred to a newly organized holding company held by a reorganization trust for the benefit of the Parent Company's claimants.

Under the support agreement, the Parent Company has pre-funded SSIF by contributing certain of its assets (primarily its liquid assets, cash deposits, investments in intercompany debt, investments in marketable securities and other cash and non-cash equivalent investments) to SSIF at the time it entered into the support agreement and will continue to contribute such assets, to the extent available, on an on-going basis. In consideration for these contributions, SSIF has agreed in the support agreement to provide capital and liquidity support to the Parent Company and all of the Beneficiary Entities in accordance with the Parent Company's capital and liquidity policies. Under the support agreement, the Parent Company is only permitted to retain cash needed to meet its upcoming obligations and to fund expected expenses during a potential bankruptcy proceeding. SSIF has provided the Parent Company with a committed credit line and issued (and may issue) one or more promissory notes to the Parent Company (the Parent Company Funding Notes) that together are intended to allow the Parent Company to continue to meet its obligations throughout the period prior to the occurrence of a "Recapitalization Event", which is defined under the support agreement as the earlier occurrence of: (1) one or more capital and liquidity thresholds being breached or (2) the authorization by the Parent Company's Board of Directors for the Parent Company to commence bankruptcy proceedings. The support agreement does not obligate SSIF to maintain any specific level of resources and SSIF may not have sufficient resources to implement the SPOE Strategy.

In the event a Recapitalization Event occurs, the obligations outstanding under the Parent Company Funding Notes would automatically convert into or be exchanged for capital contributed to SSIF. The obligations of the Parent Company and SSIF under the support agreement are secured through a security agreement that grants a lien on the assets that the Parent Company and SSIF would use to fulfill their obligations under the support agreement to the Beneficiary Entities. SSIF is a distinct legal entity separate from the Parent Company and the Parent Company's other affiliates.

In accordance with our policies, we are required to monitor, on an ongoing basis, the capital and liquidity needs of State Street Bank and our other Beneficiary Entities. To support this process, we have established a trigger framework that identifies key actions that would need to be taken or decisions that would need to be made if certain events tied to our financial condition occur. The trigger thresholds are set at levels intended to provide for the availability of sufficient capital and liquidity to enable an orderly resolution without extraordinary government support that results in us emerging from resolution as a stabilized institution with market confidence restored.

Upon the occurrence of a Recapitalization Event: (1) SSIF would not be authorized to provide any further liquidity to the Parent Company; (2) the Parent Company would be required to contribute to SSIF any remaining assets it is required to contribute to SSIF under the support agreement, (which specifically exclude amounts designated to fund expected expenses during a potential bankruptcy proceeding); (3) SSIF would be required to provide capital and liquidity support to the Beneficiary Entities to support such entities' continued operation to the extent of its available resources and consistent with the support agreement; and (4) the Parent Company would be expected to commence Chapter 11 proceedings under the U.S. Bankruptcy Code. No person or entity, other than a party to the support agreement, should rely on any of our affiliates being or remaining a Beneficiary Entity or receiving capital or liquidity support pursuant to the support agreement, including in evaluating any of our entities from a creditor's perspective or determining whether to enter into a contractual relationship with any of our entities.

State Street Bank is also required to submit periodically to the FDIC a plan for resolution in the event of its failure, referred to as an IDI plan. We submitted our last IDI plan before July 1, 2018. In November 2018, the FDIC had announced that until the FDIC completed revisions to its IDI plan requirements, no IDI plans would be required to be filed. On June 25, 2021, the FDIC issued a policy statement on resolution plans for IDIs that allows for content streamlining and adjusts the frequency of submissions to a three-year cycle. State Street Bank's next IDI plan submission deadline is December 1, 2023.

Additionally, we are required to submit a recovery plan to the Federal Reserve. This plan includes detailed governance triggers and contingency actions that can be implemented in a timely manner in the event of extreme financial distress. We also have recovery planning requirements in certain international jurisdictions where we operate.

Funding

Deposits

We provide products and services including custody, accounting, administration, daily pricing, FX services, cash management, financial asset management, securities finance and investment advisory services. As a provider of these products and services, we generate client deposits, which have generally provided a stable, low-cost source of funds. As a global custodian, clients place deposits with our entities in various currencies. As of both June 30, 2022 and December 31, 2021, approximately 65% of our average total deposit balances were denominated in U.S. dollars, 15% in EUR, 10% in GBP and 10% in all other currencies.

Short-Term Funding

Our on-balance sheet liquid assets are also an integral component of our liquidity management strategy. These assets provide liquidity through maturities of the assets, but more importantly, they provide us with the ability to raise funds by pledging the securities as collateral for borrowings or through outright sales. In addition, our access to the global capital markets gives us the ability to source incremental funding from wholesale investors. As discussed earlier under "Asset Liquidity," State Street Bank's membership in the FHLB allows for advances of liquidity with varying terms against high-quality collateral.

Short-term secured funding also comes in the form of securities lent or sold under agreements to repurchase. These transactions are short-term in nature, generally overnight and are collateralized by high-quality investment securities. These balances were $0.95 billion and $1.58 billion as of June 30, 2022 and December 31, 2021, respectively.

State Street Bank currently maintains a line of credit with a financial institution of CAD $1.40 billion, or approximately $1.09 billion, as of June 30, 2022, to support its Canadian securities processing operations. The line of credit has no stated termination date and is cancelable by either party with prior notice. As of both June 30, 2022 and

December 31, 2021, there was no balance outstanding on this line of credit.

Long-Term Funding

We have the ability to issue debt and equity securities under our current universal shelf registration statement to meet current commitments and business needs. In addition, State Street Bank also has current authorization from the Board to issue unsecured senior debt. The total amount remaining for issuance pursuant to this authority is $2.15 billion as of June 30, 2022.

On February 7, 2022, we issued $300 million aggregate principal amount of 1.746% fixed-to-floating rate senior notes due 2026, $650 million aggregate principal amount of 2.203% fixed-to-floating rate senior notes due 2028 and $550 million aggregate principal amount of 2.623% fixed-to-floating rate senior notes due 2033.

On March 30, 2022, we redeemed $750 million aggregate principal amount of 2.825% fixed-to-floating rate senior notes due 2023.

On May 13, 2022, we issued $500 million aggregate principal amount of 4.421% fixed-to-floating rate senior notes due 2033.

On May 15, 2022, we redeemed $750 million aggregate principal amount of 2.653% fixed-to-floating rate senior notes due 2023.

Agency Credit Ratings

Our ability to maintain consistent access to liquidity is fostered by the maintenance of high investment grade ratings as measured by the major independent credit rating agencies. Factors essential to maintaining high credit ratings include:

- diverse and stable core earnings;
- relative market position;
- strong risk management;
- strong capital ratios;
- diverse liquidity sources, including the global capital markets and client deposits;
- strong liquidity monitoring procedures; and
- preparedness for current or future regulatory developments.

High ratings limit borrowing costs and enhance our liquidity by:

- providing assurance for unsecured funding and depositors;
- increasing the potential market for our debt and improving our ability to offer products;
- serving markets; and
- engaging in transactions in which clients value high credit ratings.

A downgrade or reduction of our credit ratings could have a material adverse effect on our liquidity by restricting our ability to access the capital markets, which could increase the related cost of funds. In turn, this could cause the sudden and large-scale withdrawal of unsecured deposits by our clients, which could lead to drawdowns of unfunded commitments to extend credit or trigger requirements under securities purchase commitments; or require additional collateral or force terminations of certain trading derivative contracts.

A majority of our derivative contracts have been entered into under bilateral agreements with counterparties who may require us to post collateral or terminate the transactions based on changes in our credit ratings. We assess the impact of these arrangements by determining the collateral that would be required assuming a downgrade by all rating agencies. The additional collateral or termination payments related to our net derivative liabilities under these arrangements that could have been called by counterparties in the event of a downgrade in our credit ratings below levels specified in the agreements is provided in Note 7 to the consolidated financial statements in this Form 10-Q. Other funding sources, such as secured financing transactions and other margin requirements, for which there are no explicit triggers, could also be adversely affected.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Tight labor markets, the ongoing war in Ukraine and lingering impacts from the COVID-19 pandemic are resulting in stress on the operating environment and have increased, and may continue to increase, operational risk. The war in Ukraine also heightens information technology risk exposures, including cyber-threats. See also "Information Technology Risk Management" below.

For additional information about our operational risk framework, refer to pages 99 to 102 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Operational Risk Management", in our 2021 Form 10-K.

Information Technology Risk Management

We define information technology risk as the risk associated with the use, ownership, operation, involvement, influence and adoption of information technology. Information technology risk includes risks triggered by technology non-compliance with regulatory obligations, information security and privacy incidents, business disruption, technology internal control and process gaps, technology operational events and adoption of new business technologies.

For additional information about our information technology risk framework and associated risks, refer to pages 102 to 103 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Information Technology Risk Management" in our 2021 Form 10-K, and pages 46 to 47 included under Item 1A, Risk Factors, in our 2021 Form 10-K - "Any failures of or damage to, attack on or unauthorized access to our information technology systems or facilities or disruptions to our continuous operations, including the systems, facilities or operations of third parties with which we do business, such as resulting from cyber-attacks, could result in significant costs, reputational damage and limits on our ability to conduct our business activities".

Market Risk Management

Market risk is defined by U.S. banking regulators as the risk of loss that could result from broad market movements, such as changes in the general level of interest rates, credit spreads, foreign exchange rates or commodity prices. We are exposed to market risk in both our trading and certain of our non-trading, or asset-and-liability management, activities.

Information about the market risk associated with our trading activities is provided below under "Trading Activities." Information about the market risk associated with our non-trading activities, which consists primarily of interest rate risk, is provided below under "Asset-and-Liability Management Activities."

Trading Activities

In the conduct of our trading activities, we assume market risk, the level of which is a function of our overall risk appetite, business objectives and liquidity needs, our clients' requirements and market volatility and our execution against those factors.

For additional information about the market risk associated with our trading activities, refer to pages 103 to 105 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Market Risk Management" in our 2021 Form 10-K.

As part of our trading activities, we assume positions in the foreign exchange and interest rate markets by buying and selling cash instruments and entering into derivative instruments, including foreign exchange forward contracts, foreign exchange and interest rate options and interest rate swaps, interest rate forward contracts and interest rate futures. As of June 30, 2022, the notional amount of these derivative contracts was $2.23 trillion, of which $2.20 trillion was composed of foreign exchange forward, swap and spot contracts. We seek to match positions closely with the objective of mitigating related currency and interest rate risk. All foreign exchange contracts are valued daily at current market rates.

Value-at-Risk and Stressed VaR

We use a variety of risk measurement tools and methodologies, including VaR, which is an estimate of potential loss for a given period within a stated statistical confidence interval. We use a risk measurement methodology to measure trading-related VaR daily. We have adopted standards for measuring trading-related VaR, and we maintain regulatory capital for market risk associated with our trading activities in conformity with currently applicable bank regulatory market risk requirements. Our regulatory VaR-based measure is calculated based on historical volatilities of market risk factors during a two-year observation period calibrated to a one-tail, 99% confidence interval and a ten-business-day holding period.

We calculate a stressed VaR-based measure using the same model we use to calculate VaR, but with model inputs calibrated to historical data from a range of continuous twelve-month periods that reflect significant financial stress. The stressed VaR model is designed to identify the second-worst outcome occurring in the worst continuous one-year rolling period since July 2007. This stressed VaR meets the regulatory requirement as the rolling ten-day period with an outcome that is worse than 99% of other outcomes during that twelve-month period of financial stress. For each portfolio, the stress period is determined algorithmically by seeking the one-year time horizon that produces the largest ten-business-day VaR from within the available historical data. This historical data set includes the financial crisis of 2008, the highly volatile period surrounding the Eurozone sovereign debt crisis and the Standard & Poor's downgrade of U.S. Treasury debt in August 2011, and the market volatility triggered by the COVID-19 pandemic in March 2020. As the historical data set used to determine the stress period expands over time, future market stress events will be incorporated.

For additional information about our VaR measurement tools and methodologies, refer to pages 105 to 110 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Value-at-Risk and Stressed VaR" in our 2021 Form 10-K.

Stress Testing

We have a corporate-wide stress testing program in place that incorporates an array of techniques to measure the potential loss we could suffer in a hypothetical scenario of adverse economic and financial conditions. We also monitor concentrations of risk such as concentration by branch, risk component, and currency pairs. We conduct stress testing on a daily basis based on selected historical stress events that are relevant to our positions in order to estimate the potential impact to our current portfolio should similar market conditions recur, and we also perform stress testing as part of the Federal Reserve's CCAR process. Stress testing is conducted, analyzed and reported at the corporate, trading desk, division and risk-factor level (for example, exchange risk, interest rate risk and volatility risk).

Stress testing results and limits are actively monitored on a daily basis by Enterprise Risk Management (ERM) and reported to the Credit and Market Risk Committee (CMRC). Limit breaches are addressed by ERM risk managers in conjunction with the business units, escalated as appropriate, and reviewed by the CMRC if material. In addition, we have established several action triggers that prompt review by management and the implementation of a remediation plan.

Validation and Back-Testing

We perform frequent back-testing to assess the accuracy of our VaR-based model in estimating loss at the stated confidence level. This back-testing involves the comparison of estimated VaR model outputs to daily, actual profit-and-loss (P&L) outcomes observed from daily market movements. We back-test our VaR model using "clean" P&L, which excludes non-trading revenue such as fees, commissions and NII, as well as estimated revenue from intra-day trading.

Our VaR definition of trading losses excludes items that are not specific to the price movement of the trading assets and liabilities themselves, such as fees, commissions, changes to reserves and gains or losses from intra-day activity.

We had no back-testing exceptions in the quarter ended June 30, 2022, one back-testing exception in the quarter ended March 31, 2022 and no back-testing exceptions in the quarter ended June 30, 2021. At a 99% confidence interval, the statistical expectation for a VaR model is to witness one exception every hundred trading days (or two to three exceptions per year).

The following tables present VaR and stressed VaR associated with our trading activities for covered positions held during the quarters ended June 30, 2022, March 31, 2022 and June 30, 2021, respectively, as measured by our VaR methodology. Diversification effect in the tables below represents the difference between total VaR and the sum of the VaRs for each trading activity. This effect arises because the risks present in our trading activities are not perfectly correlated.

TABLE 28: TEN-DAY VALUE-AT-RISK ASSOCIATED WITH TRADING ACTIVITIES FOR COVERED POSITIONS

	Three Months Ended											
	June 30, 2022			March 31, 2022			June 30, 2021			As of June 30, 2022	As of March 31, 2022	As of June 30, 2021
(In thousands)	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.	VaR	VaR	VaR
Global Markets	**$ 8,248**	**$ 16,319**	**$ 3,830**	$ 11,401	$ 25,779	$ 3,341	$ 15,283	$ 25,020	$ 6,974	**$ 9,152**	$ 4,474	$ 20,989
Global Treasury	**971**	**1,522**	**788**	776	1,714	559	4,342	9,451	460	**1,522**	1,079	3,667
Diversification	**(1,055)**	**(1,602)**	**(925)**	(849)	(1,418)	(399)	(2,671)	(7,136)	474	**(2,366)**	(1,214)	(812)
Total VaR	**$ 8,164**	**$ 16,239**	**$ 3,693**	$ 11,328	$ 26,075	$ 3,501	$ 16,954	$ 27,335	$ 7,908	**$ 8,308**	$ 4,339	$ 23,844

TABLE 29: TEN-DAY STRESSED VALUE-AT-RISK ASSOCIATED WITH TRADING ACTIVITIES FOR COVERED POSITIONS

	Three Months Ended											
	June 30, 2022			March 31, 2022			June 30, 2021			As of June 30, 2022	As of March 31, 2022	As of June 30, 2021
(In thousands)	Avg.	Max.	Min.	Avg.	Max.	Min.	Avg.	Max.	Min.	VaR	VaR	VaR
Global Markets	**$ 42,486**	**$ 97,420**	**$ 20,553**	$ 37,341	$ 64,435	$ 23,242	$ 36,478	$ 74,475	$ 13,037	**$ 43,306**	$ 40,529	$ 56,998
Global Treasury	**3,125**	**7,903**	**1,057**	2,977	8,428	778	12,644	29,651	2,042	**5,642**	5,687	6,462
Diversification	**(4,491)**	**(9,384)**	**(2,690)**	(3,825)	(9,841)	(1,365)	(6,471)	(8,193)	1,690	**(5,396)**	(9,063)	8,473
Total Stressed VaR	**$ 41,120**	**$ 95,939**	**$ 18,920**	$ 36,493	$ 63,022	$ 22,655	$ 42,651	$ 95,933	$ 16,769	**$ 43,552**	$ 37,153	$ 71,933

The three month average of our stressed VaR-based measure was approximately $41 million for the quarter ended June 30, 2022, compared to an average of approximately $36 million for the quarter ended March 31, 2022 and $43 million for the quarter ended June 30, 2021. The increase in the average stressed VaR for the quarter ended June 30, 2022, compared to the quarter ended March 31, 2022, is primarily attributed to higher foreign exchange and interest rate risk positions.

The VaR-based measures presented in the preceding tables are primarily a reflection of the overall level of market volatility and our appetite for taking market risk in our trading activities. While overall levels of volatility have varied over the historical observation periods, smaller residual market risk positions during the quarter have led to a reduction in VaR measures presented.

We have in the past and may in the future modify and adjust our models and methodologies used to calculate VaR and stressed VaR, subject to regulatory review and approval, and any future modifications and adjustments may result in changes in our VaR-based and stressed VaR-based measures.

The following tables present the VaR and stressed-VaR associated with our trading activities attributable to foreign exchange risk, interest rate risk and volatility risk as of June 30, 2022, March 31, 2022 and June 30, 2021, respectively. Diversification effect in the tables below represents the difference between total VaR and the sum of the VaRs for each trading activity. This effect arises because the risks present in our trading activities are not perfectly correlated.

TABLE 30: TEN-DAY VaR ASSOCIATED WITH TRADING ACTIVITIES BY RISK FACTOR[1]

	As of June 30, 2022			As of March 31, 2022			As of June 30, 2021		
(In thousands)	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk
By component:									
Global Markets	**$ 6,109**	**$ 6,010**	**$ 127**	$ 2,512	$ 3,368	$ 495	$ 6,859	$ 16,327	$ 701
Global Treasury	**750**	**1,538**	**—**	889	815	—	97	3,950	—
Diversification	**(529)**	**(2,469)**	**—**	(869)	(899)	—	(234)	687	—
Total VaR	**$ 6,330**	**$ 5,079**	**$ 127**	$ 2,532	$ 3,284	$ 495	$ 6,722	$ 20,964	$ 701

TABLE 31: TEN-DAY STRESSED VaR ASSOCIATED WITH TRADING ACTIVITIES BY RISK FACTOR[1]

	As of June 30, 2022			As of March 31, 2022			As of June 30, 2021		
(In thousands)	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk
By component:									
Global Markets	**$ 7,440**	**$ 39,764**	**$ 200**	$ 8,352	$ 57,507	$ 540	$ 10,456	$ 59,710	$ 747
Global Treasury	**1,375**	**5,766**	**—**	1,076	5,746	—	117	6,350	—
Diversification	**(709)**	**(6,631)**	**—**	(1,403)	(7,286)	—	(191)	8,450	—
Total Stressed VaR	**$ 8,106**	**$ 38,899**	**$ 200**	$ 8,025	$ 55,967	$ 540	$ 10,382	$ 74,510	$ 747

[1] For purposes of risk attribution by component, foreign exchange refers only to the risk from market movements in period-end rates. Forwards, futures, options and swaps with maturities greater than period-end have embedded interest rate risk that is captured by the measures used for interest rate risk. Accordingly, the interest rate risk embedded in these foreign exchange instruments is included in the interest rate risk component.

Asset and Liability Management Activities

The primary objective of asset and liability management is to provide sustainable NII under varying economic conditions, while protecting the economic value of the assets and liabilities carried on our consolidated statement of condition from the adverse effects of changes in interest rates. While many market factors affect the level of NII and the economic value of our assets and liabilities, one of the most significant factors is our exposure to movements in interest rates. Most of our NII is earned from the investment of client deposits generated by our businesses. We invest these client deposits in assets that conform generally to the liquidity characteristics of our balance sheet liabilities, as well as the currency composition of our significant non-U.S. dollar denominated client deposits.

We quantify NII sensitivity using an earnings simulation model that includes our expectations for new business growth, changes in balance sheet mix and investment portfolio positioning. This measure compares our baseline view of NII over a twelve-month horizon, based on our internal forecast of interest rates, to a wide range of rate shocks. Our baseline view of NII is updated on a regular basis. Table 32, Key Interest Rates for Baseline Forecasts, presents the spot and 12-month forward rates used in our baseline forecasts at June 30, 2022 and June 30, 2021. Our June 30, 2022 baseline forecast broadly aligns to the market's expectations for a rapid increase in global central bank rates in response to rising inflation. In addition to higher interest rates, we are also forecasting gradual deposit balance rotation and reductions along with increasing deposit betas as a result of quantitative tightening and rising interest rates.

TABLE 32: KEY INTEREST RATES FOR BASELINE FORECASTS

	June 30, 2022[1]			June 30, 2021		
	Fed Funds Target	ECB Target[2]	10-Year Treasury	Fed Funds Target	ECB Target[2]	10-Year Treasury
Spot rates	**1.75 %**	**(0.50)%**	**3.01 %**	0.25 %	(0.50)%	1.47 %
12-month forward rates	**3.75**	**1.25**	**3.40**	0.25	(0.50)	1.83

[1] This reflects our internal interest rate forecast as of June 30, 2022.
[2] European Central Bank deposit facility rate.

In Table 33: Net Interest Income Sensitivity, we report the expected change in NII over the next twelve months from instantaneous shocks to various tenors on the yield curve relative to our baseline rate forecast, including the impacts from U.S. and non-U.S. rates. Each scenario assumes no management action is taken to mitigate the adverse effects of interest rates changes on our financial performance. While investment securities balances and composition can fluctuate with the level of rates as prepayment assumptions change, for purposes of this analysis our deposit balances and mix are assumed to remain consistent with the baseline forecast which assumes gradual deposit balance rotation and reductions. In lower rate scenarios, the full impact of the shock is realized for all currencies even if the result is negative interest rates.

TABLE 33: NET INTEREST INCOME SENSITIVITY

	June 30, 2022[1]			June 30, 2021		
(In millions)	**U.S. Dollar**	**All Other Currencies**	**Total**	**U.S. Dollar**	**All Other Currencies**	**Total**
Rate change:	**Benefit (Exposure)**			**Benefit (Exposure)**		
Parallel shifts:						
+100 bps shock	**$ (28)**	**$ 471**	**$ 443**	$ 644	$ 286	$ 930
–100 bps shock	**13**	**(356)**	**(343)**	804	155	959
Steeper yield curve:						
'+100 bps shift in long-end rates[2]	**22**	**6**	**28**	134	1	135
'-100 bps shift in short-end rates[2]	**38**	**(350)**	**(312)**	954	156	1,110
Flatter yield curve:						
'+100 bps shift in short-end rates[2]	**(50)**	**465**	**415**	510	284	794
'-100 bps shift in long-end rates[2]	**(24)**	**(6)**	**(30)**	(148)	(2)	(150)

[1] Does not reflect any impact of our proposed acquisition of the BBH Investor Services business.

[2] The short-end is 0-3 months. The long-end is 5 years and above. Interim term points are interpolated.

As of June 30, 2022, NII from non-U.S. rates is expected to benefit from higher interest rates and is exposed to lower rates. The benefit from higher rates is driven by the short-end of the yield curve and our deposit beta assumptions in currencies such as EUR and GBP. Compared to June 30, 2021, our non-U.S. benefit to higher interest rates has increased due to rising ECB rates in our baseline forecast which assumes lower EUR betas once the ECB target rate exceeds 0.25%. Compared to June 30, 2021, our non-U.S. exposure to lower interest rates has also increased as we begin to realize higher levels of NII from non-U.S. currencies in our baseline forecast.

As of June 30, 2022, our NII sensitivity from U.S. rates is limited in both higher and lower rate shocks and against short and long-end rate changes. This level of U.S. NII sensitivity is primarily driven by our baseline rate forecast which assumes that the Fed Funds target rises to 3.50% by year-end 2022 and 3.75% by June 2023. Once U.S. short-end rates reach those levels, the baseline forecast projects significantly higher levels of annual NII and USD deposit betas increase, to the point that the repricing characteristics of our USD assets and liabilities are substantially aligned. Our scenarios assume that deposit betas are higher than the last U.S. rising rate cycle from 2016-2018 due to our current deposit mix and greater quantitative tightening this cycle by the Federal Reserve.

As of June 30, 2022, USD NII in the +100bp shock scenario estimates $28 million of NII at risk with the level of Fed Funds reaching 4.75%. Consistent with our interest rate risk simulation methodology, this estimate assumes no management action is taken to reposition the balance sheet. While this is our standard modeling approach, in a higher and rising rate environment, management would likely target a neutral asset sensitivity posture by using interest rate swaps and other balance sheet actions.

Compared to June 30, 2021, our reduced benefit to higher rate scenarios is driven by rising deposit betas, expectations for deposit rotation from quantitative tightening and less investment portfolio reinvestment. USD NII in the -100bp shock scenario estimates a $13 million benefit. Compared to June 30, 2021, our reduced benefit to lower rates is driven by the higher USD yield curve which is no longer impacted by negative interest rates in the -100bp scenario. The June 30, 2021 sensitivities included a significant NII benefit from negative rates by charging interest on client deposits and the impacts of contractual floors on loans and securities.

NII sensitivity is routinely monitored as market conditions change. For additional information about our Asset and Liability Management Activities, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations, "Risk Management".

Model Risk Management

The use of models is widespread throughout the financial services industry, with large and complex organizations relying on sophisticated models to support numerous aspects of their financial decision making. The models contemporaneously represent both a significant advancement in financial management and a source of risk. In large banking organizations like us, model results influence business decisions, and model failure could have a harmful effect on our financial performance. As a result, the Model Risk Management Framework seeks to mitigate our model risk.

For additional information about our model risk management framework, including our governance and model validation, refer to pages 111 to 112 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Model Risk Management", in our 2021 Form 10-K.

Strategic Risk Management

We define strategic risk as the current or prospective impact on earnings or capital arising from adverse business decisions, improper implementation of strategic initiatives, or lack of responsiveness to industry-wide changes. Strategic risks are influenced by changes in the business environment; decline in market performance or changes in our business activities; and the potential secondary impacts of reputational risks, not already captured as market, interest rate, credit, operational, model or liquidity risks. We incorporate strategic risk into our assessment of our business plans and risk and capital management processes.

The Intercontinental Exchange Benchmark Administration (IBA), in conjunction with the United Kingdom Financial Conduct Authority (FCA), ceased the publication of GBP, EUR, Swiss Franc and the Japanese Yen (JPY) LIBOR settings for all tenors, as well as one week and two months U.S. dollar LIBOR settings on December 31, 2021. Furthermore, the IBA announced that on June 30, 2023, it would cease the publication of overnight and twelve months U.S. dollar LIBOR settings and that as of June 30, 2023 the 1 month, 3 month and 6 month USD LIBOR setting would become non-representative.

For the one month, three month and six month GBP and JPY settings, the FCA required in September 2021 that the IBA continue publication of rates on a synthetic, non-representative basis from year-end 2021 for a period of at least one year. A decision by the FCA regarding the publication by the IBA of certain USD LIBOR settings from June 30, 2023 on a synthetic, non-representative basis has not yet been made and no assumption should be made regarding their availability.

On March 15, 2022, the U.S. Congress adopted, as part of the Consolidated Appropriation Act of 2022, the Adjustable Interest (LIBOR) Act which provides certain statutory requirements and guidance for the selection and use of alternative reference rates in legacy financial contracts governed by U.S. law that do not provide for the use of a clearly defined or practicable alternative reference rate. On July 19, 2022, the Board of Governors of the Federal Reserve System issued a notice of proposed rulemaking on a proposed regulation to implement the LIBOR Act, as required by its terms. The LIBOR Act requires implementing regulations be in place within 180 days of its enactment.

We have established a process to identify, assess, plan for and remediate the use of LIBOR and other reference rates affected by reference rate reform that addresses both direct exposures on our balance sheet, and, more importantly, the use of LIBOR in our various service provider roles to our customers. This process is led by a wide, multidisciplinary LIBOR program management office ("LIBOR PMO"), established in September 2018, that will continue to lead our transition efforts through June 2023.

The LIBOR PMO reports regularly to executive management of the firm and our key regulators on progress with respect to the adoption of alternative reference rates for various financial products and services, client communications, updating of our quantitative models and information technology systems, managing vendors, contracts remediation, adoption of alternative reference rates for various financial products and services, evaluation of fallback provisions contained in LIBOR-priced loans, investment securities, derivatives and long-term debt and general operational readiness for each stage of the transition. Most of the work identified by the LIBOR PMO for implementation of the transition to alternative reference rates is substantially complete, and contingency plans have been developed with respect to identified uncertainties.

No incremental material investments are expected to be needed for systems and processes related to the transition. Potential risks that could impact our remediation efforts include overall transition readiness across the industry, third party vendor dependencies and resource constraints from the concentration of remediation activities at key points in the transition process.

Our direct on balance sheet exposure to LIBOR is limited and primarily includes assets held in the investment portfolio, certain loans made through Global Credit Finance and issuances of long-term debt and preferred stock. We have planned for, and are prepared to, transition our remaining on balance

sheet exposures in a manner consistent with regulatory guidance and the availability of interim solutions for various legacy LIBOR contracts. We will not originate or issue new LIBOR-based loans or long-term debt, and any purchases of LIBOR-based investment securities will be screened for adequate fallback language. Our remaining exposure outstanding at June 2023 is largely governed by existing fallback language, or national legislation that provides for appropriate fallback provisions.

Substantial risks and uncertainties are associated with the market transition away from the use of LIBOR as an interest rate benchmark in financial instruments and contracts. Our financial performance depends, in part, on our ability to adapt to market changes promptly, while avoiding increased related expenses or operational errors.

For additional information about our strategic risk management framework and associated risks, refer to pages 112 to 113 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Strategic Risk Management", in our 2021 Form 10-K, and page 44 included under Item 1A, Risk Factors, in our 2021 Form 10-K - "The market transition away from broad use of the London Interbank Offered Rate (LIBOR) as an interest rate benchmark may impose additional costs on us and may expose us to increased operational, model and financial risk."

Capital

Managing our capital involves evaluating whether our actual and projected levels of capital are commensurate with our risk profile, are in compliance with all applicable regulatory requirements and are sufficient to provide us with the financial flexibility to undertake future strategic business initiatives. We assess capital adequacy based on relevant regulatory capital requirements, as well as our own internal capital goals, targets and other relevant metrics.

Our designation as a G-SIB is based on a number of factors, as evaluated by banking regulators, and requires us to maintain an additional capital surcharge above the minimum capital ratios set forth in the Basel III final rule. Further, like all other U.S. G-SIBs, we are also currently subject to a 2.0% SLR buffer in addition to the required minimum of 3% under the Basel III final rule. If we fail to exceed any regulatory buffer or surcharge, we will be subject to increased restrictions (depending upon the extent of the shortfall) regarding capital distributions and discretionary executive bonus payments.

Not all of our competitors have similarly been designated as systemically important nor are all of them subject to the same degree of regulation as a bank or financial holding company, and therefore some of our competitors may not be subject to the same capital, liquidity and other regulatory requirements.

For additional information about our capital, refer to pages 113 to 121 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2021 Form 10-K.

Regulatory Capital

We and State Street Bank, as advanced approaches banking organizations, are subject to the U.S. Basel III framework. We are also subject to the final market risk capital rule issued by U.S. banking regulators.

The Basel III final rule provides for two frameworks for monitoring capital adequacy: the "standardized approach" and the "advanced approaches", applicable to advanced approaches banking organizations, like us. The standardized approach prescribes standardized calculations for credit risk RWA, including specified risk weights for certain on and off-balance sheet exposures. The advanced approaches consist of the Advanced Internal Ratings-Based Approach used for the calculation of RWA related to credit risk, and the Advanced Measurement Approach used for the calculation of RWA related to operational risk.

As required by the Dodd-Frank Act enacted in 2010 and the SCB rule enacted in 2020, we and State Street Bank, as advanced approaches banking organizations, are subject to a "capital floor," also referred to as the Collins Amendment, in the assessment of our regulatory capital adequacy, including the capital conservation buffer (CCB) and the SCB, for the advanced approaches and standardized approach, respectively, and a countercyclical capital buffer. In addition, we are subject to a G-SIB surcharge. Our risk-based capital ratios for regulatory assessment purposes are the lower of each ratio calculated under the advanced approaches and standardized approach.

The SCB replaced, under the standardized approach, the capital conservation buffer with a buffer calculated as the difference between the institution's starting and lowest projected CET1 ratio under the CCAR severely adverse scenario plus planned common stock dividend payments (as a percentage of RWA) from the fourth through seventh quarter of the CCAR planning horizon. The SCB requirement can be no less than 2.5% of RWA. Breaching the SCB or other regulatory buffer or surcharge will limit a banking organization's ability to make capital distributions and discretionary bonus payments to executive officers. The countercyclical capital buffer is currently set at zero by U.S. banking regulators.

Our minimum risk-based capital ratios as of January 1, 2022, include a CCB of 2.5% and a SCB of 2.5% for the advanced approaches and standardized approach, respectively, a G-SIB surcharge of 1.0%, and a countercyclical buffer of 0.0%. This results in minimum risk-based ratios of 8.0% for the Common Equity Tier 1 (CET1) capital ratio, 9.5% for the tier 1 capital ratio, and 11.5% for the total capital ratio.

Our current G-SIB surcharge, through December 31, 2023, is 1.0%. Based on a calculation as of December 31, 2021, our G-SIB surcharge beginning January 1, 2024 could increase to 1.5%. Accordingly, we have developed a balance sheet management plan intended to result in a G-SIB surcharge calculation of 1.0% as of December 31, 2022 which, if effective, would result in our maintaining our current G-SIB surcharge of 1.0% through December 31, 2024.

To maintain the status of the Parent Company as a financial holding company, we and our insured depository institution subsidiaries are required, among other requirements, to be "well capitalized" as defined by Regulation Y and Regulation H.

The market risk capital rule requires us to use internal models to calculate daily measures of VaR, which reflect general market risk for certain of our trading positions defined by the rule as “covered positions,” as well as stressed-VaR measures to supplement the VaR measures. The rule also requires a public disclosure composed of qualitative and quantitative information about the market risk associated with our trading activities and our related VaR and stressed-VaR measures. The qualitative and quantitative information required by the rule is provided under "Market Risk Management" included in this Management's Discussion and Analysis.

The following table presents the regulatory capital structure and related regulatory capital ratios for us and State Street Bank as of the dates indicated. We are subject to the more stringent of the risk-based capital ratios calculated under the standardized approach and those calculated under the advanced approaches in the assessment of our capital adequacy under applicable bank regulatory standards.

TABLE 34: REGULATORY CAPITAL STRUCTURE AND RELATED REGULATORY CAPITAL RATIOS

	State Street Corporation				State Street Bank			
(Dollars in millions)	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021
Common shareholders' equity:								
Common stock and related surplus	**$ 11,261**	**$ 11,261**	$ 11,291	$ 11,291	**$ 13,033**	**$ 13,033**	$ 13,047	$ 13,047
Retained earnings	**26,115**	**26,115**	25,238	25,238	**17,025**	**17,025**	15,700	15,700
Accumulated other comprehensive income (loss)	**(3,687)**	**(3,687)**	(1,133)	(1,133)	**(3,410)**	**(3,410)**	(926)	(926)
Treasury stock, at cost	**(9,898)**	**(9,898)**	(10,009)	(10,009)	**—**	**—**	—	—
Total	**23,791**	**23,791**	25,387	25,387	**26,648**	**26,648**	27,821	27,821
Regulatory capital adjustments:								
Goodwill and other intangible assets, net of associated deferred tax liabilities	**(8,628)**	**(8,628)**	(8,935)	(8,935)	**(8,370)**	**(8,370)**	(8,667)	(8,667)
Other adjustments[1]	**(281)**	**(281)**	(505)	(505)	**(104)**	**(104)**	(309)	(309)
Common equity tier 1 capital	**14,882**	**14,882**	15,947	15,947	**18,174**	**18,174**	18,845	18,845
Preferred stock	**1,976**	**1,976**	1,976	1,976	**—**	**—**	—	—
Tier 1 capital	**16,858**	**16,858**	17,923	17,923	**18,174**	**18,174**	18,845	18,845
Qualifying subordinated long-term debt	**1,381**	**1,381**	1,588	1,588	**545**	**545**	752	752
Adjusted allowance for credit losses	**—**	**113**	—	108	**—**	**113**	—	108
Total capital	**$ 18,239**	**$ 18,352**	$ 19,511	$ 19,619	**$ 18,719**	**$ 18,832**	$ 19,597	$ 19,705
Risk-weighted assets:								
Credit risk[2]	**$ 63,259**	**$ 113,566**	$ 63,735	$ 109,554	**$ 56,041**	**$ 110,950**	$ 57,405	$ 106,405
Operational risk[3]	**45,350**	**NA**	45,550	NA	**42,700**	**NA**	42,813	NA
Market risk	**1,838**	**1,838**	2,113	2,113	**1,838**	**1,838**	2,113	2,113
Total risk-weighted assets	**$ 110,447**	**$ 115,404**	$ 111,398	$ 111,667	**$ 100,579**	**$ 112,788**	$ 102,331	$ 108,518

Capital Ratios:	2022 Minimum Requirements Including Capital Conservation Buffer and G-SIB Surcharge[4]	2021 Minimum Requirements Including Capital Conservation Buffer and G-SIB Surcharge[4]								
Common equity tier 1 capital	**8.0 %**	8.0 %	**13.5 %**	**12.9 %**	14.3 %	14.3 %	**18.1 %**	**16.1 %**	18.4 %	17.4 %
Tier 1 capital	**9.5**	9.5	**15.3**	**14.6**	16.1	16.1	**18.1**	**16.1**	18.4	17.4
Total capital	**11.5**	11.5	**16.5**	**15.9**	17.5	17.6	**18.6**	**16.7**	19.2	18.2

[1] Other adjustments within CET1 capital primarily include the overfunded portion of our defined benefit pension plan obligation net of associated deferred tax liabilities, disallowed deferred tax assets, and other required credit risk-based deductions.

[2] Under the advanced approaches, credit risk RWA includes a CVA which reflects the risk of potential fair value adjustments for credit risk reflected in our valuation of OTC derivative contracts. We used a simple CVA approach in conformity with the Basel III advanced approaches.

[3] Under the current advanced approaches rules and regulatory guidance concerning operational risk models, RWA attributable to operational risk can vary substantially from period-to-period, without direct correlation to the effects of a particular loss event on our results of operations and financial condition and impacting dates and periods that may differ from the dates and periods as of and during which the loss event is reflected in our financial statements, with the timing and categorization dependent on the processes for model updates and, if applicable, model revalidation and regulatory review and related supervisory processes. An individual loss event can have a significant effect on the output of our operational RWA under the advanced approaches depending on the severity of the loss event and its categorization among the seven Basel-defined UOMs.

[4] Minimum requirements include a CCB of 2.5% and a SCB of 2.5% for the advanced approaches and the standardized approach, respectively, a G-SIB surcharge of 1.0% and a countercyclical buffer of 0%. On June 23, 2022, we were notified by the Federal Reserve of the results from the 2022 supervisory stress test. Our preliminary SCB calculated under the 2022 supervisory stress test was well below the 2.5% minimum, resulting in an SCB at that floor, which will go into effect starting October 1, 2022 and will run through September 30, 2023.

[NA] Not applicable

Our CET1 capital decreased $1.07 billion as of June 30, 2022, compared to December 31, 2021, primarily due to unrealized losses on AFS securities within AOCI driven by the significant increase in rates across the yield curve, partially offset by net income. Our Tier 1 capital decreased $1.07 billion as of June 30, 2022, compared to December 31, 2021, under both the advanced approaches and standardized approach, primarily due to the decrease in CET1 capital.

Our total capital decreased $1.27 billion as of June 30, 2022, compared to December 31, 2021, under both the advanced approaches and standardized approach, primarily due to the decrease in CET1 capital.

The table below presents a roll-forward of CET1 capital, Tier 1 capital and total capital for the six months ended June 30, 2022 and for the year ended December 31, 2021.

TABLE 35: CAPITAL ROLL-FORWARD

(In millions)	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021
Common equity tier 1 capital:				
Common equity tier 1 capital balance, beginning of period	**$ 15,947**	**$ 15,947**	$ 14,377	$ 14,377
Net income	**1,351**	**1,351**	2,693	2,693
Changes in treasury stock, at cost	**111**	**111**	600	600
Dividends declared	**(474)**	**(474)**	(897)	(897)
Goodwill and other intangible assets, net of associated deferred tax liabilities	**307**	**307**	84	84
Accumulated other comprehensive income (loss)	**(2,554)**	**(2,554)**	(1,320)	(1,320)
Other adjustments	**194**	**194**	410	410
Changes in common equity tier 1 capital	**(1,065)**	**(1,065)**	1,570	1,570
Common equity tier 1 capital balance, end of period	**14,882**	**14,882**	15,947	15,947
Additional tier 1 capital:				
Tier 1 capital balance, beginning of period	**17,923**	**17,923**	16,848	16,848
Changes in common equity tier 1 capital	**(1,065)**	**(1,065)**	1,570	1,570
Net issuance (redemption) of preferred stock	**—**	**—**	(495)	(495)
Changes in tier 1 capital	**(1,065)**	**(1,065)**	1,075	1,075
Tier 1 capital balance, end of period	**16,858**	**16,858**	17,923	17,923
Tier 2 capital:				
Tier 2 capital balance, beginning of period	**1,588**	**1,696**	962	1,109
Net issuance and changes in long-term debt qualifying as tier 2	**(207)**	**(207)**	627	627
Changes in adjusted allowance for credit losses	**—**	**5**	(1)	(40)
Changes in tier 2 capital	**(207)**	**(202)**	626	587
Tier 2 capital balance, end of period	**1,381**	**1,494**	1,588	1,696
Total capital:				
Total capital balance, beginning of period	**19,511**	**19,619**	17,810	17,957
Changes in tier 1 capital	**(1,065)**	**(1,065)**	1,075	1,075
Changes in tier 2 capital	**(207)**	**(202)**	626	587
Total capital balance, end of period	**$ 18,239**	**$ 18,352**	$ 19,511	$ 19,619

The following table presents a roll-forward of the Basel III advanced and standardized approaches RWA for the six months ended June 30, 2022 and for the year ended December 31, 2021.

TABLE 36: ADVANCED & STANDARDIZED APPROACHES RISK-WEIGHTED ASSETS ROLL-FORWARD

(In millions)	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021
Total risk-weighted assets, beginning of period	**$ 111,398**	**$ 111,667**	$ 109,705	$ 117,080
Changes in credit risk-weighted assets:				
Net increase (decrease) in investment securities-wholesale	**(3,904)**	**(2,796)**	(476)	(707)
Net increase (decrease) in loans	**(2,251)**	**(2,292)**	2,017	946
Net increase (decrease) in securitization exposures	**82**	**78**	(404)	(489)
Net increase (decrease) in repo-style transaction exposures	**(964)**	**(6,773)**	(440)	(1,658)
Net increase (decrease) in over-the-counter derivatives exposures[1]	**2,848**	**11,658**	(1,353)	(863)
Net increase (decrease) in all other[2]	**3,713**	**4,137**	1,024	(2,567)
Net increase (decrease) in credit risk-weighted assets	**(476)**	**4,012**	368	(5,338)
Net increase (decrease) in market risk-weighted assets	**(275)**	**(275)**	(75)	(75)
Net increase (decrease) in operational risk-weighted assets	**(200)**	**N/A**	1,400	N/A
Total risk-weighted assets, end of period	**$ 110,447**	**$ 115,404**	$ 111,398	$ 111,667

[1] Under the advanced approaches, includes CVA RWA.
[2] Includes assets not in a definable category, non-material portfolio, cleared transactions, other wholesale, cash and due from banks, interest-bearing deposits with banks, and equity exposures.
[NA] Not applicable

As of June 30, 2022, total advanced approaches RWA decreased $0.95 billion compared to December 31, 2021, mainly driven by a decrease in credit risk RWA. The decrease in credit risk RWA was primarily driven by a net decrease in wholesale investment securities and loans RWA, partially offset by an increase in all other and OTC derivatives RWA.

As of June 30, 2022, total standardized approach RWA increased $3.74 billion compared to December 31, 2021, mainly driven by an increase in credit risk RWA. The increase in credit risk RWA was primarily driven by the implementation of SA-CCR, as expected, which was partially offset by lower repo-style transactions RWA.

The regulatory capital ratios as of June 30, 2022, presented in Table 34: Regulatory Capital Structure and Related Regulatory Capital Ratios, are calculated under the advanced approaches and standardized approach in conformity with the Basel III final rule. The advanced approaches-based ratios reflect calculations and determinations with respect to our capital and related matters as of June 30, 2022, based on our and external data, quantitative formulae, statistical models, historical correlations and assumptions, collectively referred to as "advanced systems," in effect and used by us for those purposes as of the time we first reported such ratios in a quarterly report on Form 10-Q or an annual report on Form 10-K. Significant components of these advanced systems involve the exercise of judgment by us and our regulators, and our advanced systems may not, individually or collectively, precisely represent or calculate the scenarios, circumstances, outputs or other results for which they are designed or intended.

Our advanced systems are subject to update and periodic revalidation in response to changes in our business activities and our historical experiences, forces and events experienced by the market broadly or by individual financial institutions, changes in regulations and regulatory interpretations and other factors, and are also subject to continuing regulatory review and approval. For example, a significant operational loss experienced by another financial institution, even if we do not experience a related loss, could result in a material change in the output of our advanced systems and a corresponding material change in our risk exposures, our total RWA and our capital ratios compared to prior periods. An operational loss that we experience could also result in a material change in our capital requirements for operational risk under the advanced approaches, depending on the severity of the loss event, its characterization among the seven Basel-defined UOM, and the stability of the distributional approach for a particular UOM, and without direct correlation to the effects of the loss event, or the timing of such effects, on our results of operations.

Due to the influence of changes in these advanced systems, whether resulting from changes in data inputs, regulation or regulatory supervision or interpretation, specific to us or market activities or experiences or other updates or factors, we expect that our advanced systems and our capital ratios calculated in conformity with the Basel III final rule will change and may be volatile over time, and that those latter changes or volatility could be material as calculated and measured from period to period. The full effects of the Basel III final rule on us and State Street Bank are therefore subject to further evaluation and also to further regulatory guidance, action or rule-making.

Tier 1 and Supplementary Leverage Ratios

We are subject to a minimum Tier 1 leverage ratio and a supplementary leverage ratio. The Tier 1 leverage ratio is based on Tier 1 capital and adjusted quarterly average on-balance sheet assets. The Tier 1 leverage ratio differs from the SLR primarily in that the denominator of the Tier 1 leverage ratio is a quarterly average of on-balance sheet assets, while the SLR additionally includes off-balance sheet exposures. We must maintain a minimum Tier 1 leverage ratio of 4%.

We are also subject to a minimum SLR of 3%, and as a U.S. G-SIB, we must maintain a 2% SLR buffer in order to avoid any limitations on distributions to shareholders and discretionary bonus payments to certain executives. If we do not maintain this buffer, limitations on these distributions and discretionary bonus payments would be increasingly stringent based upon the extent of the shortfall.

TABLE 37: TIER 1 AND SUPPLEMENTARY LEVERAGE RATIOS

(Dollars in millions)	June 30, 2022	December 31, 2021
State Street:		
Tier 1 capital	**$ 16,858**	$ 17,923
Average assets	**291,435**	303,007
Less: adjustments for deductions from tier 1 capital and other	**(8,909)**	(9,440)
Adjusted average assets for tier 1 leverage ratio	**282,526**	293,567
Additional SLR exposure	**44,486**	32,985
Adjustments for deductions of qualifying central bank deposits	**(72,383)**	(84,113)
Total assets for SLR	**$ 254,629**	$ 242,439
Tier 1 leverage ratio	**6.0 %**	6.1 %
Supplementary leverage ratio	**6.6**	7.4
State Street Bank:		
Tier 1 capital	**$ 18,174**	$ 18,845
Average assets	**288,139**	299,379
Less: adjustments for deductions from tier 1 capital and other	**(8,474)**	(8,976)
Adjusted average assets for tier 1 leverage ratio	**279,665**	290,403
Additional SLR exposure	**44,628**	32,985
Adjustments for deductions of qualifying central bank deposits	**(72,383)**	(84,113)
Total assets for SLR	**$ 251,910**	$ 239,275
Tier 1 leverage ratio	**6.5 %**	6.5 %
Supplementary leverage ratio	**7.2**	7.9

Total Loss-Absorbing Capacity (TLAC)

The Federal Reserve's final rule on TLAC, LTD and clean holding company requirements for U.S. domiciled G-SIBs, such as us, is intended to improve the resiliency and resolvability of certain U.S. banking organizations through enhanced prudential standards, and requires us, among other things, to comply with minimum requirements for external TLAC (combined eligible tier 1 regulatory capital and LTD) and LTD. Specifically, we must hold:

	Amount equal to:
TLAC	Greater of: • 21.5% of total RWA (18.0% minimum plus 2.5% plus a G-SIB surcharge calculated for these purposes under Method 1 of 1.0% plus any applicable counter- cyclical buffer, which is currently 0%); and • 9.5% of total leverage exposure (7.5% minimum plus the SLR buffer of 2.0%), as defined by the SLR final rule.
Qualifying external LTD	Greater of: • 7.0% of RWA (6.0% minimum plus a G-SIB surcharge calculated for these purposes under method 2 of 1.0%); and • 4.5% of total leverage exposure, as defined by the SLR final rule.

As of April 1, 2020, the TLAC and LTD requirements calibrated to the SLR denominator reflect the deduction of certain central bank balances as prescribed by the regulatory relief implemented under EGRRCPA.

The following table presents external TLAC and external LTD as of June 30, 2022:

TABLE 38: TOTAL LOSS-ABSORBING CAPACITY

	As of June 30, 2022			
(Dollars in millions)	**Actual**		**Requirement**	
Total loss-absorbing capacity				
Risk-weighted assets	**$ 29,261**	**25.4 %**	**$ 24,812**	**21.5 %**
Supplemental leverage ratio	**29,261**	**11.5**	**24,190**	**9.5**
Long-term debt:				
Risk-weighted assets	**11,903**	**10.3**	**8,078**	**7.0**
Supplemental leverage ratio	**11,903**	**4.7**	**11,458**	**4.5**

Regulatory Developments

In April 2018, the Federal Reserve issued a proposed rule which would replace the current 2.0% SLR buffer for G-SIBs, with a buffer equal to 50% of their G-SIB surcharge. This proposal would also make conforming modifications to our TLAC and eligible LTD requirements applicable to G-SIBs. At this point in time, it is unclear whether this proposal will be implemented as proposed.

In November 2019, the Federal Reserve and other U.S. federal banking agencies issued a final rule that, among other things, implemented the standardized approach for counterparty credit risk (SA-CCR), a methodology for calculating the exposure amount for derivative contracts. Under the final rule, which became effective on January 1, 2022, we have the option to use the SA-CCR or the Internal Model Methodology (IMM) to measure the exposure amount of our cleared and uncleared derivative transactions under our advanced approaches calculation. We have elected to use the SA-CCR for purposes of our advanced approaches capital calculations. We are required to determine the amount of these exposures using the SA-CCR under our standardized approach capital calculation. Additionally, we have to apply a revised formula to determine the RWA amount of our central counterparty default fund contributions.

On March 4, 2020, the U.S. federal banking agencies issued the SCB final rule that replaces, under the standardized approach, the capital conservation buffer (2.5%) with a SCB calculated as the difference between an institution's starting and lowest projected CET1 ratio under the CCAR severely adverse scenario plus planned common stock dividend payments (as a percentage of RWA) from the fourth through seventh quarter of the CCAR planning horizon. Based on our results from the 2021 supervisory stress test, our SCB for the period of October 1, 2021 through September 2022 is set at the minimum of 2.5% of RWA.

The Federal Reserve and other U.S. federal banking agencies issued an interim final rule effective in March 2020 and later finalized on a permanent basis on August 26, 2020, which revised the definition of eligible retained income for all U.S. banking organizations. The revised definition of eligible retained income makes any automatic limitations on capital distributions, where a banking organization's regulatory ratios were to decline below the respective minimum requirements, take effect on a more gradual basis.

On March 27, 2020, the BCBS announced the deferral of the implementation of the revisions to the Basel III framework to January 1, 2023. As of now, the U.S. federal banking agencies have not formally proposed the implementation of the BCBS revisions.

Effective April 1, 2020, the Federal Reserve and other U.S. federal banking agencies adopted a final rule as part of EGRRCPA that establishes a deduction for qualifying central bank deposits from a custodial banking organization's total leverage exposure equal to the lesser of (i) the total amount of funds the custodial banking organization and its consolidated subsidiaries have on deposit at qualifying central banks and (ii) the total amount of client funds on deposit at the custodial banking organization that are linked to fiduciary or custodial and safekeeping accounts. For the quarter ended June 30, 2022, we deducted $72.4 billion of average balances held on deposit at central banks from the denominator used in the calculation of our SLR, based on this custodial banking deduction.

On October 20, 2020, the Federal Reserve and other U.S. federal banking agencies issued a final rule that requires us and State Street Bank to make certain deductions from regulatory capital for investments in certain unsecured debt instruments, including eligible LTD under the TLAC rule, issued by the Parent Company and other U.S. and foreign G-SIBs. The final rule became effective on April 1, 2021.

Our current SCB requirement is 2.5% for the period from October 1, 2021 through September 30, 2022. On June 23, 2022, we were notified by the Federal Reserve of the results from the 2022 supervisory stress test. Our preliminary SCB calculated under the 2022 supervisory stress test was well below the 2.5% minimum, resulting in an SCB at that floor, which will go into effect starting October 1, 2022 and will run through September 30, 2023.

For additional information about our capital, refer to pages 113 to 121 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2021 Form 10-K.

Capital Actions

Preferred Stock

The following table summarizes selected terms of each of the series of the preferred stock issued and outstanding as of June 30, 2022:

TABLE 39: PREFERRED STOCK ISSUED AND OUTSTANDING

Preferred Stock[1]:	Issuance Date	Depositary Shares Issued	Amount outstanding (In millions)	Ownership Interest Per Depositary Share	Liquidation Preference Per Share	Liquidation Preference Per Depositary Share	Per Annum Dividend Rate	Dividend Payment Frequency	Carrying Value as of June 30, 2022 (In millions)	Redemption Date[2]
Series D	February 2014	30,000,000	$ 750	1/4,000th	$ 100,000	$ 25	5.9% to but excluding March 15, 2024, then a floating rate equal to the three-month LIBOR plus 3.108%	Quarterly: March, June, September and December	$ 742	March 15, 2024
Series F[3]	May 2015	250,000	250	1/100th	100,000	1,000	5.25% to but excluding September 15, 2020, then a floating rate equal to the three-month LIBOR plus 3.597%, or 5.426% effective June 15, 2022	Quarterly: March, June, September and December	247	September 15, 2020
Series G	April 2016	20,000,000	500	1/4,000th	100,000	25	5.35% to but excluding March 15, 2026, then a floating rate equal to the three-month LIBOR plus 3.709%	Quarterly: March, June, September and December	493	March 15, 2026
Series H	September 2018	500,000	500	1/100th	100,000	1,000	5.625% to but excluding December 15, 2023, then a floating rate equal to the three-month LIBOR plus 2.539%	Semi-annually: June and December	494	December 15, 2023

[1] The preferred stock and corresponding depositary shares may be redeemed at our option in whole, but not in part, prior to the redemption date upon the occurrence of a regulatory capital treatment event, as defined in the certificate of designation, at a redemption price equal to the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

[2] On the redemption date, or any dividend payment date thereafter, the preferred stock and corresponding depositary shares may be redeemed by us, in whole or in part, at the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

[3] Series F preferred stock is redeemable on September 15, 2020 and on each succeeding dividend payment date.

The following tables present the dividends declared for each of the series of preferred stock issued and outstanding for the periods indicated:

TABLE 40: PREFERRED STOCK DIVIDENDS

	Three Months Ended June 30,					
	2022			2021		
(Dollars in millions, except per share amounts)	Dividends Declared per Share	Dividends Declared per Depositary Share	Total	Dividends Declared per Share	Dividends Declared per Depositary Share	Total
Preferred Stock:						
Series D	**$ 1,475**	**$ 0.37**	**$ 11**	$ 1,475	$ 0.37	$ 11
Series F	**1,130**	**11.30**	**3**	966	9.66	2
Series G	**1,338**	**0.33**	**7**	1,338	0.33	7
Series H	**2,813**	**28.13**	**14**	2,813	28.13	14
Total			**$ 35**			$ 34

	Six Months Ended June 30,					
	2022			2021		
(Dollars in millions, except per share amounts)	Dividends Declared per Share	Dividends Declared per Depositary Share	Total	Dividends Declared per Share	Dividends Declared per Depositary Share	Total
Preferred Stock:						
Series D	**$ 2,950**	**$ 0.74**	**$ 22**	$ 2,950	$ 0.74	$ 22
Series F	**2,080**	**20.80**	**5**	1,919	19.19	9
Series G	**2,676**	**0.66**	**14**	2,676	0.66	14
Series H	**2,813**	**28.13**	**14**	2,813	28.13	14
Total			**$ 55**			$ 59

Common Stock

In September 2021, we completed a public offering of approximately 21.7 million shares of our common stock. The offering price was $87.60 per share and net proceeds totaled approximately $1.9 billion. We expect to use these net proceeds to finance our proposed acquisition of the BBH Investor Services business.

In December 2020, the Federal Reserve issued results of 2020 resubmission stress tests and authorized us to continue to pay common stock dividends at current levels and to resume repurchasing common shares in the first quarter of 2021. In January 2021, our Board authorized a common share repurchase program for the repurchase of up to $475 million of our common stock through March 31, 2021. We repurchased $475 million of our common stock in the first quarter of 2021. In April 2021, our Board authorized a common share repurchase program for the repurchase of up to $425 million of our common stock through June 30, 2021, in compliance with the limit set by the Federal Reserve. We repurchased $425 million of our common stock in the second quarter of 2021. In July 2021, our Board authorized a share repurchase program for the repurchase of up to $3.0 billion of our common stock through the end of 2022.

In connection with our proposed acquisition of the BBH Investor Services business, we did not repurchase any common stock during the last half of 2021, as well as during the first half of 2022. In June 2022, we announced our intention to resume our common share repurchases during the fourth quarter of 2022 in an amount reflecting interest rate levels and market conditions at that time. Additionally, in July 2022, we declared third quarter common stock dividends of $0.63 per share, representing a 10% increase on a per share basis from both the third quarter 2021 and second quarter of 2022.

The table below presents the activity under our common share repurchase program for the periods indicated:

TABLE 41: SHARES REPURCHASED

Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)	Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)
5.0	$ 84.71	$ 425	11.2	$ 80.00	$ 900

The table below presents the dividends declared on common stock for the periods indicated:

TABLE 42: COMMON STOCK DIVIDENDS

	Three Months Ended June 30,			
	2022		2021	
	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)
Common Stock	**$ 0.57**	**$ 210**	$ 0.52	$ 179

	Six Months Ended June 30,			
	2022		2021	
	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)
Common Stock	**$ 1.14**	**$ 419**	$ 1.04	$ 361

Federal and state banking regulations place certain restrictions on dividends paid by subsidiary banks to the parent holding company. In addition, banking regulators have the authority to prohibit bank holding companies from paying dividends. For information concerning limitations on dividends from our subsidiary banks, refer to pages 54 to 56 in "Related Stockholder Matters" included under Item 5, Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, in our 2021 Form 10-K, and to pages 169 to 171 in Note 15 to the consolidated financial statements included under Item 8. Our common stock and preferred stock dividends, including the declaration, timing and amount thereof, are subject to consideration and approval by the Board at the relevant times.

Stock purchases may be made using various types of transactions, including open-market purchases, accelerated share repurchases or other transactions off the market, and may be made under Rule 10b5-1 trading programs. The timing and amount of any stock purchases and the type of transaction will depend on several factors, including our capital position and financial performance, investment opportunities, market conditions and the amount of common stock issued as part of employee compensation programs. The common share repurchase program does not have specific price targets and may be suspended at any time.

OFF-BALANCE SHEET ARRANGEMENTS

On behalf of clients enrolled in our securities lending program, we lend securities to banks, broker/dealers and other institutions. In most circumstances, we indemnify our clients for the fair market value of those securities against a failure of the borrower to return such securities. Though these transactions are collateralized, the substantial volume of these activities necessitates detailed credit-based underwriting and monitoring processes. The aggregate amount of indemnified securities on loan totaled $345.24 billion and $385.74 billion as of June 30, 2022 and December 31, 2021, respectively. We require the borrower to provide collateral in an amount in excess of 100% of the fair market value of the securities borrowed. We hold the collateral received in connection with these securities lending services as agent, and the collateral is not recorded in our consolidated statement of condition. We revalue the securities on loan and the collateral daily to determine if additional collateral is necessary or if excess collateral is required to be returned to the borrower. We held, as agent, cash and securities totaling $361.38 billion and $404.12 billion as collateral for indemnified securities on loan as of June 30, 2022 and December 31, 2021, respectively.

The cash collateral held by us as agent is invested on behalf of our clients. In certain cases, the cash collateral is invested in third-party repurchase agreements, for which we indemnify the client against loss of the principal invested. We require the counterparty to the indemnified repurchase agreement to provide collateral in an amount in excess of 100% of the amount of the repurchase agreement. In our role as agent, the indemnified repurchase agreements and the related collateral held by us are not recorded in our consolidated statement of condition. Of the collateral of $361.38 billion and $404.12 billion, referenced above, $64.18 billion and $61.56 billion was invested in indemnified repurchase agreements as of June 30, 2022 and December 31, 2021, respectively. We or our agents held $69.17 billion and $67.01 billion as collateral for indemnified investments in repurchase agreements as of June 30, 2022 and December 31, 2021, respectively.

Additional information about our securities finance activities and other off-balance sheet arrangements is provided in Notes 7, 9 and 11 to the consolidated financial statements in this Form 10-Q.

RECENT ACCOUNTING DEVELOPMENTS

Information with respect to recent accounting developments is provided in Note 1 to the consolidated financial statements in this Form 10-Q.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information provided under “Market Risk Management” in "Financial Condition" in our Management's Discussion and Analysis in this Form 10-Q, is incorporated by reference herein.

For more information on our market risk refer to pages 103 to 110 included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2021 Form 10-K.

CONTROLS AND PROCEDURES

We have established and maintain disclosure controls and procedures that are designed to ensure that information related to us and our subsidiaries on a consolidated basis required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. For the quarter ended June 30, 2022, our management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

We have established and maintain internal control over financial reporting as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in conformity with U.S. GAAP. In the ordinary course of business, we routinely enhance our internal controls and procedures for financial reporting by either upgrading our current systems or implementing new systems. Changes have been made and may be made to our internal controls and procedures for financial reporting as a result of these efforts. During the quarter ended June 30, 2022, no change occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

(Dollars in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Fee revenue:				
Servicing fees	**$ 1,297**	$ 1,394	**$ 2,665**	$ 2,763
Management fees	**490**	504	**1,010**	997
Foreign exchange trading services	**331**	286	**690**	632
Securities finance	**107**	109	**203**	208
Software and processing fees	**188**	211	**389**	371
Other fee revenue	**(43)**	10	**(14)**	26
Total fee revenue	**2,370**	2,514	**4,943**	4,997
Net interest income:				
Interest income	**704**	467	**1,225**	938
Interest expense	**120**	—	**132**	4
Net interest income	**584**	467	**1,093**	934
Other income:				
Gains (losses) related to investment securities, net	**(1)**	—	**(2)**	—
Other income	**—**	53	**—**	53
Total other income (loss)	**(1)**	53	**(2)**	53
Total revenue	**2,953**	3,034	**6,034**	5,984
Provision for credit losses	**10**	(15)	**10**	(24)
Expenses:				
Compensation and employee benefits	**1,046**	1,077	**2,278**	2,319
Information systems and communications	**392**	398	**815**	819
Transaction processing services	**240**	263	**504**	533
Occupancy	**96**	100	**191**	209
Acquisition and restructuring costs	**12**	11	**21**	21
Amortization of other intangible assets	**60**	63	**121**	121
Other	**262**	199	**505**	421
Total expenses	**2,108**	2,111	**4,435**	4,443
Income before income tax expense	**835**	938	**1,589**	1,565
Income tax expense	**88**	175	**238**	283
Net income	**$ 747**	$ 763	**$ 1,351**	$ 1,282
Net income available to common shareholders	**$ 712**	$ 728	**$ 1,295**	$ 1,217
Earnings per common share:				
Basic	**$ 1.94**	$ 2.11	**$ 3.53**	$ 3.49
Diluted	**1.91**	2.07	**3.48**	3.44
Average common shares outstanding (in thousands):				
Basic	**367,375**	345,889	**366,961**	348,303
Diluted	**372,123**	351,582	**372,080**	353,434
Cash dividends declared per common share	**$ .57**	$ .52	**$ 1.14**	$ 1.04

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

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

(In millions)	Three Months Ended June 30, 2022	2021
Net income	**$ 747**	$ 763
Other comprehensive income (loss), net of related taxes:		
Foreign currency translation, net of related taxes of $53 and ($8), respectively	**(446)**	49
Net unrealized losses on available-for-sale securities, net of reclassification adjustment and net of related taxes of ($233) and ($14), respectively	**(618)**	(35)
Net unrealized gains (losses) on available-for-sale securities designated in fair value hedges, net of related taxes of $42 and ($5), respectively	**113**	(16)
Net unrealized losses on cash flow hedges, net of related taxes of ($17) and ($4), respectively	**(40)**	(4)
Net unrealized gains on retirement plans, net of related taxes of $1 and $1, respectively	**2**	2
Other comprehensive loss	**(989)**	(4)
Total comprehensive income (loss)	**$ (242)**	$ 759

(In millions)	Six Months Ended June 30, 2022	2021
Net income	**$ 1,351**	$ 1,282
Other comprehensive income (loss), net of related taxes:		
Foreign currency translation, net of related taxes of $63 and $45, respectively	**(544)**	(151)
Net unrealized losses on available-for-sale securities, net of reclassification adjustment and net of related taxes of ($764) and ($175), respectively	**(2,063)**	(460)
Net unrealized gains (losses) on available-for-sale securities designated in fair value hedges, net of related taxes of $99 and ($1), respectively	**270**	(4)
Net unrealized losses on cash flow hedges, net of related taxes of ($89) and ($4), respectively	**(234)**	(4)
Net unrealized gains on retirement plans, net of related taxes of $7 and $4, respectively	**17**	10
Other comprehensive loss	**(2,554)**	(609)
Total comprehensive income (loss)	**$ (1,203)**	$ 673

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

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CONDITION

(Dollars in millions, except per share amounts)	June 30, 2022 (UNAUDITED)	December 31, 2021
Assets:		
Cash and due from banks	**$ 3,515**	$ 3,631
Interest-bearing deposits with banks	**91,360**	106,358
Securities purchased under resale agreements	**5,203**	3,012
Trading account assets	**728**	758
Investment securities available-for-sale (less allowance for credit losses of $2 and $2)	**45,454**	73,399
Investment securities held-to-maturity (less allowance for credit losses of $0 and $0) (fair value of $60,103 and $42,271)	**64,261**	42,430
Loans (less allowance for credit losses on loans of $95 and $87)	**33,470**	32,445
Premises and equipment (net of accumulated depreciation of $5,652 and $5,391)	**2,240**	2,261
Accrued interest and fees receivable	**3,403**	3,278
Goodwill	**7,465**	7,621
Other intangible assets	**1,654**	1,816
Other assets	**41,470**	37,615
Total assets	**$ 300,223**	$ 314,624
Liabilities:		
Deposits:		
Non-interest-bearing	**$ 55,062**	$ 56,461
Interest-bearing - U.S.	**107,262**	102,985
Interest-bearing - non-U.S.	**79,589**	95,589
Total deposits	**241,913**	255,035
Securities sold under repurchase agreements	**951**	1,575
Other short-term borrowings	**73**	128
Accrued expenses and other liabilities	**17,989**	17,048
Long-term debt	**13,530**	13,475
Total liabilities	**274,456**	287,261
Commitments, guarantees and contingencies (Notes 9 and 10)		
Shareholders' equity:		
Preferred stock, no par, 3,500,000 shares authorized:		
Series D, 7,500 shares issued and outstanding	**742**	742
Series F, 2,500 shares issued and outstanding	**247**	247
Series G, 5,000 shares issued and outstanding	**493**	493
Series H, 5,000 shares issued and outstanding	**494**	494
Common stock, $1 par, 750,000,000 shares authorized:		
503,879,642 and 503,879,642 shares issued, and 367,619,353 and 365,982,820 shares outstanding	**504**	504
Surplus	**10,757**	10,787
Retained earnings	**26,115**	25,238
Accumulated other comprehensive income (loss)	**(3,687)**	(1,133)
Treasury stock, at cost (136,260,289 and 137,896,822 shares)	**(9,898)**	(10,009)
Total shareholders' equity	**25,767**	27,363
Total liabilities and shareholders' equity	**$ 300,223**	$ 314,624

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

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(Dollars in millions, except per share amounts, shares in thousands)	Preferred Stock	Common Stock Shares	Common Stock Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Total
Balance at December 31, 2020	$ 2,471	503,880	$ 504	$ 10,205	$ 23,442	$ 187	150,723	$ (10,609)	$ 26,200
Net income					519				519
Other comprehensive income (loss)						(605)			(605)
Preferred stock redeemed	(495)				(5)				(500)
Cash dividends declared:									
Common stock - $0.52 per share					(182)				(182)
Preferred stock					(25)				(25)
Common stock acquired							6,233	(475)	(475)
Common stock awards exercised				22			(1,111)	49	71
Other					2		2		2
Balance at March 31, 2021	$ 1,976	503,880	$ 504	$ 10,227	$ 23,751	$ (418)	155,847	$ (11,035)	$ 25,005
Net income					763				763
Other comprehensive income (loss)						(4)			(4)
Cash dividends declared:									
Common stock -$0.52 per share					(179)				(179)
Preferred stock					(34)				(34)
Common stock acquired							5,017	(425)	(425)
Common stock awards exercised				19			(487)	23	42
Other					(1)				(1)
Balance at June 30, 2021	$ 1,976	503,880	$ 504	$ 10,246	$ 24,300	$ (422)	160,377	$ (11,437)	$ 25,167
Balance at December 31, 2021	$ 1,976	503,880	$ 504	$ 10,787	$ 25,238	$ (1,133)	137,897	$ (10,009)	27,363
Net income					604				604
Other comprehensive income (loss)						(1,565)			(1,565)
Cash dividends declared:									
Common stock - $0.57 per share					(209)				(209)
Preferred stock					(20)				(20)
Common stock awards exercised				(11)			(1,132)	77	66
Other				(14)	(1)		—		(15)
Balance at March 31, 2022	$ 1,976	503,880	$ 504	$ 10,762	$ 25,612	$ (2,698)	136,765	$ (9,932)	$ 26,224
Net income					**747**				**747**
Other comprehensive income (loss)						**(989)**			**(989)**
Cash dividends declared:									
Common stock - $0.57 per share					**(210)**				**(210)**
Preferred stock					**(35)**				**(35)**
Common stock awards exercised				**(5)**			**(505)**	**34**	**29**
Other					**1**				**1**
Balance at June 30, 2022	**$ 1,976**	**503,880**	**$ 504**	**$ 10,757**	**$ 26,115**	**$ (3,687)**	**136,260**	**$ (9,898)**	**$ 25,767**

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

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(In millions)	Six Months Ended June 30, 2022	2021
Operating Activities:		
Net income	$ 1,351	$ 1,282
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax (benefit)	57	(15)
Amortization of other intangible assets	121	121
Other non-cash adjustments for depreciation, amortization and accretion, net	420	700
Losses (gains) related to investment securities, net	2	—
Provision for credit losses	10	(24)
Change in trading account assets, net	30	94
Change in accrued interest and fees receivable, net	(125)	(254)
Change in collateral deposits, net	1,859	(6,520)
Change in unrealized losses (gains) on foreign exchange derivatives, net	(5,277)	(7,471)
Change in other assets, net	(435)	(1,444)
Change in accrued expenses and other liabilities, net	2,177	1,971
Other, net	261	235
Net cash provided by (used in) operating activities	451	(11,325)
Investing Activities:		
Net decrease in interest-bearing deposits with banks	14,999	3,613
Net (increase) in securities purchased under resale agreements	(2,192)	(891)
Proceeds from sales of available-for-sale securities	4,492	6,854
Proceeds from maturities of available-for-sale securities	10,177	11,090
Purchases of available-for-sale securities	(13,899)	(28,565)
Proceeds from maturities of held-to-maturity securities under the MMLF program	—	3,299
Proceeds from maturities of held-to-maturity securities	5,921	7,886
Purchases of held-to-maturity securities	(4,402)	(3,070)
Sale of loans	1,565	40
Net (increase) in loans	(2,985)	(2,819)
Business acquisitions, net of cash acquired	—	(257)
Divestitures	—	13
Purchases of equity investments and other long-term assets	(167)	(106)
Purchases of premises and equipment, net	(320)	(359)
Other, net	57	184
Net cash provided by (used in) investing activities	13,246	(3,088)
Financing Activities:		
Net (decrease) in time deposits	(1,238)	(1,542)
Net (decrease) increase in all other deposits	(11,884)	25,724
Net (decrease) in securities sold under repurchase agreements	(624)	(2,756)
Net (decrease) in short-term borrowings under money market liquidity facility	—	(3,302)
Net (decrease) in other short-term borrowings	(55)	(51)
Proceeds from issuance of long-term debt, net of issuance costs	1,989	844
Payments for long-term debt and obligations under finance leases	(1,527)	(1,522)
Payments for redemption of preferred stock	—	(500)
Repurchases of common stock	—	(900)
Repurchases of common stock for employee tax withholding	—	(6)
Payments for cash dividends	(474)	(424)
Net cash (used in) provided by financing activities	(13,813)	15,565
Net (decrease) increase	(116)	1,152
Cash and due from banks at beginning of period	3,631	3,467
Cash and due from banks at end of period	$ 3,515	$ 4,619

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

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accounting and financial reporting policies of State Street Corporation conform to U.S. GAAP. State Street Corporation, the Parent Company, is a financial holding company headquartered in Boston, Massachusetts. Unless otherwise indicated or unless the context requires otherwise, all references in these notes to consolidated financial statements to "State Street," "we," "us," "our" or similar references mean State Street Corporation and its subsidiaries on a consolidated basis, including our principal banking subsidiary, State Street Bank.

The accompanying consolidated financial statements should be read in conjunction with the financial and risk factor information included in our 2021 Form 10-K, which we previously filed with the SEC.

The consolidated financial statements accompanying these condensed notes are unaudited. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the consolidated results of operations in these financial statements, have been made. Certain previously reported amounts presented in this Form 10-Q have been reclassified to conform to current-period presentation. Events occurring subsequent to the date of our consolidated statement of condition were evaluated for potential recognition or disclosure in our consolidated financial statements through the date we filed this Form 10-Q with the SEC.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions in the application of certain of our significant accounting policies that may materially affect the reported amounts of assets, liabilities, equity, revenue and expenses. As a result of unanticipated events or circumstances, actual results could differ from those estimates. These accounting estimates reflect the best judgment of management, but actual results could differ.

Our consolidated statement of condition as of December 31, 2021 included in the accompanying consolidated financial statements was derived from the audited financial statements as of that date, but does not include all notes required by U.S. GAAP for a complete set of consolidated financial statements.

In September 2021, we announced that we had entered into a definitive agreement to acquire the BBH Investor Services business for $3.5 billion in cash.

Recent Accounting Developments

In March 2022, the SEC staff released Staff Accounting Bulletin No. 121 (SAB 121). SAB 121 expresses the views of the SEC staff regarding the accounting for obligations to safeguard crypto-assets. The guidance requires an entity that has obligations to safeguard crypto-assets held for their platform users to recognize a liability on its balance sheet, along with a corresponding asset, and provide extensive disclosures on the nature and amount of crypto-assets under custody. This guidance was adopted in the second quarter of 2022 and had no financial statement impact. We continue to evaluate the potential impact of the guidance on State Street Digital products and services currently in development.

We did not adopt any other new accounting standards in the second quarter of 2022 that had a material impact to our financial statements.

Relevant standards that were recently issued but not yet adopted

Standard	Description	Date of Adoption	Effects on the financial statements or other significant matters
ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	The standard addresses two topics: 1) eliminates the accounting guidance for TDRs, now requiring an entity to determine whether a modification results in a new loan or a continuation of an existing loan, as well as expanding disclosures related to modifications and 2) requires disclosure of current period gross write-offs of financing receivables within the vintage disclosures table.	January 1, 2023, early adoption permitted	We do not expect the new standard to have a significant impact as, to date, no loans have been modified in troubled debt restructurings and write-offs of financing receivables are insignificant.
ASU 2022-01, Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method	The standard makes targeted amendments to 1) expand the existing last-of-layer method to allow multiple hedging layers of a single closed portfolio (now renamed portfolio layer method), 2) expand the scope of the portfolio layer method to include nonprepayable financial assets, 3) clarify which hedging instruments are eligible for designation in a portfolio layer hedge, 4) provide additional guidance on the accounting for, and disclosure of, hedge basis adjustments that are applicable to the portfolio layer method and 5) define how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.	January 1, 2023, early adoption permitted	We are currently evaluating the impact of the new standard and the early adoption provisions.

Note 2. Fair Value

Fair Value Measurements

We carry trading account assets and liabilities, AFS debt securities, certain equity securities and various types of derivative financial instruments, at fair value in our consolidated statement of condition on a recurring basis. Changes in the fair values of these financial assets and liabilities are recorded either as components of our consolidated statement of income or as components of AOCI within shareholders' equity in our consolidated statement of condition.

We measure fair value for the above-described financial assets and liabilities in conformity with U.S. GAAP that governs the measurement of the fair value of financial instruments. Management believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of U.S. GAAP. We categorize the financial assets and liabilities that we carry at fair value based on a prescribed three-level valuation hierarchy. For information about our valuation techniques for financial assets and financial liabilities measured at fair value and the fair value hierarchy, refer to pages 137 to 143 in Note 2 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following tables present information with respect to our financial assets and liabilities carried at fair value in our consolidated statement of condition on a recurring basis as of the dates indicated:

(In millions)	Fair Value Measurements on a Recurring Basis As of June 30, 2022				
	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Impact of Netting[1]	Total Net Carrying Value in Consolidated Statement of Condition
Assets:					
Trading account assets:					
U.S. government securities	$ 39	$ —	$ —		$ 39
Non-U.S. government securities	—	131	—		131
Other	—	558	—		558
Total trading account assets	39	689	—		728
Available-for-sale investment securities:					
U.S. Treasury and federal agencies:					
Direct obligations	9,411	—	—		9,411
Mortgage-backed securities	—	10,271	—		10,271
Total U.S. Treasury and federal agencies	9,411	10,271	—		19,682
Non-U.S. debt securities:					
Mortgage-backed securities	—	1,959	—		1,959
Asset-backed securities	—	1,876	—		1,876
Non-U.S. sovereign, supranational and non-U.S. agency	—	14,927	—		14,927
Other	—	2,204	—		2,204
Total non-U.S. debt securities	—	20,966	—		20,966
Asset-backed securities:					
Student loans	—	150	—		150
Collateralized loan obligations	—	2,334	—		2,334
Non-agency CMBS and RMBS[2]	—	195	—		195
Other	—	89	—		89
Total asset-backed securities	—	2,768	—		2,768
State and political subdivisions	—	1,034	—		1,034
Other U.S. debt securities	—	1,004	—		1,004
Total available-for-sale investment securities	9,411	36,043	—		45,454
Other assets:					
Derivative instruments:					
Foreign exchange contracts	3	23,615	15	$ (14,168)	9,465
Interest rate contracts	11	—	—	—	11
Total derivative instruments	14	23,615	15	(14,168)	9,476
Other	12	621	—	—	633
Total assets carried at fair value	$ 9,476	$ 60,968	$ 15	$ (14,168)	$ 56,291
Liabilities:					
Accrued expenses and other liabilities:					
Derivative instruments:					
Foreign exchange contracts	$ 4	$ 23,017	$ 15	$ (17,100)	$ 5,936
Interest rate contracts	—	—	—	—	—
Other derivative contracts	—	272	—	—	272
Total derivative instruments	4	23,289	15	(17,100)	6,208
Total liabilities carried at fair value	$ 4	$ 23,289	$ 15	$ (17,100)	$ 6,208

[1] Represents counterparty netting against level 2 financial assets and liabilities where a legally enforceable master netting agreement exists between us and the counterparty. Netting also reflects asset and liability reductions of $1.73 billion and $4.66 billion, respectively, for cash collateral received from and provided to derivative counterparties.

[2] Consists entirely of non-agency CMBS.

(In millions)	Fair Value Measurements on a Recurring Basis As of December 31, 2021				
	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Impact of Netting[1]	Total Net Carrying Value in Consolidated Statement of Condition
Assets:					
Trading account assets:					
U.S. government securities	$ 39	$ —	$ —		$ 39
Non-U.S. government securities	—	134	—		134
Other	—	585	—		585
Total trading account assets	39	719	—		758
Available-for-sale investment securities:					
U.S. Treasury and federal agencies:					
Direct obligations	17,939	—	—		17,939
Mortgage-backed securities	—	18,208	—		18,208
Total U.S. Treasury and federal agencies	17,939	18,208	—		36,147
Non-U.S. debt securities:					
Mortgage-backed securities	—	1,995	—		1,995
Asset-backed securities	—	2,087	—		2,087
Non-U.S. sovereign, supranational and non-U.S. agency	—	23,547	—		23,547
Other	—	3,098	—		3,098
Total non-U.S. debt securities	—	30,727	—		30,727
Asset-backed securities:					
Student loans	—	211	—		211
Collateralized loan obligations	—	2,155	—		2,155
Non-agency CMBS and RMBS[2]	—	52	—		52
Other	—	91	—		91
Total asset-backed securities	—	2,509	—		2,509
State and political subdivisions	—	1,272	—		1,272
Other U.S. debt securities	—	2,744	—		2,744
Total available-for-sale investment securities	17,939	55,460	—		73,399
Other assets:					
Derivative instruments:					
Foreign exchange contracts	2	15,183	—	$ (11,079)	4,106
Interest rate contracts	2	—	—	—	2
Total derivative instruments	4	15,183	—	(11,079)	4,108
Other	—	667	—	—	667
Total assets carried at fair value	$ 17,982	$ 72,029	$ —	$ (11,079)	$ 78,932
Liabilities:					
Accrued expenses and other liabilities:					
Trading account liabilities:					
Derivative instruments:					
Foreign exchange contracts	1	15,824	—	(10,395)	5,430
Other derivative contracts	—	301	—	—	301
Total derivative instruments	1	16,125	—	(10,395)	5,731
Total liabilities carried at fair value	$ 1	$ 16,125	$ —	$ (10,395)	$ 5,731

[1] Represents counterparty netting against level 2 financial assets and liabilities where a legally enforceable master netting agreement exists between us and the counterparty. Netting also reflects asset and liability reductions of $1.97 billion and $1.28 billion, respectively, for cash collateral received from and provided to derivative counterparties.

[2] Consists entirely of non-agency CMBS.

The following tables present activity related to our level 3 financial assets during the three and six months ended June 30, 2022 and 2021, respectively. Transfers into and out of level 3 are reported as of the beginning of the period presented. During both the three and six months ended June 30, 2022, there were no transfers into and out of level 3. During the three months ended June 30, 2021, there were no transfers into level 3. During the six months ended June 30, 2021, transfers into level 3 were primarily related to a U.S. corporate bond, for which fair value was measured using information obtained from third party sources, including non-binding broker/dealer quotes. During the three and six months ended June 30, 2021, transfers out of level 3 were primarily related to collateralized loan obligations and a U.S. corporate bond, for which fair value was measured using prices for which observable market information became available.

	Fair Value Measurements Using Significant Unobservable Inputs Three Months Ended June 30, 2022									
		Total Realized and Unrealized Gains (Losses)[1]								
(In millions)	Fair Value as of March 31, 2022	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of June 30, 2022[1]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of June 30, 2022
Assets:										
Other assets:										
Derivative instruments:										
Foreign exchange contracts	$ 6	$ —	$ —	$ 9	$ —	$ —	$ —	$ —	$ 15	$ 2
Total derivative instruments	6	—	—	9	—	—	—	—	15	2
Total assets carried at fair value	$ 6	$ —	$ —	$ 9	$ —	$ —	$ —	$ —	$ 15	$ 2

[1] Total realized and unrealized gains (losses) on derivative instruments are included within foreign exchange trading services.

	Fair Value Measurements Using Significant Unobservable Inputs Six Months Ended June 30, 2022									
		Total Realized and Unrealized Gains (Losses)[1]								
(In millions)	Fair Value as of December 31, 2021	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of June 30, 2022[1]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of June 30, 2022
Assets:										
Other assets:										
Derivative instruments:										
Foreign exchange contracts	$ —	$ 3	$ —	$ 12	$ —	$ —	$ —	$ —	$ 15	$ 4
Total derivative instruments	—	3	—	12	—	—	—	—	15	4
Total assets carried at fair value	$ —	$ 3	$ —	$ 12	$ —	$ —	$ —	$ —	$ 15	$ 4

[1] Total realized and unrealized gains (losses) on derivative instruments are included within foreign exchange trading services.

	Fair Value Measurements Using Significant Unobservable Inputs Three Months Ended June 30, 2021									
		Total Realized and Unrealized Gains (Losses)[1]								
(In millions)	Fair Value as of March 31, 2021	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of June 30, 2021[1]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of June 30, 2021
Assets:										
Available-for-sale Investment securities:										
Asset-backed securities:										
Collateralized loan obligations	$ 106	$ —	$ —	$ —	$ —	$ —	$ —	$ (106)	$ —	
Total asset-backed securities	106	—	—	—	—	—	—	(106)	—	
Other U.S. debt securities	15	—	—	—	—	—	—	(15)	—	
Total available-for-sale investment securities	121	—	—	—	—	—	—	(121)	—	
Other assets:										
Derivative instruments:										
Foreign exchange contracts	6	(5)	—	2	—	(1)	—	—	2	$ —
Total derivative instruments	6	(5)	—	2	—	(1)	—	—	2	—
Total assets carried at fair value	$ 127	$ (5)	$ —	$ 2	$ —	$ (1)	$ —	$ (121)	$ 2	$ —

[1] Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within foreign exchange trading services.

	Fair Value Measurements Using Significant Unobservable Inputs Six Months Ended June 30, 2021									
		Total Realized and Unrealized Gains (Losses)[1]								
(In millions)	Fair Value as of December 31, 2020	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of June 30, 2021[1]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of June 30, 2021
Assets:										
Available-for-sale Investment securities:										
Asset-backed securities:										
Collateralized loan obligations	$ 14	$ —	$ —	$ 106	$ —	$ —	$ —	$ (120)	$ —	
Total asset-backed securities	14	—	—	106	—	—	—	(120)	—	
Other U.S. debt securities	—	—	—	—	—	—	15	(15)	—	
Total available-for-sale investment securities	14	—	—	106	—	—	15	(135)	—	
Other assets:										
Derivative instruments:										
Foreign exchange contracts	2	(3)	—	3	—	—	—	—	2	$ (1)
Total derivative instruments	2	(3)	—	3	—	—	—	—	2	(1)
Total assets carried at fair value	$ 16	$ (3)	$ —	$ 109	$ —	$ —	$ 15	$ (135)	$ 2	$ (1)

[1] Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within foreign exchange trading services.

The following table presents quantitative information, as of the dates indicated, about the valuation techniques and significant unobservable inputs used in the valuation of our level 3 financial assets and liabilities measured at fair value on a recurring basis for which we use internally-developed pricing models. The significant unobservable inputs for our level 3 financial assets and liabilities whose fair value is measured using pricing information from non-binding broker/dealer quotes are not included in the table, as the specific inputs applied are not provided by the broker/dealer.

	Quantitative Information about Level 3 Fair Value Measurements						
	Fair Value				Range	Weighted-Average	
(Dollars in millions)	As of June 30, 2022	As of December 31, 2021	Valuation Technique	Significant Unobservable Input[1]	As of June 30, 2022	As of June 30, 2022	As of December 31, 2021
Significant unobservable inputs readily available to State Street:							
Assets:							
Derivative Instruments, foreign exchange contracts	$ 15	$ —	Option model	Volatility	5.4 % - 19.8%	11.9 %	15.2 %
Total	$ 15	$ —					
Liabilities:							
Derivative instruments, foreign exchange contracts	$ 15	$ —	Option model	Volatility	5.4 % - 19.7%	11.9 %	14.7 %
Total	$ 15	$ —					

[1] Significant changes in these unobservable inputs may result in significant changes in fair value measurement of the derivative instrument.

Fair Value Estimates

Estimates of fair value for financial instruments not carried at fair value in our consolidated statement of condition are generally subjective in nature, and are determined as of a specific point in time based on the characteristics of the financial instruments and relevant market information.

The following tables present the reported amounts and estimated fair values of the financial assets and liabilities not carried at fair value, as they would be categorized within the fair value hierarchy, as of the dates indicated:

			Fair Value Hierarchy		
(In millions)	Reported Amount	Estimated Fair Value	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)
June 30, 2022					
Financial Assets:					
Cash and due from banks	$ 3,515	3,515	$ 3,515	$ —	$ —
Interest-bearing deposits with banks	91,360	91,360	—	91,360	—
Securities purchased under resale agreements	5,203	5,203	—	5,203	—
Investment securities held-to-maturity	64,261	60,103	11,331	48,772	—
Net loans[1]	33,470	33,209	—	31,009	2,200
Other[2]	1	1	—	1	—
Financial Liabilities:					
Deposits:					
Non-interest-bearing	$ 55,062	$ 55,062	$ —	$ 55,062	$ —
Interest-bearing - U.S.	107,262	107,262	—	107,262	—
Interest-bearing - non-U.S.	79,589	79,589	—	79,589	—
Securities sold under repurchase agreements	951	951	—	951	—
Other short-term borrowings	73	73	—	73	—
Long-term debt	13,530	12,771	—	12,633	138
Other[2]	1	1	—	1	—

[1] Includes $155 million of loans classified as held-for-sale that were measured at fair value in level 2 as of June 30, 2022.
[2] Represents a portion of underlying client assets related to our enhanced custody business, which clients have allowed us to transfer and re-pledge.

(In millions)	Reported Amount	Estimated Fair Value	Fair Value Hierarchy		
			Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)
December 31, 2021					
Financial Assets:					
Cash and due from banks	$ 3,631	$ 3,631	$ 3,631	$ —	$ —
Interest-bearing deposits with banks	106,358	106,358	—	106,358	—
Securities purchased under resale agreements	3,012	3,012	—	3,012	—
Investment securities held-to-maturity	42,430	42,271	2,160	40,111	—
Net loans[1]	32,445	32,528	—	29,862	2,666
Other[2]	1	1	—	1	—
Financial Liabilities:					
Deposits:					
Non-interest-bearing	$ 56,461	$ 56,461	$ —	$ 56,461	$ —
Interest-bearing - U.S.	102,985	102,985	—	102,985	—
Interest-bearing - non-U.S.	95,589	95,589	—	95,589	—
Securities sold under repurchase agreements	1,575	1,575	—	1,575	—
Other short-term borrowings	128	128	—	128	—
Long-term debt	13,475	13,552	—	13,385	167
Other[2]	1	1	—	1	—

[1] Includes $8 million of loans classified as held-for-sale that were measured at fair value in level 2 as of December 31, 2021.
[2] Represents a portion of underlying client assets related to our enhanced custody business, which clients have allowed us to transfer and re-pledge.

Note 3. Investment Securities

Investment securities held by us are classified as either trading account assets, AFS, HTM or equity securities held at fair value at the time of purchase and reassessed periodically, based on management's intent. For additional information on our accounting for investment securities, refer to page 144 in Note 3 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Trading assets are carried at fair value. Both realized and unrealized gains and losses on trading assets are recorded in foreign exchange trading services revenue in our consolidated statement of income. AFS securities are carried at fair value, with any allowance for credit losses recorded through the consolidated statement of income and after-tax net unrealized gains and losses are recorded in AOCI. Gains or losses realized on sales of AFS investment securities are computed using the specific identification method and are recorded in gains (losses) related to investment securities, net, in our consolidated statement of income. HTM investment securities are carried at cost, adjusted for amortization of premiums and accretion of discounts, with any allowance for credit losses recorded through the consolidated statement of income.

The following table presents the amortized cost, fair value and associated unrealized gains and losses of AFS and HTM investment securities as of the dates indicated:

	June 30, 2022				December 31, 2021			
		Gross Unrealized				Gross Unrealized		
(In millions)	Amortized Cost	Gains	Losses	Fair Value	Amortized Cost	Gains	Losses	Fair Value
Available-for-sale:								
U.S. Treasury and federal agencies:								
Direct obligations	$ 9,720	$ 12	$ 321	$ 9,411	$ 18,111	$ 24	$ 196	$ 17,939
Mortgage-backed securities	10,409	1	139	10,271	18,154	148	94	18,208
Total U.S. Treasury and federal agencies	20,129	13	460	19,682	36,265	172	290	36,147
Non-U.S. debt securities:								
Mortgage-backed securities	1,972	5	18	1,959	1,986	12	3	1,995
Asset-backed securities[1]	1,901	—	25	1,876	2,087	2	2	2,087
Non-U.S. sovereign, supranational and non-U.S. agency	15,300	1	374	14,927	23,533	114	100	23,547
Other[2]	2,358	—	154	2,204	3,113	17	32	3,098
Total non-U.S. debt securities	21,531	6	571	20,966	30,719	145	137	30,727
Asset-backed securities:								
Student loans[3]	152	—	2	150	209	2	—	211
Collateralized loan obligations[4]	2,378	—	43	2,334	2,155	2	2	2,155
Non-agency CMBS and RMBS[5]	200	—	5	195	52	—	—	52
Other	90	—	1	89	90	1	—	91
Total asset-backed securities	2,820	—	51	2,768	2,506	5	2	2,509
State and political subdivisions	1,042	2	10	1,034	1,216	59	3	1,272
Other U.S. debt securities[6]	1,074	—	70	1,004	2,734	23	13	2,744
Total available-for-sale securities[7][9]	$ 46,596	$ 21	$ 1,162	$ 45,454	$ 73,440	$ 404	$ 445	$ 73,399
Held-to-maturity:								
U.S. Treasury and federal agencies:								
Direct obligations	$ 11,424	$ —	$ 75	$ 11,349	$ 2,170	$ 10	$ —	$ 2,180
Mortgage-backed securities	41,660	2	3,854	37,808	33,481	362	578	33,265
Total U.S. Treasury and federal agencies	53,084	2	3,929	49,157	35,651	372	578	35,445
Non-U.S. debt securities:								
Non-U.S. sovereign, supranational and non-U.S. agency	6,443	5	133	6,315	1,564	—	9	1,555
Total non-U.S. debt securities	6,443	5	133	6,315	1,564	—	9	1,555
Asset-backed securities:								
Student loans[3]	4,468	1	124	4,345	4,908	48	14	4,942
Non-agency CMBS and RMBS[8]	266	20	—	286	307	22	—	329
Total asset-backed securities	4,734	21	124	4,631	5,215	70	14	5,271
Total held-to-maturity securities[7]	$ 64,261	$ 28	$ 4,186	$ 60,103	$ 42,430	$ 442	$ 601	$ 42,271

[1] As of June 30, 2022 and December 31, 2021, the fair value includes non-U.S. collateralized loan obligations of $0.85 billion and $0.83 billion, respectively.

[2] As of June 30, 2022 and December 31, 2021, the fair value includes non-U.S. corporate bonds of $1.10 billion and $1.53 billion, respectively.

[3] Primarily comprised of securities guaranteed by the federal government with respect to at least 97% of defaulted principal and accrued interest on the underlying loans.

[4] Excludes collateralized loan obligations in loan form. Refer to Note 4 for additional information.

[5] Consists entirely of non-agency CMBS as of both June 30, 2022 and December 31, 2021.

[6] As of June 30, 2022 and December 31, 2021, the fair value of U.S. corporate bonds was $1.00 billion and $2.44 billion, respectively.

[7] An immaterial amount of accrued interest related to HTM and AFS investment securities was excluded from the amortized cost basis for the period ended June 30, 2022.

[8] As of June 30, 2022 and December 31, 2021, the total amortized cost included $256 million and $292 million, respectively, of non-agency CMBS and $11 million and $14 million of non-agency RMBS, respectively.

[9] As of both June 30, 2022 and December 31, 2021, total amortized cost included an allowance for credit losses on AFS investment securities of $2 million.

Aggregate investment securities with carrying values of approximately $74.57 billion and $80.81 billion as of June 30, 2022 and December 31, 2021, respectively, were designated as pledged for public and trust deposits, short-term borrowings and for other purposes as provided by law.

In the second quarter of 2022, $21.23 billion of investment securities previously classified as AFS were transferred to HTM. These transfers reflect our intent to hold these securities until their maturity. These securities were transferred at fair value, which included a net unrealized loss of $1.29 billion. Upon transfer of a debt security from AFS to HTM, the amortized cost is reset to fair value. Any net unrealized gain or loss at the date of transfer will remain in AOCI and be amortized into net interest income over the remaining life of the security. The amortization of amounts retained in AOCI will offset the effect on net interest income of the amortization of the premium or discount resulting from transferring securities at fair value.

The following tables present the aggregate fair values of AFS investment securities that have been in a continuous unrealized loss position for less than 12 months, and those that have been in a continuous unrealized loss position for 12 months or longer, as of the dates indicated:

	As of June 30, 2022					
	Less than 12 months		12 months or longer		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
U.S. Treasury and federal agencies:						
Direct obligations	$ 6,778	$ 283	$ 2,062	$ 38	$ 8,840	$ 321
Mortgage-backed securities	9,768	119	278	20	10,046	139
Total U.S. Treasury and federal agencies	16,546	402	2,340	58	18,886	460
Non-U.S. debt securities:						
Mortgage-backed securities	1,783	18	41	—	1,824	18
Asset-backed securities	1,637	23	166	2	1,803	25
Non-U.S. sovereign, supranational and non-U.S. agency	12,529	301	1,454	73	13,983	374
Other	1,423	87	637	67	2,060	154
Total non-U.S. debt securities	17,372	429	2,298	142	19,670	571
Asset-backed securities:						
Student loans	102	2	16	—	118	2
Collateralized loan obligations	1,902	36	433	7	2,335	43
Non-agency CMBS and RMBS	195	5	—	—	195	5
Other	89	1	—	—	89	1
Total asset-backed securities	2,288	44	449	7	2,737	51
State and political subdivisions	667	6	43	4	710	10
Other U.S. debt securities	763	48	238	22	1,001	70
Total	$ 37,636	$ 929	$ 5,368	$ 233	$ 43,004	$ 1,162

	As of December 31, 2021					
	Less than 12 months		12 months or longer		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
U.S. Treasury and federal agencies:						
Direct obligations	$ 14,749	$ 194	$ 1,624	$ 2	$ 16,373	$ 196
Mortgage-backed securities	10,417	80	369	14	10,786	94
Total U.S. Treasury and federal agencies	25,166	274	1,993	16	27,159	290
Non-U.S. debt securities:						
Mortgage-backed securities	577	3	30	—	607	3
Asset-backed securities	1,021	2	127	—	1,148	2
Non-U.S. sovereign, supranational and non-U.S. agency	10,406	97	63	3	10,469	100
Other	1,570	31	19	1	1,589	32
Total non-U.S. debt securities	13,574	133	239	4	13,813	137
Asset-backed securities:						
Collateralized loan obligations	1,268	2	—	—	1,268	2
Total asset-backed securities	1,268	2	—	—	1,268	2
State and political subdivisions	10	—	45	3	55	3
Other U.S. debt securities	1,214	13	—	—	1,214	13
Total	$ 41,232	$ 422	$ 2,277	$ 23	$ 43,509	$ 445

The following table presents the amortized cost and the fair value of contractual maturities of debt investment securities as of June 30, 2022. The maturities of certain ABS, MBS and collateralized mortgage obligations are based on expected principal payments. Actual maturities may differ from these expected maturities since certain borrowers have the right to prepay obligations with or without prepayment penalties.

	As of June 30, 2022									
(In millions)	Under 1 Year		1 to 5 Years		6 to 10 Years		Over 10 Years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale:										
U.S. Treasury and federal agencies:										
Direct obligations	$ 2,049	$ 2,039	$ 7,112	$ 6,800	$ 559	$ 572	$ —	$ —	$ 9,720	$ 9,411
Mortgage-backed securities	56	56	549	548	7,862	7,793	1,942	1,874	10,409	10,271
Total U.S. Treasury and federal agencies	2,105	2,095	7,661	7,348	8,421	8,365	1,942	1,874	20,129	19,682
Non-U.S. debt securities:										
Mortgage-backed securities	174	174	388	386	28	27	1,382	1,372	1,972	1,959
Asset-backed securities	265	260	810	801	459	453	367	362	1,901	1,876
Non-U.S. sovereign, supranational and non-U.S. agency	3,345	3,335	9,142	8,800	2,813	2,792	—	—	15,300	14,927
Other	267	266	1,940	1,812	122	103	29	23	2,358	2,204
Total non-U.S. debt securities	4,051	4,035	12,280	11,799	3,422	3,375	1,778	1,757	21,531	20,966
Asset-backed securities:										
Student loans	64	65	—	—	—	—	88	85	152	150
Collateralized loan obligations	108	106	485	477	1,197	1,177	588	574	2,378	2,334
Non-agency CMBS and RMBS	—	—	—	—	—	—	200	195	200	195
Other	—	—	90	89	—	—	—	—	90	89
Total asset-backed securities	172	171	575	566	1,197	1,177	876	854	2,820	2,768
State and political subdivisions	175	175	404	401	407	406	56	52	1,042	1,034
Other U.S. debt securities	62	61	997	928	15	15	—	—	1,074	1,004
Total	$ 6,565	$ 6,537	$ 21,917	$ 21,042	$ 13,462	$ 13,338	$ 4,652	$ 4,537	$ 46,596	$ 45,454
Held-to-maturity:										
U.S. Treasury and federal agencies:										
Direct obligations	$ 400	$ 400	$ 10,985	$ 10,911	$ 24	$ 23	$ 15	$ 15	$ 11,424	$ 11,349
Mortgage-backed securities	157	151	556	540	4,706	4,141	36,241	32,976	41,660	37,808
Total U.S. Treasury and federal agencies	557	551	11,541	11,451	4,730	4,164	36,256	32,991	53,084	49,157
Non-U.S. debt securities:										
Non-U.S. sovereign, supranational and non-U.S. agency	546	543	5,303	5,186	594	586	—	—	6,443	6,315
Total non-U.S. debt securities	546	543	5,303	5,186	594	586	—	—	6,443	6,315
Asset-backed securities:										
Student loans	332	319	13	13	960	941	3,163	3,072	4,468	4,345
Non-agency CMBS and RMBS	181	188	11	12	—	—	74	86	266	286
Total asset-backed securities	513	507	24	25	960	941	3,237	3,158	4,734	4,631
Total	$ 1,616	$ 1,601	$ 16,868	$ 16,662	$ 6,284	$ 5,691	$ 39,493	$ 36,149	$ 64,261	$ 60,103

Interest income related to debt securities is recognized in our consolidated statement of income using the effective interest method, or on a basis approximating a level rate of return over the contractual or estimated life of the security. The level rate of return considers any non-refundable fees or costs, as well as purchase premiums or discounts, adjusted as prepayments occur, resulting in amortization or accretion, accordingly.

Allowance for Credit Losses on Debt Securities and Impairment of AFS Securities

We conduct quarterly reviews of HTM and AFS securities on a collective (pool) basis when similar risk characteristics exist to determine whether an allowance for credit losses should be recognized. We review individual AFS securities periodically to assess if additional impairment is required. For additional information about the Current Expected Credit Loss methodology and the review of investment securities for expected credit losses or impairment, refer to pages 148 to 149 in Note 3 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

We monitor the credit quality of the HTM and AFS investment securities using a variety of methods, including both external and internal credit ratings. As of June 30, 2022, 99% of our HTM and AFS investment portfolio is publicly rated investment grade.

We had no allowance for credit losses on our HTM securities as of June 30, 2022 and December 31, 2021.

Our allowance for credit losses on our AFS securities was approximately $2 million as of both June 30, 2022 and December 31, 2021. In the second quarter of 2022, we recorded no provision for credit losses and no charge-offs on AFS securities.

We have elected to not record an allowance on accrued interest for HTM and AFS securities. Accrued interest on these securities is reversed against interest income when payment on a security is delinquent for greater than 90 days from the date of payment.

After a review of the investment portfolio, taking into consideration then-current economic conditions, adverse situations that might affect our ability to fully collect principal and interest, the timing of future payments, the credit quality and performance of the collateral underlying MBS and ABS and other relevant factors, management considered the resulting gross pre-tax unrealized losses of $5.35 billion related to 2,050 securities as of June 30, 2022 to be primarily related to changes in interest rates, and not the result of any material changes in the credit characteristics of the securities.

Note 4. Loans and Allowance for Credit Losses

We segregate our loans into two segments: commercial and financial loans and commercial real estate loans. We further classify commercial and financial loans as fund finance loans, leveraged loans, overdrafts and other. These classifications reflect their risk characteristics, their initial measurement attributes and the methods we use to monitor and assess credit risk. For additional information on our loans, including our internal risk-rating system used to assess our risk of credit loss for each loan, refer to pages 149 to 154 in Note 4 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following table presents our recorded investment in loans, by segment, as of the dates indicated:

(In millions)	June 30, 2022	December 31, 2021
Domestic[1]:		
Commercial and financial:		
Fund Finance[2]	**$ 12,363**	$ 12,396
Leveraged loans	**2,468**	3,106
Overdrafts	**2,220**	1,796
Other[3]	**1,968**	2,262
Commercial real estate	**2,682**	2,554
Total domestic	**21,701**	22,114
Foreign[1]:		
Commercial and financial:		
Fund Finance[2]	**8,131**	7,778
Leveraged loans	**1,123**	1,328
Overdrafts	**2,610**	1,312
Total foreign	**11,864**	10,418
Total loans[2]	**33,565**	32,532
Allowance for credit losses	**(95)**	(87)
Loans, net of allowance	**$ 33,470**	$ 32,445

[1] Domestic and foreign categorization is based on the borrower's country of domicile.

[2] Fund finance loans include primarily $8.17 billion private equity capital call finance loans, $6.48 billion loans to real money funds, $4.11 billion collateralized loan obligations in loan form and $1.26 billion loans to business development companies as of June 30, 2022, compared to $9.15 billion private equity capital call finance loans, $6.40 billion loans to real money funds, $2.91 billion collateralized loan obligations in loan form and $1.39 billion loans to business development companies as of December 31, 2021.

[3] Includes $1.53 billion securities finance loans, $420 million loans to municipalities and $21 million other loans as of June 30, 2022 and $1.78 billion securities finance loans, $455 million loans to municipalities and $23 million other loans as of December 31, 2021.

The commercial and financial segment is composed of primarily fund finance loans, purchased leveraged loans, overdrafts and other loans. Fund finance loans are composed of revolving credit lines providing liquidity and leverage to mutual fund and private equity fund clients, as well as collateralized loan obligations in loan form.

Certain loans are pledged as collateral for access to the Federal Reserve's discount window. As of June 30, 2022 and December 31, 2021, the loans pledged as collateral totaled $10.92 billion and $10.08 billion, respectively.

As of both June 30, 2022 and December 31, 2021, we had no loans on non-accrual status.

We sold $1.63 billion of loans in the second quarter of 2022, of which $155 million remained unsettled and was held for sale as of June 30, 2022.

In certain circumstances, we restructure troubled loans by granting concessions to borrowers experiencing financial difficulty. Once restructured, the loans are generally considered impaired until their maturity, regardless of whether the borrowers perform under the modified terms of the loans. There were no loans modified in troubled debt restructurings during the second quarter of 2022.

Allowance for Credit Losses

We recognize an allowance for credit losses in accordance with ASC 326 for certain on-balance sheet credit exposures, including financial assets held at amortized cost and off-balance sheet commitments. The allowance for credit losses is reviewed on a regular basis, and any provision for credit losses is recorded to reflect the amount necessary to maintain the allowance for expected credit losses at a level which represents what management does not expect to recover due to expected credit losses. For additional discussion on the allowance for credit losses for investment securities, please refer to Note 3, to the consolidated financial statements in this Form 10-Q.

When the allowance is recorded, a provision for credit loss expense is recognized in net income. The allowance for credit losses for financial assets (excluding investment securities, as discussed in Note 3) represents the portion of the amortized cost basis, including accrued interest for financial assets held at amortized cost, which management does not expect to recover due to expected credit losses and is presented on the statement of condition as an offset to the amortized cost basis. The accrued interest balance is presented separately on the statement of condition within accrued interest and fees receivable. The allowance for off-balance sheet commitments is presented within other liabilities.

The allowance for credit losses may be determined using various methods, including discounted cash flow methods, loss-rate methods, probability-of-default methods, and other quantitative or qualitative methods as determined by us. The method used to estimate expected credit losses may vary depending on the type of financial asset, our ability to predict the timing of cash flows, and the information available to us.

We measure expected credit losses of financial assets on a collective (pool) basis when similar risk characteristic exist. Each reporting period, we assess whether the assets in the pool continue to display similar risk characteristics.

For a financial asset that does not share risk characteristics with other assets, expected credit losses are measured separately using one or more of the methods noted above. As of June 30, 2022, we had 5 loans for $130 million in the commercial and financial segment that no longer met the similar risk characteristics of their collective pool. We recorded an allowance for credit losses of $7 million as of June 30, 2022 on these loans.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods, factors and forecasts then prevailing may result in significant changes in the allowance for credit losses in those future periods.

We estimate credit losses over the contractual life of the financial asset, while factoring in prepayment activity, where supported by data, over a 3 year reasonable and supportable forecast period. We utilize a baseline, upside and downside scenario which are applied based on a probability weighting, in order to better reflect management’s expectation of expected credit losses given existing market conditions and the changes in the economic environment. The multiple scenarios are based on a three year horizon (or less depending on contractual maturity) and then revert linearly over a two year period to a ten-year historical average thereafter. The contractual term excludes expected extensions, renewals and modifications, but includes prepayment assumptions where applicable.

As part of our allowance methodology, we establish qualitative reserves to address any risks inherent in our portfolio that are not addressed through our quantitative reserve assessment. These factors may relate to, among other things, legislation changes or new regulation, credit concentration, loan markets, scenario weighting and overall model limitations. The qualitative adjustments are applied to our portfolio of financial instruments under the

existing governance structure and are inherently judgmental.

For additional information on the allowance for credit losses, refer to pages 149 to 154 in Note 4 to the consolidated financial statements included under item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Credit Quality

Credit quality for financial assets held at amortized cost is continuously monitored by management and is reflected within the allowance for credit losses.

We use an internal risk-rating system to assess our risk of credit loss for each loan. This risk-rating process incorporates the use of risk-rating tools in conjunction with management judgment. Qualitative and quantitative inputs are captured in a systematic manner, and following a formal review and approval process, an internal credit rating based on our credit scale is assigned.

When computing allowance levels, credit loss assumptions are estimated using a model that categorizes asset pools based on loss history, delinquency status and other credit trends and risk characteristics, including current conditions and reasonable and supportable forecasts about the future. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In future periods evaluations of the overall asset portfolio, in light of the factors and forecasts then prevailing, may result in significant changes in the allowance and credit loss expense in those future periods.

Credit quality is assessed and monitored by evaluating various attributes in order to enable the earliest possible detection of any concerns with the customer’s credit rating. The results of those evaluations are utilized in underwriting new loans and transactions with counterparties and in our process for estimation of expected credit losses.

In assessing the risk rating assigned to each individual loan, among the factors considered are the borrower's debt capacity, collateral coverage, payment history and delinquency experience, financial flexibility and earnings strength, the expected amounts and source of repayment, the level and nature of contingencies, if any, and the industry and geography in which the borrower operates. These factors are based on an evaluation of historical and current information, and involve subjective assessment and interpretation. Credit counterparties are evaluated and risk-rated on an individual basis at least annually. Management considers the ratings to be current as of June 30, 2022.

Our internal risk rating methodology assigns risk ratings to counterparties ranging from Investment Grade, Speculative, Special Mention, Substandard, Doubtful and Loss.

- Investment Grade: Counterparties with strong credit quality and low expected credit risk and probability of default. Approximately 86% of our loans were rated as investment grade as of June 30, 2022 with external credit ratings, or equivalent, of "BBB-" or better.
- Speculative: Counterparties that have the ability to repay but face significant uncertainties, such as adverse business or financial circumstances that could affect credit risk or economic downturns. Loans to counterparties rated as speculative account for approximately 12% of our loans as of June 30, 2022, and are concentrated in leveraged loans. Approximately 96% of those leveraged loans have an external credit rating, or equivalent, of "BB" or "B" as of June 30, 2022.
- Special Mention: Counterparties with potential weaknesses that, if uncorrected, may result in deterioration of repayment prospects.
- Substandard: Counterparties with well-defined weakness that jeopardizes repayment with the possibility we will sustain some loss.
- Doubtful: Counterparties with well-defined weakness which make collection or liquidation in full highly questionable and improbable.
- Loss: Counterparties which are uncollectible or have little value.

The following tables present our recorded loans to counterparties by risk rating, as noted above, as of the dates indicated:

June 30, 2022 (In millions)	Commercial and Financial	Commercial Real Estate	Total Loans
Investment grade	$ 26,549	$ 2,373	$ 28,922
Speculative	3,851	220	4,071
Special mention	162	89	251
Substandard	166	—	166
Total[1][2]	$ 30,728	$ 2,682	$ 33,410

December 31, 2021 (In millions)	Commercial and Financial	Commercial Real Estate	Total Loans
Investment grade	$ 24,974	$ 2,222	$ 27,196
Speculative	4,714	270	4,984
Special mention	118	62	180
Substandard	164	—	164
Total[1][2]	$ 29,970	$ 2,554	$ 32,524

[1] Loans Include $4.83 billion and $3.11 billion of overdrafts as of June 30, 2022 and December 31, 2021, respectively. Overdrafts are short-term in nature and do not present a significant credit risk to us. As of June 30, 2022, $4.47 billion overdrafts were investment grade, $356 million overdrafts were speculative and $2 million were substandard.
[2] Total does not include $155 million and $8 million of loans classified as held-for-sale as of June 30, 2022 and December 31, 2021, respectively.

For additional information about credit quality, refer to pages 151 to 154 in Note 4 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following table presents the amortized cost basis, by year of origination and credit quality indicator, as of June 30, 2022. For origination years before the fifth annual period, we present the aggregate amortized cost basis of loans. For purchased loans, the date of issuance is used to determine the year of origination, not the date of acquisition. For modified, extended or renewed lending arrangements, we evaluate whether a credit event has occurred which would consider the loan to be a new arrangement.

(In millions)	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total[1]
Domestic loans:								
Commercial and financial:								
Risk Rating:								
Investment grade	$ 2,297	$ 185	$ 95	$ 341	$ —	$ 12	$ 13,197	$ 16,127
Speculative	129	849	192	486	340	150	363	2,509
Special mention	—	39	—	96	—	27	—	162
Substandard	2	—	5	70	45	6	—	128
Total commercial and financing	$ 2,428	$ 1,073	$ 292	$ 993	$ 385	$ 195	$ 13,560	$ 18,926
Commercial real estate:								
Risk Rating:								
Investment grade	$ 134	$ 612	$ 100	397	$ 657	$ 473	$ —	$ 2,373
Speculative	—	—	49	124	19	28	—	220
Special mention	—	—	—	49	40	—	—	89
Total commercial real estate	$ 134	$ 612	$ 149	$ 570	$ 716	$ 501	$ —	$ 2,682
Non-U.S. loans:								
Commercial and financial:								
Risk Rating:								
Investment grade	$ 3,505	$ 2,783	$ —	$ —	$ —	$ —	$ 4,134	$ 10,422
Speculative	350	513	122	180	99	65	13	1,342
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	38	—	—	38
Total commercial and financing	$ 3,855	$ 3,296	$ 122	$ 180	$ 137	$ 65	$ 4,147	$ 11,802
Total loans[2]	$ 6,417	$ 4,981	$ 563	$ 1,743	$ 1,238	$ 761	$ 17,707	$ 33,410

[1] Any reserve associated with accrued interest is not material. As of June 30, 2022, accrued interest receivable of $91 million included in the amortized cost basis of loans has been excluded from the amortized cost basis within this table.
[2] Total does not include $155 million of loans classified as held-for-sale as of June 30, 2022.

The following table presents the amortized cost basis, by year of origination and credit quality indicator as of December 31, 2021:

(In millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total[1]
Domestic loans:								
Commercial and financial:								
Risk Rating:								
Investment grade	$ 1,988	$ 59	$ 347	$ 2	$ 37	$ —	$ 13,591	$ 16,024
Speculative	1,096	351	706	425	350	7	343	3,278
Special mention	—	—	70	29	19	—	—	118
Substandard	—	5	71	56	8	—	—	140
Total commercial and financing	$ 3,084	$ 415	$ 1,194	$ 512	$ 414	$ 7	$ 13,934	$ 19,560
Commercial real estate:								
Risk Rating:								
Investment grade	$ 580	$ 129	$ 383	$ 657	$ 276	$ 197	$ —	$ 2,222
Speculative	24	49	149	20	—	28	—	270
Special mention	—	—	22	40	—	—	—	62
Total commercial real estate	$ 604	$ 178	$ 554	$ 717	$ 276	$ 225	$ —	$ 2,554
Non-U.S. loans:								
Commercial and financial:								
Risk Rating:								
Investment grade	$ 4,087	$ —	$ —	$ —	$ —	$ —	$ 4,863	$ 8,950
Speculative	561	201	264	204	120	31	55	1,436
Substandard	—	—	—	24	—	—	—	24
Total commercial and financing	$ 4,648	$ 201	$ 264	$ 228	$ 120	$ 31	$ 4,918	$ 10,410
Total loans[2]	$ 8,336	$ 794	$ 2,012	$ 1,457	$ 810	$ 263	$ 18,852	$ 32,524

[1] Any reserve associated with accrued interest is not material. As of December 31, 2021, accrued interest receivable of $86 million included in the amortized cost basis of loans has been excluded from the amortized cost basis within this table.
[2] Total does not include $8 million of loans classified as held-for-sale as of December 31, 2021.

The following tables present the activity in the allowance for credit losses by portfolio and class for the periods indicated:

	Three Months Ended June 30, 2022						
	Commercial and Financial						
(In millions)	Leveraged Loans	Other Loans[1]	Commercial Real Estate	Available-for-sale Securities	Off-Balance Sheet Commitments	All Other	Total
Allowance for credit losses:							
Beginning balance	$ 61	$ 11	$ 14	$ 2	$ 19	$ —	$ 107
Charge-offs	(3)	—	—	—	—	—	(3)
Provision	11	(1)	2	—	(2)	—	10
Ending balance	$ 69	$ 10	$ 16	$ 2	$ 17	$ —	$ 114

[1] Includes $9 million allowance for credit losses on Fund Finance loans and $1 million on other loans.

	Six Months Ended June 30, 2022						
	Commercial and Financial						
(In millions)	Leveraged Loans	Other Loans[1]	Commercial Real Estate	Available-for-sale Securities	Off-Balance Sheet Commitments	All Other	Total
Allowance for credit losses:							
Beginning balance	$ 61	$ 12	$ 14	$ 2	$ 19	$ —	$ 108
Charge-offs	(4)	—	—	—	—	—	(4)
Provision	12	(2)	2	—	(2)	—	10
Ending balance	$ 69	$ 10	$ 16	$ 2	$ 17	$ —	$ 114

[1] Includes $9 million allowance for credit losses on Fund Finance loans and $1 million on other loans.

	Three Months Ended June 30, 2021						
	Commercial and Financial						
(In millions)	Leveraged Loans	Other Loans[1]	Commercial Real Estate	Held-to-Maturity Securities	Off-Balance Sheet Commitments	All Other	Total
Allowance for credit losses:							
Beginning balance	$ 92	$ 12	$ 14	$ 2	$ 15	$ —	$ 135
Charge-offs	(1)	—	—	—	—	—	(1)
Provision	(19)	—	—	—	4	—	(15)
Foreign currency translation	2	—	—	—	—	—	2
Ending balance	$ 74	$ 12	$ 14	$ 2	$ 19	$ —	$ 121

[1] Includes $10 million allowance for credit losses on Fund Finance loans and $2 million on other loans.

	Six Months Ended June 30, 2021						
	Commercial and Financial						
(In millions)	Leveraged Loans	Other Loans	Commercial Real Estate	Held-to-Maturity Securities	Off-Balance Sheet Commitments	All Other	Total
Allowance for credit losses:							
Beginning balance	$ 97	$ 17	$ 8	$ 3	$ 22	$ 1	$ 148
Charge-offs[1]	(1)	—	—	—	—	—	(1)
Provision	(20)	(5)	6	(1)	(3)	(1)	(24)
Foreign currency translation	(2)	—	—	—	—	—	(2)
Ending balance	$ 74	$ 12	$ 14	$ 2	$ 19	$ —	$ 121

[1] Includes $10 million allowance for credit losses on Fund Finance loans and $2 million on other loans.

Loans are reviewed on a regular basis, and any provisions for credit losses that are recorded reflect management's estimate of the amount necessary to maintain the allowance for loan losses at a level considered appropriate to absorb estimated credit losses in the loan portfolio. In the second quarter of 2022, we recorded a $10 million provision for credit losses, reflecting a downward shift in management's economic outlook, partially offset by a decrease in expected losses related to leveraged loans within our portfolio. In the second quarter of 2021, we reduced the allowance for credit losses by $14 million, principally through a $15 million reserve release in the provision for credit losses. Allowance estimates remain subject to continued model and economic uncertainty and management may use qualitative adjustments in the allowance estimates. If future data and forecasts deviate relative to the forecasts utilized to determine our allowance for credit losses as of June 30, 2022, or if credit risk migration is higher or lower than forecasted for reasons independent of the economic forecast, our allowance for credit losses will also change.

Note 5. Goodwill and Other Intangible Assets

The following table presents changes in the carrying amount of goodwill during the periods indicated:

(In millions)	Investment Servicing	Investment Management	Total
Goodwill:			
Ending balance December 31, 2020	$ 7,413	$ 270	$ 7,683
Acquisitions[1]	66	—	66
Divestitures[2]	(17)	—	(17)
Foreign currency translation	(108)	(3)	(111)
Ending balance December 31, 2021	$ 7,354	$ 267	$ 7,621
Acquisitions	**3**	**—**	**3**
Foreign currency translation	**(155)**	**(4)**	**(159)**
Ending balance June 30, 2022	**$ 7,202**	**$ 263**	**$ 7,465**

[1] Investment Servicing includes our acquisitions of the depositary bank and fund administrator activities of Fideuram Bank Luxembourg, a subsidiary of Intesa Sanpaolo, in the first quarter of 2021, with a total purchase price of approximately EUR 220 million or approximately $258 million, and our acquisition of Mercatus, Inc. in the third quarter of 2021, with a total purchase price of approximately $88 million. We accounted for these acquisitions as business combinations and, in accordance with ASC Topic 805, Business Combinations, we have recorded assets acquired and liabilities assumed at their respective fair values as of the acquisition date.

[2] In the second quarter of 2021, we sold a majority share of our WMS business.

The following table presents changes in the net carrying amount of other intangible assets during the periods indicated:

(In millions)	Investment Servicing	Investment Management	Total
Other intangible assets:			
Ending balance December 31, 2020	$ 1,733	$ 94	$ 1,827
Acquisitions[1]	264	—	264
Amortization	(221)	(24)	(245)
Foreign currency translation	(30)	—	(30)
Ending balance December 31, 2021	1,746	70	1,816
Acquisitions	**—**	**—**	**—**
Amortization	**(110)**	**(11)**	**(121)**
Foreign currency translation	**(41)**	**—**	**(41)**
Ending balance June 30, 2022	**$ 1,595**	**$ 59**	**$ 1,654**

[1] Investment Servicing includes our acquisitions of the depositary bank and fund administrator activities of Fideuram Bank Luxembourg, a subsidiary of Intesa Sanpaolo, in the first quarter of 2021, with a total purchase price of approximately EUR 220 million or approximately $258 million, and our acquisition of Mercatus, Inc. in the third quarter of 2021, with a total purchase price of approximately $88 million. We accounted for these acquisitions as business combinations and, in accordance with ASC Topic 805, Business Combinations, we have recorded assets acquired and liabilities assumed at their respective fair values as of the acquisition date.

The following table presents the gross carrying amount, accumulated amortization and net carrying amount of other intangible assets by type as of the dates indicated:

June 30, 2022 **(In millions)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Other intangible assets:			
Client relationships	**$ 2,710**	**$ (1,535)**	**$ 1,175**
Technology	**401**	**(159)**	**242**
Core deposits	**679**	**(457)**	**222**
Other	**89**	**(74)**	**15**
Total	**$ 3,879**	**$ (2,225)**	**$ 1,654**

December 31, 2021 **(In millions)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Other intangible assets:			
Client relationships	$ 2,786	$ (1,497)	$ 1,289
Technology	403	(142)	261
Core deposits	696	(451)	245
Other	96	(75)	21
Total	$ 3,981	$ (2,165)	$ 1,816

Note 6. Other Assets

The following table presents the components of other assets as of the dates indicated:

(In millions)	June 30, 2022	December 31, 2021
Securities borrowed[1]	**$ 18,194**	$ 22,300
Derivative instruments, net	**9,476**	4,108
Bank-owned life insurance	**3,605**	3,554
Investments in joint ventures and other unconsolidated entities [2]	**3,256**	3,162
Collateral, net	**1,691**	1,011
Receivable for securities settlement	**1,083**	213
Deferred tax assets, net of valuation allowance[3]	**1,027**	254
Prepaid expenses	**705**	612
Right-of-use assets	**501**	542
Accounts receivable	**464**	236
Income taxes receivable	**326**	317
Deposits with clearing organizations	**62**	62
Other[4]	**1,080**	1,244
Total	**$ 41,470**	$ 37,615

[1] Refer to Note 8, for further information on the impact of collateral on our financial statement presentation of securities borrowing and securities lending transactions.
[2] Includes equity securities without readily determinable fair values that are accounted for under the ASC 321 measurement alternative of $177 million and $109 million as of June 30, 2022 and December 31, 2021, respectively. For the three months ended June 30, 2022, there were no upward adjustments resulting from observable prices changes were recognized in other fee revenue related to such equity securities

[3] Deferred tax assets and liabilities recorded in our consolidated statement of condition are netted within the same tax jurisdiction.

[4] Includes advances of $677 million and $544 million as of June 30, 2022 and December 31, 2021, respectively.

Note 7. Derivative Financial Instruments

We use derivative financial instruments to support our clients' needs and to manage our interest rate and currency risks. These financial instruments consist of FX contracts such as forwards, futures and options contracts; interest rate contracts such as interest rate swaps (cross currency and single currency) and futures; and other derivative contracts. Derivative instruments used for risk management purposes that are highly effective in offsetting the risk being hedged are generally designated as hedging instruments in hedge accounting relationships, while others are economic hedges and not designated in hedge accounting relationships. For additional information on our use and accounting policies on derivative financial instruments, including derivatives not designated as hedging instruments, refer to pages 158 to 159 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Derivatives Designated as Hedging Instruments

For additional information on our derivatives designated as hedging instruments, including our risk management objectives and hedging documentation methodologies, refer to page 159 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Fair Value Hedges

Derivatives designated as fair value hedges are utilized to mitigate the risk of changes in the fair values of recognized assets and liabilities, including long-term debt and AFS securities. We use interest rate contracts in this manner to manage our exposure to changes in the fair value of hedged items caused by changes in interest rates.

Changes in the fair value of the derivative and changes in fair value of the hedged item due to changes in the hedged risk are recognized in earnings in the same line item. If a hedge is terminated, but the hedged item was not derecognized, all remaining adjustments to the carrying amount of the hedged item are amortized over a period that is consistent with the amortization of other discounts or premiums associated with the hedged item.

Cash Flow Hedges

Derivatives designated as cash flow hedges are utilized to offset the variability of cash flows of recognized assets, liabilities or forecasted transactions. We have entered into FX contracts to hedge the change in cash flows attributable to FX movements in foreign currency denominated investment securities. Additionally, we have entered into interest rate swap agreements to hedge the forecasted cash flows associated with LIBOR indexed floating-rate loans. The interest rate swaps synthetically convert the loan interest receipts from a variable-rate to a fixed-rate, thereby mitigating the risk attributable to changes in the LIBOR benchmark rate.

Changes in fair value of the derivatives designated as cash flow hedges are initially recorded in AOCI and then reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings and are presented in the same income statement line item as the earnings effect of the hedged item. If the hedge relationship is terminated, the change in fair value on the derivative recorded in AOCI is reclassified into earnings consistent with the timing of the hedged item. For hedge relationships that are discontinued because a forecasted transaction is not expected to occur according to the original hedge terms, any related derivative values recorded in AOCI are immediately recognized in earnings. The net loss associated with cash flow hedges expected to be reclassified from AOCI within 12 months of June 30, 2022, is approximately $156 million. The maximum length of time over which forecasted cash flows are hedged is 5 years.

Net Investment Hedges

Derivatives categorized as net investment hedges are entered into to protect the net investment in our foreign operations against adverse changes in exchange rates. We use FX forward contracts to convert the foreign currency risk to U.S. dollars to mitigate our exposure to fluctuations in FX rates. The changes in fair value of the FX forward contracts are recorded, net of taxes, in the foreign currency translation component of OCI.

The following table presents the aggregate contractual, or notional, amounts of derivative financial instruments, including those entered into for trading and asset-and-liability management activities as of the dates indicated:

(In millions)	June 30, 2022	December 31, 2021
Derivatives not designated as hedging instruments:		
Interest rate contracts:		
Futures	**$ 4,783**	$ 9,604
Foreign exchange contracts:		
Forward, swap and spot	**2,190,465**	2,569,449
Options purchased	**1,255**	328
Options written	**874**	210
Futures	**1,662**	2,359
Other:		
Stable value contracts[1]	**33,121**	32,868
Deferred value awards[2]	**382**	308
Derivatives designated as hedging instruments:		
Interest rate contracts:		
Swap agreements	**24,066**	15,100
Foreign exchange contracts:		
Forward and swap	**7,826**	6,700

[1] The notional value of the stable value contracts represents our maximum exposure. However, exposure to various stable value contracts is generally contractually limited to substantially lower amounts than the notional values.

[2] Represents grants of deferred value awards to employees; refer to page 158 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Notional amounts are provided here as an indication of the volume of our derivative activity and serve as a reference to calculate the fair values of the derivative.

The following table presents the fair value of derivative financial instruments, excluding the impact of master netting agreements, recorded in our consolidated statement of condition as of the dates indicated. The impact of master netting agreements is provided in Note 8.

	Derivative Assets[1]		Derivative Liabilities[2]	
(In millions)	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	**$ 23,415**	$ 15,216	**$ 23,031**	$ 15,790
Other derivative contracts	**—**	—	**272**	301
Total	**$ 23,415**	$ 15,216	**$ 23,303**	$ 16,091
Derivatives designated as hedging instruments:				
Foreign exchange contracts	**$ 218**	$ 59	**$ 5**	$ 35
Interest rate contracts	**11**	2	**—**	—
Total	**$ 229**	$ 61	**$ 5**	$ 35

[1] Derivative assets are included within other assets in our consolidated statement of condition.

[2] Derivative liabilities are included within other liabilities in our consolidated statement of condition.

The following table presents the impact of our use of derivative financial instruments on our consolidated statement of income for the periods indicated:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
(In millions)	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income			
Derivatives not designated as hedging instruments:					
Foreign exchange contracts	Foreign exchange trading services revenue	**$ 230**	$ 188	**$ 469**	$ 431
Foreign exchange contracts	Interest expense	**3**	16	**16**	37
Interest rate contracts	Foreign exchange trading services revenue	**(6)**	1	**—**	1
Other derivative contracts	Compensation and employee benefits	**(10)**	(45)	**(64)**	(123)
Total		**$ 217**	$ 160	**$ 421**	$ 346

The following table shows the carrying amount and associated cumulative basis adjustments related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships:

	June 30, 2022		
		Cumulative Fair Value Hedging Adjustment Increasing (Decreasing) the carrying amount	
(In millions)	Carrying Amount of Hedged Assets/Liabilities	Active	De-designated[1]
Long-term debt	**$ 10,271**	**$ (403)**	**$ 436**
Available-for-sale securities[2][3]	**11,289**	**(360)**	**14**

	December 31, 2021		
		Cumulative Fair Value Hedging Adjustment Increasing (Decreasing) the carrying amount	
(In millions)	Carrying Amount of Hedged Assets/Liabilities	Active	De-designated[1]
Long-term debt	$ 9,026	$ (64)	$ 514
Available-for-sale securities	3,551	—	24

[1] Represents hedged items no longer designated in qualifying fair value hedging relationships for which an associated basis adjustment exists at the balance sheet date.

[2] Included in these amounts is the amortized cost of the prepayable financial assets designated in last-of-layer hedging relationships (hedged item is the last layer of a closed portfolio of prepayable financial assets expected to remain outstanding at the end of the hedging relationship). At June 30, 2022 and December 31, 2021, the amortized cost of the closed portfolios used in these hedging relationships was $221 million and zero, respectively, of which $68 million and zero, respectively, was designated in the last-of-layer hedging relationship. At June 30, 2022 and December 31, 2021 the cumulative adjustment associated with these hedging relationships was ($1) million and zero, respectively.

[3] Carrying amount represents amortized cost.

As of June 30, 2022 and December 31, 2021, the total notional amount of the interest rate swaps of fair value hedges was $17.07 billion and $6.95 billion, respectively.

The following tables present the impact of our use of derivative financial instruments on our consolidated statement of income for the periods indicated:

		Three Months Ended June 30,				Three Months Ended June 30,	
		2022	2021			2022	2021
(In millions)	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income		Hedged Item in Fair Value Hedging Relationship	Location of Gain (Loss) on Hedged Item in Consolidated Statement of Income	Amount of Gain (Loss) on Hedged Item Recognized in Consolidated Statement of Income	
Derivatives designated as fair value hedges:							
Interest rate contracts	Net interest income	**$ 148**	$ (23)	Available-for-sale securities[1]	Net interest income	**$ (149)**	$ 21
Interest rate contracts	Net interest income	**(96)**	(7)	Long-term debt	Net interest income	**96**	7
Total		**$ 52**	$ (30)			**$ (53)**	$ 28

		Six Months Ended June 30,				Six Months Ended June 30,	
		2022	2021			2022	2021
(In millions)	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income		Hedged Item in Fair Value Hedging Relationship	Location of Gain (Loss) on Hedged Item in Consolidated Statement of Income	Amount of Gain (Loss) on Hedged Item Recognized in Consolidated Statement of Income	
Derivatives designated as fair value hedges:							
Interest rate contracts	Net interest income	**$ 358**	(6)	Available-for-sale securities[2]	Net interest income	**$ (360)**	$ 5
Interest rate contracts	Net interest income	**(339)**	(19)	Long-term debt	Net interest income	**339**	18
Total		**$ 19**	$ (25)			**$ (21)**	$ 23

[1] In the three months ended June 30, 2022, approximately $113 million of net unrealized gains on AFS investment securities designated in fair value hedges was recognized in OCI compared to $16 million of net unrealized losses in the same period in 2021.
[2] In the six months ended June 30, 2022, approximately $270 million of net unrealized gains on AFS investment securities designated in fair value hedges was recognized in OCI compared to $4 million of net unrealized losses in the same period in 2021.

	Three Months Ended June 30,			Three Months Ended June 30,	
	2022	2021		2022	2021
(In millions)	Amount of Gain or (Loss) Recognized in Other Comprehensive Income on Derivative		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	
Derivatives designated as cash flow hedges:					
Interest rate contracts[1]	**$ (92)**	$ 10	Net interest income	**$ 6**	$ 22
Foreign exchange contracts	**129**	7	Net interest income	**3**	3
Total derivatives designated as cash flow hedges	**$ 37**	$ 17		**$ 9**	$ 25
Derivatives designated as net investment hedges:					
Foreign exchange contracts	**$ 264**	$ (24)	Gains (Losses) related to investment securities, net	**$ —**	$ —
Total derivatives designated as net investment hedges	**264**	(24)		**—**	—
Total	**$ 301**	$ (7)		**$ 9**	$ 25

	Six Months Ended June 30,			Six Months Ended June 30,	
	2022	2021		2022	2021
(In millions)	Amount of Gain or (Loss) Recognized in Other Comprehensive Income on Derivative		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	
Derivatives designated as cash flow hedges:					
Interest rate contracts	**$ (383)**	**$ (6)**	Net interest income	**$ 25**	$ 40
Foreign exchange contracts	**176**	$ 43	Net interest income	**6**	6
Total derivatives designated as cash flow hedges	**$ (207)**	$ 37		**$ 31**	$ 46
Derivatives designated as net investment hedges:					
Foreign exchange contracts	**$ 328**	$ 111	Gains (losses) related to investment securities, net	**$ —**	$ —
Total derivatives designated as net investment hedges	**328**	111		**—**	—
Total	**$ 121**	$ 148		**$ 31**	$ 46

[1] As of June 30, 2022, the maximum maturity date of the underlying hedged items is approximately 4.3 years.

Derivatives Netting and Credit Contingencies

Netting

Derivatives receivable and payable as well as cash collateral from the same counterparty are netted in the consolidated statement of condition for those counterparties with whom we have legally binding master netting agreements in place. In addition to cash collateral received and transferred presented on a net basis, we also receive and transfer collateral in the form of securities, which mitigate credit risk but are not eligible for netting. Additional information on netting is provided in Note 8.

Credit Contingencies

Certain of our derivatives are subject to master netting agreements with our derivative counterparties containing credit risk-related contingent features, which requires us to maintain an investment grade credit rating with the various credit rating agencies. If our rating falls below investment grade, we would be in violation of the provisions, and counterparties to the derivatives could request immediate payment or demand full overnight collateralization on derivatives instruments in net liability positions. The aggregate fair value of all derivatives with credit contingent features and in a liability position as of June 30, 2022 totaled approximately $5.63 billion, against which we provided $4.79 billion of collateral in the normal course of business. If our credit related contingent features underlying these agreements were triggered as of June 30, 2022, the maximum additional collateral we would be required to post to our counterparties is approximately $0.84 billion.

Note 8. Offsetting Arrangements

For additional information on our offsetting arrangements, refer to page 162 in Note 11 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

As of June 30, 2022 and December 31, 2021, the value of securities received as collateral from third parties where we are permitted to transfer or re-pledge the securities totaled $3.71 billion and $1.60 billion, respectively, and the fair value of the portion that had been transferred or re-pledged for both was nil.

The following tables present information about the offsetting of assets related to derivative contracts and secured financing transactions, as of the dates indicated:

Assets:	June 30, 2022				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Assets[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Assets Presented in Statement of Condition	Cash and Securities Received[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	**$ 23,633**	**$ (12,441)**	**$ 11,192**	**$ —**	**$ 11,192**
Interest rate contracts[6]	**11**	**—**	**11**	**—**	**11**
Cash collateral and securities netting	**NA**	**(1,727)**	**(1,727)**	**(1,034)**	**(2,761)**
Total derivatives	**23,644**	**(14,168)**	**9,476**	**(1,034)**	**8,442**
Other financial instruments:					
Resale agreements and securities borrowing[7][8]	**100,778**	**(77,381)**	**23,397**	**(22,608)**	**789**
Total derivatives and other financial instruments	**$ 124,422**	**$ (91,549)**	**$ 32,873**	**$ (23,642)**	**$ 9,231**

Assets:	December 31, 2021				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Assets[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Assets Presented in Statement of Condition	Cash and Securities Received[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	$ 15,185	$ (9,113)	$ 6,072	$ —	$ 6,072
Interest rate contracts[6]	2	—	2	—	2
Cash collateral and securities netting	NA	(1,966)	(1,966)	(723)	(2,689)
Total derivatives	15,187	(11,079)	4,108	(723)	3,385
Other financial instruments:					
Resale agreements and securities borrowing[7][8]	102,375	(77,063)	25,312	(25,096)	216
Total derivatives and other financial instruments	$ 117,562	$ (88,142)	$ 29,420	$ (25,819)	$ 3,601

[1] Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.

[2] Refer to Note 1 and Note 2 for additional information about the measurement basis of derivative instruments.

[3] Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.

[4] Includes securities in connection with our securities borrowing transactions.

[5] Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.

[6] Variation margin payments presented as settlements rather than collateral.

[7] Included in the $23.40 billion as of June 30, 2022 were $5.20 billion of resale agreements and $18.20 billion of collateral provided related to securities borrowing. Included in the $25.31 billion as of December 31, 2021 were $3.01 billion of resale agreements and $22.30 billion of collateral provided related to securities borrowing. Resale agreements and collateral provided related to securities borrowing were recorded in securities purchased under resale agreements and other assets, respectively, in our consolidated statement of condition. Refer to Note 9 for additional information with respect to principal securities finance transactions.

[8] Offsetting of resale agreements primarily relates to our involvement in FICC, where we settle transactions on a net basis for payment and delivery through the Fedwire system.

NA Not applicable

The following tables present information about the offsetting of liabilities related to derivative contracts and secured financing transactions, as of the dates indicated:

Liabilities:	June 30, 2022				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Liabilities[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Liabilities Presented in Statement of Condition	Cash and Securities Received[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	**$ 23,036**	**$ (12,441)**	**$ 10,595**	**$ —**	**$ 10,595**
Interest rate contracts[6]	**—**	**—**	**—**	—	**—**
Other derivative contracts	**272**	**—**	**272**	—	**272**
Cash collateral and securities netting	**NA**	**(4,659)**	**(4,659)**	**(1,865)**	**(6,524)**
Total derivatives	**23,308**	**(17,100)**	**6,208**	**(1,865)**	**4,343**
Other financial instruments:					
Repurchase agreements and securities lending[7][8]	**80,081**	**(77,381)**	**2,700**	**(1,782)**	**918**
Total derivatives and other financial instruments	**$ 103,389**	**$ (94,481)**	**$ 8,908**	**$ (3,647)**	**$ 5,261**

Liabilities:	December 31, 2021				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Liabilities[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Liabilities Presented in Statement of Condition	Cash and Securities Received[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	$ 15,825	$ (9,113)	$ 6,712	$ —	$ 6,712
Interest rate contracts[6]	—	—	—	—	—
Other derivative contracts	301	—	301	—	301
Cash collateral and securities netting	NA	(1,282)	(1,282)	(989)	(2,271)
Total derivatives	16,126	(10,395)	5,731	(989)	4,742
Other financial instruments:					
Repurchase agreements and securities lending[7][8]	82,674	(77,063)	5,611	(4,066)	1,545
Total derivatives and other financial instruments	$ 98,800	$ (87,458)	$ 11,342	$ (5,055)	$ 6,287

[1] Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.

[2] Refer to Note 1 and Note 2 for additional information about the measurement basis of derivative instruments.

[3] Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.

[4] Includes securities provided in connection with our securities lending transactions.

[5] Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.

[6] Variation margin payments presented as settlements rather than collateral.

[7] Included in the $2.70 billion as of June 30, 2022 were $0.95 billion of repurchase agreements and $1.75 billion of collateral received related to securities lending transactions. Included in the $5.61 billion as of December 31, 2021 were $1.57 billion of repurchase agreements and $4.04 billion of collateral received related to securities lending transactions. Repurchase agreements and collateral received related to securities lending were recorded in securities sold under repurchase agreements and accrued expenses and other liabilities, respectively, in our consolidated statement of condition. Refer to Note 9 for additional information with respect to principal securities finance transactions.

[8] Offsetting of repurchase agreements primarily relates to our involvement in FICC, where we settle transactions on a net basis for payment and delivery through the Fedwire system.

NA Not applicable

The securities transferred under resale and repurchase agreements typically are U.S. Treasury, agency and agency MBS. In our principal securities borrowing and lending arrangements, the securities transferred are predominantly equity securities and some corporate debt securities. The fair value of the securities transferred may increase in value to an amount greater than the amount received under our repurchase and securities lending arrangements, which exposes us to counterparty risk. We require the review of the price of the underlying securities in relation to the carrying value of the repurchase agreements and securities lending arrangements on a daily basis and when appropriate, adjust the cash or security to be obtained or returned to counterparties that is reflective of the required collateral levels.

The following table summarizes our repurchase agreements and securities lending transactions by category of collateral pledged and remaining maturity of these agreements, as of the periods indicated:

	As of June 30, 2022					As of December 31, 2021				
(In millions)	Overnight and Continuous	Up to 30 Days	30-90 days	Greater than 90 Days	Total	Overnight and Continuous	Up to 30 Days	30-90 days	Greater than 90 Days	Total
Repurchase agreements:										
U.S. Treasury and agency securities	$ 75,758	$ —	$ —	$ —	$ 75,758	$ 75,266	$ —	$ —	$ —	$ 75,266
Total	75,758	—	—	—	75,758	75,266	—	—	—	75,266
Securities lending transactions:										
US Treasury and agency securities	3	—	—	—	3	—	—	—	—	—
Corporate debt securities	46	—	5	—	51	92	—	—	—	92
Equity securities	3,502	33	25	708	4,268	5,964	24	11	1,316	7,315
Other[1]	1	—	—	—	1	1	—	—	—	1
Total	3,552	33	30	708	4,323	6,057	24	11	1,316	7,408
Gross amount of recognized liabilities for repurchase agreements and securities lending	$ 79,310	$ 33	$ 30	$ 708	$ 80,081	$ 81,323	$ 24	$ 11	$ 1,316	$ 82,674

[1] Represents a security interest in underlying client assets related to our enhanced custody business, which clients have allowed us to transfer and re-pledge.

Note 9. Commitments and Guarantees

For additional information on the nature of the obligations and related business activities for our commitments and guarantees, refer to page 165 in Note 12 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following table presents the aggregate gross contractual amounts of our off-balance sheet commitments and guarantees, as of the dates indicated:

(In millions)	June 30, 2022	December 31, 2021
Commitments:		
Unfunded credit facilities	$ 32,939	$ 33,026
Guarantees[1]:		
Indemnified securities financing	$ 345,237	$ 385,740
Standby letters of credit	2,542	3,237

[1] The potential losses associated with these guarantees equal the gross contractual amounts and do not consider the value of any collateral or reflect any participations to independent third parties.

Approximately 78% of our unfunded commitments to extend credit expire within one year as of June 30, 2022, compared to approximately 76% as of December 31, 2021.

Indemnified Securities Financing

For additional information on our indemnified securities financing, refer to page 165 in Note 12 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following table summarizes the aggregate fair values of indemnified securities financing and related collateral, as well as collateral invested in indemnified repurchase agreements, as of the dates indicated:

(In millions)	June 30, 2022	December 31, 2021
Fair value of indemnified securities financing	$ 345,237	$ 385,740
Fair value of cash and securities held by us, as agent, as collateral for indemnified securities financing	361,380	404,121
Fair value of collateral for indemnified securities financing invested in indemnified repurchase agreements	64,181	61,560
Fair value of cash and securities held by us or our agents as collateral for investments in indemnified repurchase agreements	69,168	67,014

In certain cases, we participate in securities finance transactions as a principal. As a principal, we borrow securities from the lending client and then lend such securities to the subsequent borrower, either our client or a broker/dealer. Our right to receive and obligation to return collateral in connection with our securities lending transactions are recorded in other assets and other liabilities, respectively, in our consolidated statement of condition. As of June 30, 2022 and December 31, 2021, we had approximately $18.20 billion and $22.30 billion, respectively, of collateral provided and approximately $1.75 billion and $4.04 billion, respectively, of collateral received from clients in connection with our participation in principal securities finance transactions.

FICC Guarantee

As a sponsoring member in the FICC member program, we provide a guarantee to FICC in the event a customer fails to perform its obligations under a transaction. In order to minimize the risk associated with this guarantee, sponsored members acting as buyers generally grant a security interest in the subject securities received under and held on their behalf by State Street. For additional information on our repurchase and reverse repurchase agreements, please refer to Note 8 to the consolidated financial statements in this Form 10-Q.

Note 10. Contingencies

Legal and Regulatory Matters

In the ordinary course of business, we and our subsidiaries are involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened. These matters, if resolved adversely against us or settled, may result in monetary awards or payments, fines and penalties or require changes in our business practices. The resolution or settlement of these matters is inherently difficult to predict. Based on our assessment of these pending matters, we do not believe that the amount of any judgment, settlement or other action arising from any pending matter is likely to have a material adverse effect on our consolidated financial condition. However, an adverse outcome or development in certain of the matters described below could have a material adverse effect on our consolidated results of operations for the period in which such matter is resolved, or an accrual is determined to be required, on our consolidated financial condition, or on our reputation.

We evaluate our needs for accruals of loss contingencies related to legal and regulatory proceedings on a case-by-case basis. When we have a liability that we deem probable, and we deem the amount of such liability can be reasonably estimated as of the date of our consolidated financial statements, we accrue our estimate of the amount of loss. We also consider a loss probable and establish an accrual when we make, or intend to make, an offer of settlement. Once established, an accrual is subject to subsequent adjustment as a result of additional information. The resolution of legal and regulatory proceedings and the amount of reasonably estimable loss (or range thereof) are inherently difficult to predict, especially in the early stages of proceedings. Even if a loss is probable, an amount (or range) of loss might not be reasonably estimated until the later stages of the proceeding due to many factors such as the presence of complex or novel legal theories, the discretion of governmental authorities in seeking sanctions or negotiating resolutions in civil and criminal matters, the pace and timing of discovery and other assessments of facts and the procedural posture of the matter (collectively, "factors influencing reasonable estimates").

As of June 30, 2022, our aggregate accruals for loss contingencies for legal, regulatory and related matters totaled approximately $15 million, including potential fines by government agencies and civil litigation with respect to the matters specifically discussed below. To the extent that we have established accruals in our consolidated statement of condition for probable loss contingencies, such accruals may not be sufficient to cover our ultimate financial exposure associated with any settlements or judgments. Any such ultimate financial exposure, or proceedings to which we may become subject in the future, could have a material adverse effect on our businesses, on our future consolidated financial statements or on our reputation.

As of June 30, 2022, for those matters for which we have accrued probable loss contingencies (including the Invoicing Matter described below) and for other matters for which loss is reasonably possible (but not probable) in future periods, and for which we are able to estimate a range of reasonably possible loss, our estimate of the aggregate reasonably possible loss (in excess of any accrued amounts) ranges up to approximately $50 million. Our estimate with respect to the aggregate reasonably possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions and known and unknown uncertainties, which may change quickly and significantly from time to time, particularly if and as we engage with applicable governmental agencies or plaintiffs in connection with a proceeding. Also, the matters underlying the reasonably possible loss will change from time to time. As a result, actual results may vary significantly from the current estimate.

In certain pending matters, it is not currently feasible to reasonably estimate the amount or a range of reasonably possible loss, and such losses, which may be significant, are not included in the estimate of reasonably possible loss discussed above. This is due to, among other factors, the factors influencing reasonable estimates described above. An adverse outcome in one or more of the matters for which we have not estimated the amount or a range of reasonably possible loss, individually or in the aggregate, could have a material adverse effect on our businesses, on our future consolidated financial statements or on our reputation. Given that our actual losses from any legal or regulatory proceeding for which we have provided an estimate of the reasonably possible loss could significantly exceed such estimate, and given that we cannot estimate reasonably possible loss for all legal and regulatory proceedings as to which we may be

subject now or in the future, no conclusion as to our ultimate exposure from current pending or potential legal or regulatory proceedings should be drawn from the current estimate of reasonably possible loss.

The following discussion provides information with respect to significant legal, governmental and regulatory matters.

Invoicing Matter

In 2015, we determined that we had incorrectly invoiced clients for certain expenses. We have reimbursed most of our affected customers for those expenses, and we have implemented enhancements to our billing processes. In connection with our enhancements to our billing processes, we continue to review historical billing practices and may from time to time identify additional remediation. In 2017, we identified an additional area of incorrect expense billing associated with mailing services in our retirement services business. We currently expect the cumulative total of our payments to customers for these invoicing errors, including the error in the retirement services business, to be at least $350 million, all of which has been paid or is accrued. However, we may identify additional remediation costs.

In March 2017, a purported class action was commenced against us alleging that our invoicing practices violated duties owed to retirement plan customers under the Employee Retirement Income Security Act. We have agreed, subject to court approval, to resolve this matter and pay a cost that is within our established accruals for loss contingencies. In addition, we have received a purported class action demand letter alleging that our invoicing practices were unfair and deceptive under Massachusetts law. A class of customers, or particular customers, may assert that we have not paid to them all amounts incorrectly invoiced, and may seek double or treble damages under Massachusetts law.

We resolved potential criminal claims that arose from these matters by entering into a deferred prosecution agreement with the office of the United States Attorney for the District of Massachusetts and paying a $115 million penalty in May 2021. In June 2019, we reached an agreement with the SEC to settle its claims that we violated the recordkeeping provisions of Section 34(b) of the Investment Company Act of 1940 and caused violations of Section 31(a) of the Investment Company Act and Rules 31a-1(a) and 31a-1(b) thereunder in connection with our overcharges of customers which are registered investment companies. In reaching this settlement, we neither admitted nor denied the claims contained in the SEC's order, and agreed to pay a civil monetary penalty of $40 million. Also in June 2019, we reached an agreement with the Massachusetts Attorney General's office to resolve its claims related to this matter. In reaching this settlement, we neither admitted nor denied the claims in the order, and agreed to pay a civil monetary penalty of $5.5 million. The SEC and Massachusetts Attorney General's office settlements both recognize that the payment of $48.8 million in disgorgement and interest is satisfied by our direct reimbursements of our customers. We paid fines to resolve claims of the Securities Divisions of the Secretaries of the State of Massachusetts and New Hampshire. The costs associated with the settlements discussed above were within our related previously established accruals for loss contingencies.

We have not resolved certain claims that may be made by the U.S. Department of Labor. We do not know whether any such claims will be brought, and there can be no assurance that any settlement of any such claims will be reached on financial terms acceptable to us or at all. The aggregate amount of penalties that may potentially be imposed upon us in connection with the resolution of any such matters is not currently known.

Gomes, et al. v. State Street Corp.

Eight participants in our Salary Savings Program filed a purported class action complaint in May 2021 on behalf of participants and beneficiaries who participated in the Program and invested in our proprietary investment fund options between May 2015 and the present. The complaint names the Plan Sponsor as well as the committees overseeing the Plan and their respective members as defendants, and alleges breach of fiduciary duty and violations of other duties owed to retirement plan participants under the Employee Retirement Income and Security Act. We and the other named defendants deny the alleged claims and are proceeding with a defense of the matter.

Edmar Financial Company, LLC et al v. Currenex, Inc. et al

In August 2021, two former Currenex clients filed a putative civil class action lawsuit in the Southern District of New York alleging antitrust violations, fraud and a civil Racketeer Influenced and Corrupt Organization Act violation against Currenex, State Street and others.

Income Taxes

In determining our provision for income taxes, we make certain judgments and interpretations with respect to tax laws in jurisdictions in which we have business operations. Because of the complex nature of these laws, in the normal course of our business, we are subject to challenges from U.S. and non-U.S. income tax authorities regarding the amount of income taxes due. These challenges may result in adjustments to the timing or amount of taxable income or deductions or the allocation of taxable income among tax jurisdictions. We recognize a tax benefit when it is more likely than not that our position will result in a tax deduction or credit. Unrecognized tax benefits totaled approximately $232 million and $252 million as of June 30, 2022 and December 31, 2021, respectively.

We are presently under audit by a number of tax authorities. The earliest tax year open to examination in jurisdictions where we have material operations is 2013. Management believes that we have sufficiently accrued liabilities as of June 30, 2022 for potential tax exposures.

Note 11. Variable Interest Entities

For additional information on our accounting policy and our use of variable interest entities (VIEs), refer to pages 168 to 169 in Note 14 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, "Variable Interest Entities", in our 2021 Form 10-K.

Interests in Investment Funds

As of both June 30, 2022 and December 31, 2021, we had no consolidated funds. As of both June 30, 2022 and December 31, 2021, we managed certain funds, considered VIEs, in which we held a variable interest but for which we were not deemed to be the primary beneficiary. Our potential maximum loss exposure related to these unconsolidated funds totaled $15 million and $17 million as of June 30, 2022 and December 31, 2021, respectively, and represented the carrying value of our investments, which are recorded in other assets in our consolidated statement of condition. The amount of loss we may recognize during any period is limited to the carrying amount of our investments in the unconsolidated funds.

We also held investments in low-income housing, production and investment tax credit entities, considered VIEs for which we were not deemed to be the primary beneficiary. As of June 30, 2022 and December 31, 2021, our potential maximum loss exposure related to these unconsolidated entities totaled $1.68 billion and $1.69 billion, respectively, most of which represented the carrying value of our investments, which are recorded in other assets in our consolidated statement of condition.

Note 12. Shareholders' Equity

Preferred Stock

The following table summarizes selected terms of each of the series of the preferred stock issued and outstanding as of June 30, 2022:

Preferred Stock[1]:	Issuance Date	Depositary Shares Issued	Amount outstanding (in millions)	Ownership Interest Per Depositary Share	Liquidation Preference Per Share	Liquidation Preference Per Depositary Share	Per Annum Dividend Rate	Dividend Payment Frequency	Carrying Value as of June 30, 2022 (In millions)	Redemption Date[2]
Series D	February 2014	30,000,000	$ 750	1/4,000th	$ 100,000	$ 25	5.9% to but excluding March 15, 2024, then a floating rate equal to the three-month LIBOR plus 3.108%	Quarterly	$ 742	March 15, 2024
Series F[3]	May 2015	250,000	250	1/100th	100,000	1,000	5.25% to but excluding September 15, 2020, then a floating rate equal to the three-month LIBOR plus 3.597%, or 5.426% effective June 15, 2022	Quarterly	247	September 15, 2020
Series G	April 2016	20,000,000	500	1/4,000th	100,000	25	5.35% to but excluding March 15, 2026, then a floating rate equal to the three-month LIBOR plus 3.709%	Quarterly	493	March 15, 2026
Series H	September 2018	500,000	500	1/100th	100,000	1,000	5.625% to but excluding December 15, 2023, then a floating rate equal to the three-month LIBOR plus 2.539%	Semi-annually	494	December 15, 2023

[1] The preferred stock and corresponding depositary shares may be redeemed at our option in whole, but not in part, prior to the redemption date upon the occurrence of a regulatory capital treatment event, as defined in the certificate of designation, at a redemption price equal to the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

[2] On the redemption date, or any dividend payment date thereafter, the preferred stock and corresponding depositary shares may be redeemed by us, in whole or in part, at the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

[3] Series F preferred stock is redeemable on September 15, 2020 and on each succeeding dividend payment date.

The following tables present the dividends declared for each of the series of preferred stock issued and outstanding for the periods indicated:

	Three Months Ended June 30,					
	2022			2021		
(Dollars in millions, except per share amounts)	Dividends Declared per Share	Dividends Declared per Depositary Share	Total	Dividends Declared per Share	Dividends Declared per Depositary Share	Total
Preferred Stock:						
Series D	**$ 1,475**	**$ 0.37**	**$ 11**	$ 1,475	$ 0.37	$ 11
Series F	**1,130**	**11.30**	**3**	966	9.66	2
Series G	**1,338**	**0.33**	**7**	1,338	0.33	7
Series H	**2,813**	**28.13**	**14**	2,813	28.13	14
Total			**$ 35**			$ 34

	Six Months Ended June 30,					
	2022			2021		
(Dollars in millions, except per share amounts)	Dividends Declared per Share	Dividends Declared per Depositary Share	Total	Dividends Declared per Share	Dividends Declared per Depositary Share	Total
Preferred Stock:						
Series D	**$ 2,950**	**$ 0.74**	**$ 22**	$ 2,950	$ 0.74	$ 22
Series F	**2,080**	**20.80**	**5**	1,919	19.19	9
Series G	**2,676**	**0.66**	**14**	2,676	0.66	14
Series H	**2,813**	**28.13**	**14**	2,813	28.13	14
Total			**$ 55**			$ 59

In July 2022, we declared dividends on our series D, F and G preferred stock of approximately $1,475, $1,387 and $1,338, respectively, per share, or approximately $0.37, $13.87 and $0.33, respectively, per depositary share. These dividends total approximately $11 million, $3 million and $7 million on our series D, F and G preferred stock, respectively, which will be paid in September 2022.

Common Stock

In September 2021, we completed a public offering of approximately 21.7 million shares of our common stock. The offering price was $87.60 per share and net proceeds totaled approximately $1.9 billion. We expect to use these net proceeds to finance our proposed acquisition of the BBH Investor Services business.

In December 2020, the Federal Reserve issued results of 2020 resubmission stress tests and authorized us to continue to pay common stock dividends at current levels and to resume repurchasing common shares in the first quarter of 2021. In January 2021, our Board authorized a share repurchase program for the repurchase of up to $475 million of our common stock through March 31, 2021. In April 2021, our Board authorized a share repurchase program for the repurchase of up to $425 million of our common stock through June 30, 2021, consistent with the limit set by the Federal Reserve. In July 2021, our Board authorized a share repurchase program for the repurchase of up to $3.0 billion of our common stock through the end of 2022.

In connection with our proposed acquisition of the BBH Investor Services business, we did not purchase any common stock during the last half of 2021, as well as during the first half of 2022. In June 2022, we announced our intention to resume our common share repurchases during the fourth quarter of 2022 in an amount reflecting interest rate levels and market conditions at that time. Additionally, in July 2022, we declared third quarter common stock dividends of $0.63 per share, representing a 10% increase on a per share basis from both the third quarter 2021 and second quarter of 2022.

The table below presents the activity under our common share repurchase program for the periods indicated:

Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)	Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)
5.0	$ 84.71	$ 425	11.2	$ 80.00	$ 900

The tables below present the dividends declared on common stock for the periods indicated:

	Three Months Ended June 30,			
	2022		2021	
	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)
Common Stock	**$ 0.57**	**$ 210**	$ 0.52	$ 179

	Six Months Ended June 30,			
	2022		2021	
	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)
Common Stock	**$ 1.14**	**$ 419**	$ 1.04	$ 361

Accumulated Other Comprehensive Income (Loss)

The following table presents the after-tax components of AOCI for the periods indicated:

	Six Months Ended June 30,	
(In millions)	2022	2021
Net unrealized gains (losses) on cash flow hedges	**$ (235)**	$ 53
Net unrealized gains (losses) on available-for-sale securities portfolio	**(2,954)**	467
Net unrealized gains (losses) related to reclassified available-for-sale securities	**860**	(46)
Net unrealized gains (losses) on available-for-sale securities	**(2,094)**	421
Net unrealized gains (losses) on available-for-sale securities designated in fair value hedges	**253**	(37)
Net unrealized gains (losses) on hedges of net investments in non-U.S. subsidiaries	**396**	(93)
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit	**(1)**	(2)
Net unrealized (losses) on retirement plans	**(115)**	(168)
Foreign currency translation	**(1,891)**	(596)
Total	**$ (3,687)**	$ (422)

The following tables present changes in AOCI by component, net of related taxes, for the periods indicated:

(In millions)	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Gains (Losses) on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	Total
Balance as of December 31, 2021	$ (2)	$ (48)	$ 68	$ (2)	$ (130)	$ (1,019)	$ (1,133)
Other comprehensive income (loss) before reclassifications	**(211)**	**(1,793)**	**328**	**1**	**(2)**	**(872)**	**(2,549)**
Amounts reclassified into (out of) accumulated other comprehensive loss	**(22)**	**—**	**—**	**—**	**17**	**—**	**(5)**
Other comprehensive income (loss)	**(233)**	**(1,793)**	**328**	**1**	**15**	**(872)**	**(2,554)**
Balance as of June 30, 2022	**$ (235)**	**$ (1,841)**	**$ 396**	**$ (1)**	**$ (115)**	**$ (1,891)**	**$ (3,687)**

(In millions)	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Gains (Losses) on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	Total
Balance as of December 31, 2020	$ 57	$ 848	$ (204)	$ (2)	$ (178)	$ (334)	$ 187
Other comprehensive income (loss) before reclassifications	29	(464)	111	—	—	(262)	(586)
Amounts reclassified into (out of) accumulated other comprehensive loss	(33)	—	—	—	10	—	(23)
Other comprehensive income (loss)	(4)	(464)	111	—	10	(262)	(609)
Balance as of June 30, 2021	$ 53	$ 384	$ (93)	$ (2)	$ (168)	$ (596)	$ (422)

The following tables present after-tax reclassifications into earnings for the periods indicated:

	Three Months Ended June 30,		
	2022	2021	
(In millions)	Amounts Reclassified (into) out of Earnings		Affected Line Item in Consolidated Statement of Income
Cash flow hedges:			
(Gain) reclassified from accumulated other comprehensive income into income, net of related taxes of $3 and $7, respectively	**$ (6)**	$ (18)	Net interest income reclassified from other comprehensive income
Retirement plans:			
Amortization of actuarial losses, net of related taxes of $1 and $1, respectively	**2**	2	Compensation and employee benefits expenses
Total reclassifications into (out of) Accumulated other comprehensive loss	**$ (4)**	$ (16)	

	Six Months Ended June 30,		
	2022	2021	
(In millions)	Amounts Reclassified (into) out of Earnings		Affected Line Item in Consolidated Statement of Income
Cash flow hedges:			
(Gain) reclassified from accumulated other comprehensive income into income, net of related taxes of $9 and $13, respectively	**$ (22)**	$ (33)	Net interest income reclassified from other comprehensive income
Retirement plans:			
Amortization of actuarial losses, net of related taxes of $7 and $4, respectively	**17**	10	Compensation and employee benefits expenses
Total reclassifications into (out of) Accumulated other comprehensive loss	**$ (5)**	$ (23)	

Note 13. Regulatory Capital

For additional information on our regulatory capital, including the regulatory capital requirements administered by federal banking agencies, which we are subject to, refer to pages 171 to 172 in Note 16 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

As of June 30, 2022, we and State Street Bank exceeded all regulatory capital adequacy requirements to which we were subject to. As of June 30, 2022, State Street Bank was categorized as "well capitalized" under the applicable regulatory capital adequacy framework, and exceeded all "well capitalized" ratio guidelines to which it was subject. Management believes that no conditions or events have occurred since June 30, 2022 that have changed the capital categorization of State Street Bank.

The following table presents the regulatory capital structure, total RWA, related regulatory capital ratios and the minimum required regulatory capital ratios for us and State Street Bank as of the dates indicated.

	State Street Corporation				State Street Bank			
(Dollars in millions)	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021	Basel III Advanced Approaches June 30, 2022	Basel III Standardized Approach June 30, 2022	Basel III Advanced Approaches December 31, 2021	Basel III Standardized Approach December 31, 2021
Common shareholders' equity:								
Common stock and related surplus	**$ 11,261**	**$ 11,261**	$ 11,291	$ 11,291	**$ 13,033**	**$ 13,033**	$ 13,047	$ 13,047
Retained earnings	**26,115**	**26,115**	25,238	25,238	**17,025**	**17,025**	15,700	15,700
Accumulated other comprehensive income (loss)	**(3,687)**	**(3,687)**	(1,133)	(1,133)	**(3,410)**	**(3,410)**	(926)	(926)
Treasury stock, at cost	**(9,898)**	**(9,898)**	(10,009)	(10,009)	**—**	**—**	—	—
Total	**23,791**	**23,791**	25,387	25,387	**26,648**	**26,648**	27,821	27,821
Regulatory capital adjustments:								
Goodwill and other intangible assets, net of associated deferred tax liabilities	**(8,628)**	**(8,628)**	(8,935)	(8,935)	**(8,370)**	**(8,370)**	(8,667)	(8,667)
Other adjustments[1]	**(281)**	**(281)**	(505)	(505)	**(104)**	**(104)**	(309)	(309)
Common equity tier 1 capital	**14,882**	**14,882**	15,947	15,947	**18,174**	**18,174**	18,845	18,845
Preferred stock	**1,976**	**1,976**	1,976	1,976	**—**	**—**	—	—
Tier 1 capital	**16,858**	**16,858**	17,923	17,923	**18,174**	**18,174**	18,845	18,845
Qualifying subordinated long-term debt	**1,381**	**1,381**	1,588	1,588	**545**	**545**	752	752
Allowance for credit losses	**—**	**113**	—	108	**—**	**113**	—	108
Total capital	**$ 18,239**	**$ 18,352**	$ 19,511	$ 19,619	**$ 18,719**	**$ 18,832**	$ 19,597	$ 19,705
Risk-weighted assets:								
Credit risk[2]	**$ 63,259**	**$ 113,566**	$ 63,735	$ 109,554	**$ 56,041**	**$ 110,950**	$ 57,405	$ 106,405
Operational risk[3]	**45,350**	**NA**	45,550	NA	**42,700**	**NA**	42,813	NA
Market risk	**1,838**	**1,838**	2,113	2,113	**1,838**	**1,838**	2,113	2,113
Total risk-weighted assets	**$ 110,447**	**$ 115,404**	$ 111,398	$ 111,667	**$ 100,579**	**$ 112,788**	$ 102,331	$ 108,518
Adjusted quarterly average assets	**$ 282,526**	**$ 282,526**	$ 293,567	$ 293,567	**$ 279,665**	**$ 279,665**	$ 290,403	$ 290,403

Capital Ratios:	2022 Minimum Requirements[4]	2021 Minimum Requirements[4]								
Common equity tier 1 capital	**8.0 %**	8.0 %	**13.5 %**	**12.9 %**	14.3 %	14.3 %	**18.1 %**	**16.1 %**	18.4 %	17.4 %
Tier 1 capital	**9.5**	9.5	**15.3**	**14.6**	16.1	16.1	**18.1**	**16.1**	18.4	17.4
Total capital	**11.5**	11.5	**16.5**	**15.9**	17.5	17.6	**18.6**	**16.7**	19.2	18.2
Tier 1 leverage	**4.0**	4.0	**6.0**	**6.0**	6.1	6.1	**6.5**	**6.5**	6.5	6.5

[1] Other adjustments within CET1 capital primarily include the overfunded portion of our defined benefit pension plan obligation net of associated deferred tax liabilities, disallowed deferred tax assets, and other required credit risk-based deductions.

[2] Under the advanced approaches, credit risk RWA includes a CVA which reflects the risk of potential fair value adjustments for credit risk reflected in our valuation of OTC derivative contracts. We used a simple CVA approach in conformity with the Basel III advanced approaches.

[3] Under the current advanced approaches rules and regulatory guidance concerning operational risk models, RWA attributable to operational risk can vary substantially from period-to-period, without direct correlation to the effects of a particular loss event on our results of operations and financial condition and impacting dates and periods that may differ from the dates and periods as of and during which the loss event is reflected in our financial statements, with the timing and categorization dependent on the processes for model updates and, if applicable, model revalidation and regulatory review and related supervisory processes. An individual loss event can have a significant effect on the output of our operational RWA under the advanced approaches depending on the severity of the loss event and its categorization among the seven Basel-defined UOMs.

[4] Minimum requirements include a CCB of 2.5% and a SCB of 2.5% for the advanced approaches and the standardized approach, respectively, a G-SIB surcharge of 1.0% and a countercyclical buffer of 0%.

NA Not applicable

Note 14. Net Interest Income

The following table presents the components of interest income and interest expense, and related NII, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Interest income:				
Interest-bearing deposits with banks	**$ 70**	$ (4)	**$ 79**	$ (13)
Investment securities:				
Investment securities available-for-sale	**122**	145	**276**	285
Investment securities held-to-maturity	**230**	163	**401**	343
Investment securities purchased under money market liquidity facility	**—**	—	**—**	4
Total investment securities	**352**	308	**677**	632
Securities purchased under resale agreements	**38**	3	**48**	13
Loans	**199**	157	**371**	298
Other interest-earning assets	**45**	3	**50**	8
Total interest income	**704**	467	**1,225**	938
Interest expense:				
Interest-bearing deposits	**23**	(65)	**(40)**	(134)
Short-term borrowings under money market liquidity facility	**—**	—	**—**	4
Securities sold under repurchase agreements	**3**	—	**3**	—
Other short-term borrowings	**1**	1	**1**	1
Long-term debt	**72**	54	**137**	114
Other interest-bearing liabilities	**21**	10	**31**	19
Total interest expense	**120**	—	**132**	4
Net interest income	**$ 584**	$ 467	**$ 1,093**	$ 934

Note 15. Expenses

The following table presents the components of other expenses for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Professional services	**$ 84**	$ 75	**$ 181**	$ 155
Sales advertising public relations	**22**	16	**41**	33
Regulatory fees and assessments	**20**	19	**40**	37
Securities processing	**12**	2	**20**	14
Bank operations	**9**	2	**13**	4
Insurance	**2**	3	**6**	6
Donations	**7**	—	**13**	
Other	**106**	82	**191**	172
Total other expenses	**$ 262**	$ 199	**$ 505**	$ 421

Acquisition Costs

We recorded approximately $12 million and $21 million of acquisition costs in the three and six months ended June 30, 2022, respectively, related to our proposed acquisition of the BBH Investor Services business, compared to $11 million and $22 million of acquisition costs in the same periods of 2021, respectively, related to CRD.

Restructuring and Repositioning Charges

The following table presents aggregate activity for repositioning charges for the periods indicated:

(In millions)	Employee Related Costs	Real Estate Actions	Asset and Other Write-offs	Total
Accrual Balance at December 31, 2020	$ 190	$ 6	$ —	$ 196
Accruals for Beacon	(1)	—	—	(1)
Accruals for Repositioning Charges	—	2	—	2
Payments and Other Adjustments	(9)	(2)	—	(11)
Accrual Balance at March 31, 2021	180	6	—	186
Payments and Other Adjustments	(34)	—	—	(34)
Accrual Balance at June 30, 2021	$ 146	$ 6	$ —	$ 152
Accrual Balance at December 31, 2021	$ 68	$ 6	$ —	$ 74
Payments and Other Adjustments	(17)	(1)	—	(18)
Accrual Balance at March 31, 2022	51	$ 5	—	56
Payments and Other Adjustments	**(11)**	**—**	**—**	**(11)**
Accrual Balance at June 30, 2022	**$ 40**	**$ 5**	**$ —**	**$ 45**

Note 16. Earnings Per Common Share

For additional information on our earnings per share calculation methodologies, refer to page 179 in Note 23 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following table presents the computation of basic and diluted earnings per common share for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except per share amounts)	2022	2021	2022	2021
Net income	**$ 747**	$ 763	**$ 1,351**	$ 1,282
Less:				
Preferred stock dividends	**(35)**	(34)	**(55)**	(64)
Dividends and undistributed earnings allocated to participating securities[1]	**—**	(1)	**(1)**	(1)
Net income available to common shareholders	**$ 712**	$ 728	**$ 1,295**	$ 1,217
Average common shares outstanding (In thousands):				
Basic average common shares	**367,375**	345,889	**366,961**	348,303
Effect of dilutive securities: equity-based awards	**4,748**	5,693	**5,119**	5,131
Diluted average common shares	**372,123**	351,582	**372,080**	353,434
Anti-dilutive securities[2]	**1,990**	176	**741**	192
Earnings per common share:				
Basic	**$ 1.94**	$ 2.11	**$ 3.53**	$ 3.49
Diluted[3]	**1.91**	2.07	**3.48**	3.44

[1] Represents the portion of net income available to common equity allocated to participating securities, composed of unvested and fully vested SERP (Supplemental executive retirement plans) shares and fully vested deferred director stock awards, which are equity-based awards that contain non-forfeitable rights to dividends, and are considered to participate with the common stock in undistributed earnings.

[2] Represents equity-based awards outstanding but not included in the computation of diluted average common shares, because their effect was anti-dilutive. Additional information about equity-based awards is provided on pages 173 and 175 in Note 18 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

[3] Calculations reflect allocation of earnings to participating securities using the two-class method, as this computation is more dilutive than the treasury stock method.

Note 17. Line of Business Information

Our operations are organized into two lines of business: Investment Servicing and Investment Management, which are defined based on products and services provided. The results of operations for these lines of business are not necessarily comparable with those of other companies, including companies in the financial services industry. For information about our two lines of business, as well as revenues, expenses and capital allocation methodologies associated with them, refer to pages 179 to 181 in Note 24 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

The following tables summarize our line of business results for the periods indicated. The "Other" columns represent costs incurred that are not allocated to a specific line of business, certain employee costs, including certain severance and restructuring costs, acquisition costs and certain provisions for legal contingencies.

	Three Months Ended June 30,							
	Investment Servicing		Investment Management		Other		Total	
(Dollars in millions)	2022	2021	2022	2021	2022	2021	2022	2021
Servicing fees	$ 1,297	$ 1,394	$ —	$ —	$ —	$ —	$ 1,297	$ 1,394
Management fees	—	—	490	504	—	—	490	504
Foreign exchange trading services	313	270	18	16	—	—	331	286
Securities finance	102	106	5	3	—	—	107	109
Software and processing fees	188	211	—	—	—	—	188	211
Other fee revenue	(12)	3	(31)	7	—	—	(43)	10
Total fee revenue	1,888	1,984	482	530	—	—	2,370	2,514
Net interest income	588	468	(4)	(1)	—	—	584	467
Total other income	(1)	—	—	—	—	53	(1)	53
Total revenue	2,475	2,452	478	529	—	53	2,953	3,034
Provision for credit losses	10	(15)	—	—	—	—	10	(15)
Total expenses	1,767	1,755	327	346	14	10	2,108	2,111
Income before income tax expense	$ 698	$ 712	$ 151	$ 183	$ (14)	$ 43	$ 835	$ 938
Pre-tax margin	28 %	29 %	32 %	35 %			28 %	31 %

	Six Months Ended June 30,							
	Investment Servicing		Investment Management		Other		Total	
(Dollars in millions)	2022	2021	2022	2021	2022	2021	2022	2021
Servicing fees	$ 2,665	$ 2,763	$ —	$ —	$ —	$ —	$ 2,665	$ 2,763
Management fees	—	—	1,010	997	—	—	1,010	997
Foreign exchange trading services	655	603	35	29	—	—	690	632
Securities finance	195	201	8	7	—	—	203	208
Software and processing fees [1]	389	371	—	—	—	—	389	371
Other fee revenue	34	17	(48)	9		—	(14)	26
Total fee revenue	3,938	3,955	1,005	1,042	—	—	4,943	4,997
Net interest income	1,097	941	(4)	(7)	—	—	1,093	934
Total other income	(2)	—	—	—	—	53	(2)	53
Total revenue	5,033	4,896	1,001	1,035	—	53	6,034	5,984
Provision for credit losses	10	(24)	—	—	—	—	10	(24)
Total expenses	3,692	3,634	716	743	27	66	4,435	4,443
Income before income tax expense	$ 1,331	$ 1,286	$ 285	$ 292	$ (27)	$ (13)	1,589	$ 1,565
Pre-tax margin	26 %	26 %	28 %	28 %			26 %	26 %

Note 18. Revenue from Contracts with Customers

For additional information on the nature of services and our revenue from contracts with customers, including revenues associated with both our Investment Servicing and Investment Management lines of business, refer to pages 181 to 183 in Note 25 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2021 Form 10-K.

Revenue by category

In the following tables, revenue is disaggregated by our two lines of business and by revenue stream for which the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Three Months Ended June 30, 2022

	Investment Servicing			Investment Management			Other			Total
(Dollars in millions)	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	2022
Servicing fees	$ 1,297	$ —	$ 1,297	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,297
Management fees	—	—	—	490	—	490	—	—	—	490
Foreign exchange trading services	90	223	313	18	—	18	—	—	—	331
Securities finance	61	41	102	—	5	5	—	—	—	107
Software and processing fees	138	50	188	—		—	—	—	—	188
Other fee revenue	—	(12)	(12)	—	(31)	(31)	—	—	—	(43)
Total fee revenue	1,586	302	1,888	508	(26)	482	—	—	—	2,370
Net interest income	—	588	588	—	(4)	(4)	—	—	—	584
Total other income	—	(1)	(1)	—	—	—	—	—	—	(1)
Total revenue	$ 1,586	$ 889	$ 2,475	$ 508	$ (30)	$ 478	$ —	$ —	$ —	$ 2,953

Six Months Ended June 30, 2022

	Investment Servicing			Investment Management			Other			Total
(Dollars in millions)	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	2022
Servicing fees	$ 2,665	$ —	$ 2,665	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,665
Management fees	—	—	—	1,010	—	1,010	—	—	—	1,010
Foreign exchange trading services	191	464	655	35	—	35	—	—	—	690
Securities finance	115	80	195	—	8	8	—	—	—	203
Software and processing fees	289	100	389	—	—	—	—	—	—	389
Other fee revenue	—	34	34	—	(48)	(48)	—	—	—	(14)
Total fee revenue	3,260	678	3,938	1,045	(40)	1,005	—	—	—	4,943
Net interest income	—	1,097	1,097	—	(4)	(4)	—	—	—	1,093
Total other income	—	(2)	(2)	—	—	—	—	—	—	(2)
Total revenue	$ 3,260	$ 1,773	$ 5,033	$ 1,045	$ (44)	$ 1,001	$ —	$ —	$ —	$ 6,034

Three Months Ended June 30, 2021

	Investment Servicing			Investment Management			Other			Total
(Dollars in millions)	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	2021
Servicing fees	$ 1,394	$ —	$ 1,394	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,394
Management fees	—	—	—	504	—	504	—	—	—	504
Foreign exchange trading services	83	187	270	16	—	16	—	—	—	286
Securities finance	61	45	106	—	3	3	—	—	—	109
Software and processing fees	161	50	211	—	—	—	—	—	—	211
Other fee revenue	—	3	3	—	7	7	—	—	—	10
Total fee revenue	1,699	285	1,984	520	10	530	—	—	—	2,514
Net interest income	—	468	468	—	(1)	(1)	—	—	—	467
Total other income	—	—	—	—	—	—	—	53	53	53
Total revenue	$ 1,699	$ 753	$ 2,452	$ 520	$ 9	$ 529	$ —	$ 53	$ 53	$ 3,034

Six Months Ended June 30, 2021

	Investment Servicing			Investment Management			Other			Total
(Dollars in millions)	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	Topic 606 revenue	All other revenue	Total	2021
Servicing fees	$ 2,763	$ —	$ 2,763	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,763
Management fees	—	—	—	997	—	997	—	—	—	997
Foreign exchange trading services	178	425	603	29	—	29	—	—	—	632
Securities finance	121	80	201	—	7	7	—	—	—	208
Software and processing fees	271	100	371	—	—	—	—	—	—	371
Other fee revenue	—	17	17	—	9	9	—	—	—	26
Total fee revenue	3,333	622	3,955	1,026	16	1,042	—	—	—	4,997
Net interest income	—	941	941	—	(7)	(7)	—	—	—	934
Total other income	—	—	—	—	—	—	—	53	53	53
Total revenue	$ 3,333	$ 1,563	$ 4,896	$ 1,026	$ 9	$ 1,035	$ —	$ 53	$ 53	$ 5,984

Contract balances and contract costs

As of June 30, 2022 and December 31, 2021, net receivables of $2.89 billion and $2.76 billion, respectively, are included in accrued interest and fees receivable, representing amounts billed or currently billable related to revenue from contracts with customers. As performance obligations are satisfied, we have an unconditional right to payment and billing is generally performed monthly or quarterly; therefore, we do not have significant contract assets or liabilities.

No adjustments are made to the promised amount of consideration for the effects of a significant financing component as the period between when we transfer a promised service to a customer and when the customer pays for that service is expected to be one year or less.

Note 19. Non-U.S. Activities

We define our non-U.S. activities as those revenue-producing business activities that arise from clients which are generally serviced or managed outside the U.S. Due to the integrated nature of our business, precise segregation of our U.S. and non-U.S. activities is not possible.

Subjective estimates, assumptions and other judgments are applied to quantify the financial results and assets related to our non-U.S. activities, including our application of funds transfer pricing, our asset and liability management policies and our allocation of certain indirect corporate expenses. Management periodically reviews and updates its processes for quantifying the financial results and assets related to our non-U.S. activities.

The following table presents our U.S. and non-U.S. financial results for the periods indicated:

	Three Months Ended June 30,					
	2022			2021		
(In millions)	**Non-U.S.[1]**	**U.S.**	**Total**	**Non-U.S.[1]**	**U.S.**	**Total**
Total revenue	**$ 1,336**	**$ 1,617**	**$ 2,953**	$ 1,325	$ 1,709	$ 3,034
Income before income tax expense	**407**	**428**	**835**	396	542	938

	Six Months Ended June 30,					
	2022			2021		
(In millions)	**Non-U.S.[1]**	**U.S.**	**Total**	**Non-U.S.[1]**	**U.S.**	**Total**
Total revenue	**$ 2,715**	**$ 3,319**	**$ 6,034**	$ 2,670	$ 3,314	$ 5,984
Income before income tax expense	**772**	**817**	**1,589**	733	832	1,565

[1] Geographic mix is generally based on the domicile of the entity servicing the funds and is not necessarily representative of the underlying asset mix.

Non-U.S. assets were $93.35 billion and $109.41 billion as of June 30, 2022 and 2021, respectively.

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Shareholders and Board of Directors of State Street Corporation

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated statement of condition of State Street Corporation (the “Corporation”) as of June 30, 2022, consolidated statements of income, comprehensive income, changes in shareholders' equity for the three- and six-month periods ended June 30, 2022 and 2021, cash flows for the six-month periods ended June 30, 2022 and 2021 and the related condensed notes (collectively referred to as the “condensed consolidated interim financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statement of condition of the Corporation as of December 31, 2021, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated February 17, 2022, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of condition as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated statement of condition from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Corporation’s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Boston, Massachusetts
July 28, 2022

ACRONYMS

ABS	Asset-backed securities
AFS	Available-for-sale
AOCI	Accumulated other comprehensive income (loss)
AUC/A	Assets under custody and/or administration
AUM	Assets under management
BBH	Brown Brothers Harriman & Co
bps	Basis points
CCAR	Comprehensive Capital Analysis and Review
CRD	Charles River Development
CET1[(1)]	Common equity tier 1
CLO	Collateralized Loan Obligation
CVA	Credit valuation adjustment
ETF	Exchange-Traded Fund
EUR	Euro
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank of Boston
FICC	Fixed Income Clearing Corporation
FTE	Fully taxable-equivalent
FX	Foreign exchange
GAAP	Generally accepted accounting principles
GBP	British pound Sterling
G-SIB	Global systemically important bank
HQLA[(1)]	High-quality liquid assets
HTM	Held-to-maturity
IDI	Insured Depository Institution
LCR[(1)]	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
LTD	Long-term debt
MBS	Mortgage-backed securities
MMLF	Money Market Mutual Fund Liquidity Facility
NII	Net interest income
NIM	Net interest margin
OTC	Over-the-counter
PCAOB	Public Company Accounting Oversight Board
RWA[(1)]	Risk-weighted asset
SCB	Stress Capital Buffer
SEC	Securities and Exchange Commission
SLR[(1)]	Supplementary leverage ratio
SPDR	Spider; Standard and Poor's depository receipt
SPOE Strategy	Single Point of Entry Strategy
SSIF	State Street Intermediate Funding, LLC
TLAC[(1)]	Total loss-absorbing capacity
UOM	Unit of measure
USD	U.S. Dollar
VaR	Value-at-Risk

[(1)] As defined by the applicable U.S. regulations.

GLOSSARY

Asset-backed securities: A financial security backed by collateralized assets, other than real estate or mortgage backed securities.

Assets under custody and/or administration: Assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. To the extent that we provide more than one AUC/A service (including back and middle office services) for a client's assets, the value of the asset is only counted once in the total amount of AUC/A.

Assets under management: The total market value of client assets for which we provide investment management strategy services, advisory services and/or distribution services generating management fees based on a percentage of the assets' market values. These client assets are not included on our balance sheet. Assets under management include managed assets lost but not liquidated. Lost business occurs from time to time and it is difficult to predict the timing of client behavior in transitioning these assets as the timing can vary significantly.

Beacon: A multi-year program, announced in October 2015, to create cost efficiencies through changes in our operational processes and to further digitize our processes and interfaces with our clients.

Certificates of deposit: A savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment.

Collateralized loan obligations: A loan or security backed by a pool of debt, primarily senior secured leveraged loans. CLOs are similar to collateralized mortgage obligations, except for the different type of underlying loan. With a CLO, the investor receives scheduled loan or debt payments from the underlying loans, assuming most of the risk in the event borrowers default, but is offered greater diversity and the potential for higher-than-average returns.

Commercial real estate: Property intended to generate profit from capital gains or rental income. CRE loans are term loans secured by commercial and multifamily properties. We seek CRE loans with strong competitive positions in major domestic markets, stable cash flows, modest leverage and experienced institutional ownership.

Deposit beta: A measure of how much of an interest rate increase is expected to be passed on to client interest-bearing accounts, on average.

Depot bank: A German term, specified by the country's law on investment companies, which essentially corresponds to 'custodian'.

Doubtful: Doubtful loans and leases meet the same definition of substandard loans and leases (i.e., well-defined weaknesses that jeopardize repayment with the possibility that we will sustain some loss) with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable.

Economic value of equity: A measure designed to estimate the fair value of assets, liabilities and off-balance sheet instruments based on a discounted cash flow model.

Exchange-Traded Fund: A type of exchange-traded investment product that offer investors a way to pool their money in a fund that makes investments in stocks, bonds, or other assets and, in return, to receive an interest in that investment pool. ETF shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value.

Exposure-at-default: A measure used in the calculation of regulatory capital under Basel III final rule. It can be defined as the expected amount of loss a bank may be exposed to upon default of an obligor.

Global systemically important bank: A financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity, which will be subject to additional capital requirements.

Held-to-maturity investment securities: We classify investments in debt securities as held-to-maturity only if we have the positive intent and ability to hold those securities to maturity. Investments in debt securities classified as held-to-maturity are measured subsequently at amortized cost in the statement of financial position.

High-quality liquid assets: Cash or assets that can be converted into cash at little or no loss of value in private markets and are considered unencumbered.

Investment grade: A rating of loans and leases to counterparties with strong credit quality and low expected credit risk and probability of default. It applies to counterparties with a strong capacity to support the timely repayment of any financial commitment.

Liquidity coverage ratio: The ratio of encumbered high-quality liquid assets divided by expected total net cash outflows over a 30-day stress period. A Basel III framework requirement for banks and bank holding companies to measure liquidity, it is designed to ensure that certain banking institutions, including us, maintain a minimum amount of unencumbered HQLA sufficient to withstand the net cash outflow under a hypothetical standardized acute liquidity stress scenario for a 30-day stress period.

Net asset value: The amount of net assets attributable to each share/unit of the fund at a specific date or time.

Net stable funding ratio: The ratio of the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an ongoing basis.

Other-than-temporary-impairment: Impairment charge taken on a security whose fair value has fallen below its carrying value on balance sheet and its value is not expected to recover through the holding period of the security.

Probability of default: A measure of the likelihood that a credit obligor will enter into default status.

Qualified financial contracts: Securities contracts, commodity contracts, forward contracts, repurchase agreements, swap agreements and any other contract determined by the FDIC to be a qualified financial contract.

Risk-weighted assets: A measurement used to quantify risk inherent in our on and off-balance sheet assets by adjusting the asset value for risk. RWA is used in the calculation of our risk-based capital ratios.

Special mention: Loans and leases that consist of counterparties with potential weaknesses that, if uncorrected, may result in deterioration of repayment prospects.

Speculative: Loans and leases that consist of counterparties that face ongoing uncertainties or exposure to business, financial, or economic downturns. However, these counterparties may have financial flexibility or access to financial alternatives, which allow for financial commitments to be met.

Substandard: Loans and leases that consist of counterparties with well-defined weakness that jeopardizes repayment with the possibility we will sustain some loss.

Supplementary leverage ratio: The ratio of our tier 1 capital to our total leverage exposure, which measures our capital adequacy relative to our on and off-balance sheet assets.

Total loss-absorbing capacity: The sum of our tier 1 regulatory capital plus eligible external long-term debt issued by us.

Value-at-Risk: Statistical model used to measure the potential loss in value of a portfolio that could occur in normal markets condition, over a defined holding period, within a certain confidence level.

Variable interest entity: An entity that: (1) lacks enough equity investment at risk to permit the entity to finance its activities without additional financial support from other parties; (2) has equity owners that lack the right to make significant decisions affecting the entity's operations; and/or (3) has equity owners that do not have an obligation to absorb or the right to receive the entity's losses or return.

PART 2. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In December 2020, the Federal Reserve issued results of 2020 resubmission stress tests and authorized us to continue to pay common stock dividends at current levels and to resume repurchasing common shares in the first quarter of 2021. In January 2021, our Board authorized a share repurchase program for the purchase of up to $475 million of our common stock through March 31, 2021. In April 2021, our Board authorized a share repurchase program for the repurchase of up to $425 million of our common stock through June 30, 2021, consistent with the limit set by the Federal Reserve. In July 2021, our Board authorized a share repurchase program for the repurchase of up to $3.0 billion of our common stock through the end of 2022.

In connection with our proposed acquisition of the BBH Investor Services business, we did not repurchase any common stock during the last half of 2021, as well as during the first half of 2022. In June 2022, we announced our intention to resume our common share repurchases during the fourth quarter of 2022 in an amount reflecting interest rate levels and market conditions at that time. Additionally, in July 2022, we declared third quarter common stock dividends of $0.63 per share, representing a 10% increase on a per share basis from both the third quarter 2021 and second quarter of 2022.

Stock purchases may be made using various types of transactions, including open-market purchases, accelerated share repurchases or other transactions off the market, and may be made under Rule 10b5-1 trading programs. The timing and amount of any stock purchases and the type of transaction will depend on several factors, including our capital position and financial performance, investment opportunities, market conditions and the amount of common stock issued as part of employee compensation programs. The common share repurchase program does not have specific price targets and may be suspended at any time.

ITEM 5. OTHER INFORMATION

As previously disclosed, effective May 9, 2022, the Board of Directors appointed Louis D. Maiuri to serve as President and head of Investment Services, and Eric W. Aboaf to serve as Vice Chairman. Mr. Maiuri retains his Chief Operating Officer responsibilities, and Mr. Aboaf continues to serve as Chief Financial Officer and has expanded responsibility for State Street's Global Markets business.

On July 27, 2022, the Board of Directors' Human Resources Committee increased the 2022 target incentive compensation of Mr. Maiuri and Mr. Aboaf. Mr. Maiuri's target was increased from $7,300,000 to $8,300,000 and Mr. Aboaf's target was increased from $6,300,000 to $7,300,000. In addition, the Committee approved an executive security package consisting of a car and driver and other security benefits for Mr. Maiuri. The Committee considers the total target compensation for each executive to be appropriate based on the scope of his recently expanded role and in light of relevant internal and external benchmarks.

ITEM 6. EXHIBITS

	Exhibit No.	Exhibit Description
Note: None of the instruments defining the rights of holders of State Street's outstanding long-term debt are in respect of indebtedness in excess of 10% of the total assets of State Street and its subsidiaries on a consolidated basis. State Street hereby agrees to furnish to the SEC upon request a copy of any other instrument with respect to long-term debt of State Street and its subsidiaries.		
	10.1†	Francisco Aristeguieta Transition and Separation Agreement dated May 9, 2022
	10.2†	Description of Compensation Arrangements for Non-Employee Directors
	15	Acknowledgment Letter of Ernst & Young LLP, Independent Registered Public Accounting Firm
	31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman, President and Chief Executive Officer
	31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
	32	Section 1350 Certifications
	101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
*	101.SCH	Inline XBRL Taxonomy Extension Schema Document
*	101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
*	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*	101.LAB	Inline XBRL Taxonomy Label Linkbase Document
*	101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
*	104	Cover Page Interactive Data File (formatted as Inline XBRL and included within the Exhibit 101 attachments)

† Denotes management contract or compensatory plan or arrangement

* Submitted electronically herewith

Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) consolidated statement of income for the three and six months ended June 30, 2022 and 2021, (ii) consolidated statement of comprehensive income for the three and six months ended June 30, 2022 and 2021, (iii) consolidated statement of condition as of June 30, 2022 and December 31, 2021, (iv) consolidated statement of changes in shareholders' equity for the three and six months ended June 30, 2022 and 2021, (v) consolidated statement of cash flows for the six months ended June 30, 2022 and 2021, and (vi) notes to consolidated financial statements.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE STREET CORPORATION
(Registrant)

Date: July 28, 2022

By: /s/ ERIC W. ABOAF
Eric W. Aboaf,
Vice Chairman and Chief Financial Officer (Principal Financial Officer)

Date: July 28, 2022

By: /s/ IAN W. APPLEYARD
Ian W. Appleyard,
Executive Vice President, Global Controller and Chief Accounting Officer (Principal Accounting Officer)

TRANSITION AND SEPARATION AGREEMENT

This Agreement is made between Francisco Aristeguieta ("you") and State Street Bank and Trust Company (together with its parent, and their respective subsidiaries and affiliates "State Street"), as of May 9, 2022.

State Street has informed you of its intention to eliminate the role of Chief Executive Officer of State Street Institutional Services and end your employment. In order to ensure a smooth transition of your duties, you and State Street have agreed to enter into this Transition and Separation Agreement (the "Agreement").

This Agreement summarizes the severance benefits for which you will be eligible under the State Street Corporation Severance Plan ("Plan"), subject to the terms and conditions specified in this Agreement. A further description of these Severance Benefits is contained in the State Street Corporation Severance Plan Summary Plan Description ("SPD") which has been provided to you. You should read the SPD carefully.

You and State Street agree as follows:

1. **TRANSITION PERIOD AND TERMINATION OF EMPLOYMENT**.

(a) Your employment will terminate on January 31, 2023 unless earlier terminated in accordance with the terms of this Agreement. The actual date your employment terminates is referred to below as the "Separation Date." The period from the date of this Agreement through the Separation Date is referred to below as the "Transition Period."

(b) At all times during the Transition Period, you will continue to be an Executive Vice President. You will cease to be a member of the Operating Group and the Management Committee as of May 9, 2022. Then, on a date selected by State Street in its sole discretion (which, without limitation may be May 9, 2022), you will transition to a role as Special Advisor to the President and Chief Operating Officer, reporting to Lou Maiuri, or his successor (including without limitation an individual appointed to serve as your supervisor during any period Mr. Maiuri is unable to perform the role due to disability or similar unexpected circumstance) (the "Manager"). In this Special Advisor role, you will, as requested, use your best efforts to support matters associated with the leadership transition for Institutional Services, including the maintenance of State Street's relationships with clients and personnel, and other financial and organizational objectives, among other matters reasonably requested by the Manager from time to time.

(c) Throughout the Transition Period, State Street will continue to pay you your base salary, at the rate currently in effect, in accordance with State Street's standard payroll practices. You will continue to be eligible to participate in State Street's employee benefit plans and programs, including paid time off programs, subject to plan terms and generally applicable policies of State Street. Except as specifically provided in this Agreement, you will not be entitled to earn any other remuneration of any kind during the Transition Period. For the avoidance of doubt, you will not receive an incentive compensation award for 2022. You will comply with all of State Street's written policies and procedures, your obligations under your offer letter dated as of June 22, 2021 (the "Offer Letter"), your obligations under this Agreement, your obligations under the change of control agreement captioned "Employment Agreement" and dated as of August 1, 2019 (the "Change of Control Agreement"), your obligations under

your existing deferred compensation award agreements (the "Award Agreements") and your obligations with respect to confidentiality and intellectual property under the Confidentiality, Intellectual Property and Restrictive Covenant Protective Agreement between you and State Street Asia Limited dated as of July 15, 2019. Your obligations under all of these agreements are collectively referred to below as your "Continuing Obligations."

(d) The Manager may place you on a garden leave at any time during the Transition Period, at their sole discretion. During garden leave, you will not be required to report to the office or perform any work for State Street; provided, however, that you will make yourself reasonably available in person or by telephone or other communications technology upon request to perform such services as the Manager may reasonably request from time to time.

(e) State Street may terminate your employment for Cause at any time during the Transition Period upon notice. "Cause" means your doing of any of the following, as determined by State Street in its sole, good faith, discretion: (i) materially breaching your obligations under this Agreement or any of the Award Agreements (after receiving written notice and failing to cure within 30 days, where the conduct is susceptible of cure); (ii) engaging in conduct that has a material adverse effect on State Street's interests (after receiving written notice and failing to cure within 30 days, where the breach is susceptible of cure); (iii) committing (or being discovered to have previously committed) a felony or any crime of dishonesty, breach of trust or money laundering; or (iv) willfully and repeatedly failing to perform, gross negligence in the performance of, or gross misconduct relating in any way to, your duties and responsibilities to State Street. Following a termination for Cause, State Street shall have no further obligation to you under this Agreement.

(f) You may request that State Street terminate your employment during the Transition Period to allow you to commence new employment, provided such employment is consistent with your Continuing Obligations. State Street will consider any such request in good faith but may grant or deny such request in its sole discretion (any such granted request, an "Early Termination"). Following an Early Termination,you will still be eligible to receive the Severance Benefits and the Accrued Pay described below. An Early Termination will not cause the forfeiture of unvested deferred compensation awards subject to the Award Agreements, i.e., such awards will not be forfeited and will continue to vest pursuant to the terms of the Award Agreements following an Early Termination.

(g) Not later than 21 days following the Separation Date, except if your employment has been terminated for Cause, you will execute and return to State Street the Post-Employment Release attached to this Agreement as Exhibit A.

2. **SEVERANCE BENEFITS**. This Paragraph 2 summarizes the benefits State Street will provide you pursuant to the Plan (the "Severance Benefits") subject to your meeting in full your obligations under this Agreement, including without limitation, your timely providing and non-revocation of the executed Post-Employment Release.

(a) Base Severance Payment. State Street will pay you an amount equal to your weekly rate of base pay for twelve (12) weeks following the Separation Date (such period the "Severance Period" and such payments the "Base Severance Payment").

(b) Subsidized Benefits Continuation. You will be eligible to continue coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at a subsidized rate

(with State Street paying its regular employer's share) until the Benefits End Date (as defined in Paragraph 3 below), provided you are timely enrolled in COBRA coverage and make timely payments for such coverage. The cost of COBRA coverage will not be deducted from your Base Severance Payment. After the Benefits End Date, you will be eligible to continue coverage for the remainder of your legally required COBRA period (if any), but the continuation of this remaining coverage will be entirely at your expense.

(c) Outplacement Services. You will be eligible for outplacement services from State Street's vendor at the EVP level. You must initiate the services prior to the termination of the Severance Period.

(d) Special Severance Payment. If your employment terminates on or after December 1, 2022, you will also be eligible to receive a one-time cash payment in the gross amount of $1,808,750, which is equal to 25% of the incentive compensation award you received for the 2021 performance year (the "Special Severance Payment").

3. **PAYMENT RULES AND NEW EMPLOYMENT**.

(a) Any amounts payable under this Agreement will be paid in accordance with the administrative payroll practices and policies set by State Street and will be subject to all applicable deductions for taxes.

(b) Base Severance Payments are normally paid in installments on State Street's regularly scheduled payroll dates and any Special Severance Payment is normally paid 60 days after the Separation Date. However, because you are a "specified employee", the Base Severance Payments and the Special Severance Payment shall be paid instead in a single lump sum on the next regular payroll date occurring after the day that falls six months and one day after the Termination Date.

(c) After first providing written notice to you and allowing you at least seven business days to respond, State Street will deduct from the Base Severance Payments and any Special Severance Payment you receive any outstanding financial obligations that you may have to State Street, including without limitation such items as expense account balances, and credit card balances.. If the Base Severance Payments and any Special Severance Payment are insufficient to satisfy your outstanding financial obligations, State Street reserves all rights available to it to recover from you such remaining financial obligations to State Street.

(d) If you accept new employment with State Street or any other employer (either full-time or part-time employment) or provide services for State Street as a consultant or through a third-party contractor or vendor at any time before your Severance Period ends, you must immediately notify State Street of the date you are scheduled to begin such employment (the "New-employment Date").

(e) Your right to subsidized benefit continuation ends on the last day of the month in which (i) your New-employment Date occurs, or (ii) your Severance Period ends, whichever is earlier (such date referred to as the "Benefits End Date"). Your receipt of Base Severance Payments and any Special Severance Payment will not be affected by new employment independent of State Street. However, if you are re-hired by State Street or commence work for State Street as an independent contractor or through a third-party agency before the end of your

Severance Period your right to receive any remaining Base Severance Payments, Subsidized Benefits Continuation and Outplacement will end immediately.

4. **FINAL COMPENSATION & UNVESTED DEFERRED COMPENSATION**.

(a) You will receive pay, at your final base rate of salary or wages, for all work performed for State Street from the end of the last payroll period through the Separation Date, to the extent not previously paid, and pay for all hours of vacation time you have earned but not used as of the Separation Date, determined in accordance with State Street policy and records ("Accrued Pay"). You will receive the Accrued Pay irrespective of whether you accept this Agreement. By signing this Agreement, you acknowledge that you have received all other remuneration otherwise due, including but not limited to, pay for all hours worked, commissions, and bonuses through the date you sign this Agreement.

(b) The deferred compensation awards you hold that have not vested as of the Separation Date shall continue to vest during the Transition Period and following the Separation Date and/or the Early Termination date, in accordance with and subject to the terms of the applicable incentive plans and the Award Agreements; provided, however, that in case State Street terminates your employment for gross misconduct (as defined in such incentive plans and Award Agreements) or you terminate your employment for any reason prior to the Separation Date (other than an Early Termination), the portions of any such awards that had not vested as of the Separation Date shall expire and be of no further force and effect.

(c) You acknowledge that no other remuneration, except as set forth herein or as available to you in the ordinary course under any ERISA-protected benefit plans, is owed or will be paid to you following the Separation Date.

5. **CONFIDENTIALITY**.

Subject to Paragraph 12, below:

(a) You acknowledge that during your employment you had and will continue to have access to Confidential Information not generally known or made available to the general public, and that such Confidential Information is the property of State Street and/or its licensors, suppliers or clients. You agree specifically as follows, in each case whether during the remainder of your employment or following its termination:

(i) You will always preserve as confidential all Confidential Information, and will never use it for your own benefit or for the benefit of others or in any way that could have a negative impact on the financial condition or reputation of State Street and/or its licensors, suppliers or customers; this includes that you will not use the knowledge of activities or positions in clients' securities portfolio accounts or cash accounts for your own personal gain or for the gain of others.

(ii) You will not disclose, divulge, or communicate Confidential Information to any unauthorized person, business or corporation during or after the termination of your employment with State Street. You will use your best efforts and exercise due diligence to protect, to not disclose and to keep as confidential all Confidential Information.

(iii) You will not initiate or facilitate any unauthorized attempts to intercept data in transmission or attempt entry into State Street systems or files. You will not intentionally affect the integrity of any State Street data or systems through the introduction of unauthorized code or data, or through unauthorized deletion or addition. You will abide by all applicable written Corporate Information Security procedures.

(b) The terms of this agreement do not apply to any information which you knew prior to the date of your employment with State Street without an obligation of confidence or is or was publicly disclosed (other than by a violation by you of the terms of this agreement) either prior to or after your receipt of such information or was rightfully received by you from a third party without obligation of confidence and other than in relation to your employment with State Street.

(c) As used here, "Confidential Information" includes but is not limited to all trade secrets, trade knowledge, systems, software, code, data documentation, files, formulas, processes, programs, training aids, printed materials, methods, books, records, client files, policies and procedures, client and prospect lists, employee data, corporate strategies (written or otherwise), whether related to corporate, litigation or otherwise, and other information relating to the operations of State Street and to its customers, and any and all discoveries, inventions or improvements thereof made or conceived by you or others for State Street whether or not patented or copyrighted, as well as cash and securities account transactions and position records of clients, regardless of whether such information is stamped "confidential."

(d) You agree that the terms and contents of, and any discussions resulting in, this Agreement shall be maintained in strict confidence, and shall not be disclosed except to the extent required by law or as otherwise agreed to by you and State Street. Notwithstanding the foregoing, you may disclose the existence of this Agreement and its terms to your immediate family members, legal counsel, and other advisors employed by you for the purpose of rendering professional advice related to the terms and conditions of this Agreement, so long as each such person is advised by you of the confidential nature of this Agreement and agrees, prior to disclosure, to abide by the confidentiality provisions hereof.

6. **NON-SOLICITATION**.

(a) You agree that during the remainder of your employment and for a period of 36 months from its termination you will not, without prior written consent of State Street, solicit, directly or indirectly (other than through a general solicitation of employment not specifically directed to employees of State Street), the employment of, hire or employ, recruit, or in any way assist another in soliciting or recruiting the employment or engagement as a contractor or similar of, or otherwise induce the termination of the employment of, any person who then or within the preceding 12 months was an Officer (excluding any such Officer whose employment was involuntarily terminated).

(b) You agree that during the remainder of your employment and for a period of 18 months from its termination you will not, without prior written consent of State Street, engage in the Solicitation of Business from any Client on behalf of any person or entity other than State Street.

(c) As used here –

(i) "Officer" includes any current or former State Street employee holding a title of Assistant Vice President or higher.

(ii) "Client" means a present or former customer or client of State Street with whom you have had, or with whom persons you have directly or indirectly supervised have had, substantive and recurring personal contact during your employment with State Street. A former customer or client means a customer or client for which State Street stopped providing all services within 12 months prior to the date your employment with State Street ends.

(iii) "Solicitation of Business" means the attempt through direct or indirect contact by you or by any other person or entity with your assistance to induce a Client to transfer the Client's business from State Street to any other person or entity, to cease or curtail the Client's business with State Street or to divert a business opportunity from State Street to any other person or entity, in each case where such business or business opportunity concerns or relates to the business with which you were actively connected during your employment with State Street.

7. **NON-COMPETITION**.

(a) You further agree that, during the remainder of your employment and for 12 months from its termination, you will not, anywhere in the Restricted Area, for yourself or any other person or entity, directly or indirectly, in any Restricted Capacity, engage in, provide services to, consult for, or be employed by a business that provides products or services competitive with any products or services of State Street with respect to which you were involved at any time during your employment or, with respect to the portion of such 12 month period that follows termination of your employment, with respect to which you were involved within the two years preceding the date of the termination of your employment with State Street. If you violate a fiduciary duty to State Street, then the post-employment period of restriction under this Paragraph 7(a) shall be extended by the time during which you engage in such activities, for up to a total of two (2) years following termination of your employment.

(b) As used here –

(i) "Restricted Area" means (A) anywhere that State Street markets its products or services (which you acknowledge specifically includes the entire world) for the duration of your employment and (B) with respect to the period that follows termination of your employment, means anywhere in which you provided services or had a material presence or influence on behalf of State Street at any time within the 2-year period immediately preceding such termination.

(ii) "Restricted Capacity" means any capacity, or with respect to any period of restriction under this Paragraph 7 that follows termination of your employment, any capacity that is the same or similar to the capacity in which you were employed by State Street at any time within the 2-year period immediately preceding such termination.

(c) You may seek a waiver from State Street for the non-competition obligations above and those contained in your Continuing Obligations by contacting Ronald O'Hanley or Kathy Horgan, and State Street agrees timely to consider and respond in good faith to such request.

8. **ENFORCEMENT**.

(a) You acknowledge and agree that the promises contained in Paragraphs 5, 6 and 7 are necessary to the protection of the legitimate business interests of State Street, including without limitation its Confidential Information, trade secrets and goodwill, and are material and integral to the undertakings of State Street in this Agreement. You further agree that State Street will be irreparably harmed in the event you do not perform such promises in accordance with their specific terms or otherwise breach your promises. Accordingly, State Street shall be entitled to preliminary or permanent injunctive or other equitable relief or remedy without the need to post bond, and to recover its reasonable attorney's fees and costs incurred in securing such relief, in addition to, and not in lieu of, any other relief or remedy at law to which it may be entitled. You further agree that the periods of restriction contained in Paragraphs 6 and 7 shall be tolled during any period in which you are in breach of any of your obligations in Paragraphs 5, 6, and 7, so that State Street shall have the full protection of the periods agreed to in this Agreement.

(b) The representations and agreements made by you in Paragraphs 5, 6, and 7 shall be construed and interpreted in any judicial or other adjudicatory proceeding to permit their enforcement to the maximum extent permitted by law and is severable and independently enforceable without reference to the enforcement of any other provision. If any restriction set forth in Paragraph 5, 6, or 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(c) Further, in the event you materially breach of any of your material obligations under the agreements containing the Continuing Obligations or any other agreement between you and State Street, including without limitation your obligations under Paragraphs 5, 6, 7 or 10, then your right to receive all unvested tranches of deferred compensation subject to the Award Agreements will be forfeited and you agree to return the pre-tax value of any tranches that vested after the date of this Agreement.

9. **COMPLIANCE REPRESENTATION**. Subject to Paragraph 12, below, you acknowledge that you have notified management of any significant concerns you may have related to State Street's compliance with securities laws or other laws or regulations applicable to State Street.

10. **NONDISPARAGEMENT**.

(a) Subject to Paragraph 12, below, you agree that, as a condition for payment to and retention by you of the consideration herein described, you shall not make any false, disparaging, or derogatory statements to any media outlet (including, but not limited to, Internet-based chat rooms, message boards, any and all social media, and/or web pages), industry groups, financial institutions, or to any current, former or prospective employees, consultants, business partners, clients, or customers of State Street regarding State Street or any of its directors, officers, employees, agents, or representatives, or about State Street's business affairs or financial condition.

(b) It is State Street policy not to provide references to potential future employers of its former employees. You hereby agree to refer potential future employers only to State Street's job information line, The Work Number, at either www.theworknumber.com or via telephone at (800) 367-5690. The Work Number will verify dates of employment, final rate of pay and the

positions held by you. For the purpose of accessing the Work Number, you will give potential future employers State Street's company code, which is 70027.

11. **RETURN OF STATE STREET PROPERTY**. You agree that promptly upon the termination of your employment you will return to State Street (i) all original and duplicate copies (regardless of the medium) of files, books, and records in your possession or under your control belonging to State Street or containing confidential or proprietary information concerning State Street or its customers or operations, and (ii) all State Street keys, credit cards, cell phones, parking transponders, computers and other electronic devices, and any other State Street property. You also agree to disclose to State Street any password that would be necessary to access or that would assist in accessing any information that you have stored in password protected form on any of its systems.

12. **CERTAIN LIMITATIONS**.

(a) Nothing in this Agreement prohibits you from reporting possible violations of federal law or regulation to any governmental agency or regulatory authority or from making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Moreover, nothing in this Agreement requires you to notify State Street that you have made any such report or disclosure. However, in connection with any such activity, you acknowledge you must take reasonable precautions to ensure that any confidential information that is disclosed to such authority is not made generally available to the public, including by informing such authority of the confidentiality of the same.

(b) You shall not be held criminally or civilly liable under any federal or state trade secret law if you disclose a State Street trade secret (i) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (ii) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law.

(c) Nothing in this Agreement prevents you from complying with a lawful subpoena or court order.

(d) Despite the foregoing, you also acknowledge that you are not permitted to disclose to any third-party, including any governmental or regulatory authority, any information learned in the course of your employment that is protected from disclosure by any applicable privilege, including but not limited to the attorney-client privilege, attorney work product doctrine, the bank examiner's privilege, and/or privileges applicable to information covered by the Bank Secrecy Act (31 U.S.C. §§ 5311-5330), including information that would reveal the existence or contemplated filing of a suspicious activity report. State Street does not waive any applicable privileges or the right to continue to protect its privileged attorney-client information, attorney work product, and other privileged information.

(e) Your promises in Paragraphs 5, 6, 7, and 10 are intended by the parties to constitute the same undertakings by you as your Continuing Obligations, except to the extent that Paragraph 6(a) extends the duration of your promise not to solicit certain employees of State Street for a longer period of time, and are to be interpreted accordingly.

13. **RELEASE OF CLAIMS**. In exchange for the promises contained in this Agreement and to the extent permitted by law, you, individually and on behalf of your respective

heirs, executors, administrators and assigns, hereby unconditionally release State Street, State Street's employee benefit and compensation plans, programs or arrangements, welfare benefit and pension benefit plans and plan administrators, successors, and assigns, and any and all of its or their past, present and future directors, officers, agents, employees, trustees, fiduciaries, representatives, insurers, and assigns (whether acting as agents for State Street or in their individual capacity) (individually and collectively referred to as "Releasees") from and with respect to any and all claims, demands, charges, liabilities, damages, actions, causes of action and suits of every type whatsoever, in law or at equity related to or arising out of your employment or its termination, including but not limited to:

(a) all claims under any local, state or federal discrimination, fair employment practices and other employment-related statute, regulation or executive order (as they may have been amended) prohibiting discrimination, harassment or retaliation based upon any protected status including, without limitation, race, ethnicity, national origin, age, gender, pregnancy, marital status, disability, veteran status and sexual orientation. Without limitation, specifically included in this paragraph are any claims arising under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Rehabilitation Act of 1973, Section 806 of the Corporate Fraud Accountability Act of 2002, the Equal Pay Act, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, Executive Orders 11246 and 11141, and, to the fullest extent enforceable under applicable law, all similar federal, state or local statutes, regulations and orders;

(b) all claims under any other local, state or federal employment-related statute, regulation or executive order (as they may have been amended) relating to any terms and conditions of employment or separation from employment to the fullest extent enforceable under applicable law. Without limitation, specifically included in this paragraph are any claims arising under the Family and Medical Leave Act of 1993, the National Labor Relations Act, the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Worker Adjustment Retraining Notification Act ("WARN"), including any claims regarding advance notice of termination pursuant to WARN, the Fair Credit Reporting Act, and all similar federal, state or local statutes, regulations and orders;

(c) all claims for short-term disability benefits, and claims to any non-vested ownership interest in State Street provided through participation in a State Street plan or program other than the awards subject to the Award Agreements;

(d) all claims under any state or federal common law theory including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence;

(e) any other damages, whether known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which you now have, may have or may have had against any of the Releasees, up to the date you sign this Agreement, including without limitation claims arising out of or in any way related to your employment with or separation from State Street (including claims for retaliation); and

(f) all claims arising under the wage and hour and wage payment laws of the Commonwealth of Massachusetts.

14. **COVENANT NOT TO SUE**. Subject to Paragraph 12, above, and to the extent permitted by law, you represent that you have not filed any complaints, claims or actions concerning any of the employment-related claims released by you in Paragraph 13 with any state, federal, or local agency or court. In addition to waiving and releasing claims as described in Paragraph 13, you hereby covenant not to sue the Releasees in respect of any of the claims released in Paragraph 13. This "covenant not to sue" is different from the release of claims contained in Paragraph 13; for by covenanting not to sue the Releasees, you are agreeing that you will not hereafter pursue any individual claim concerning any of the claims you released in Paragraph 13 by filing such a claim in any local, state, federal or other court.

15. **FURTHER LIMITATIONS**. Your execution of this Agreement, including the release of claims in Paragraph 13 and the covenant not to sue in Paragraph 14, shall not release or restrict you from making (a) claims to enforce the provisions of this Agreement, (b) claims for worker's compensation benefits or for vested benefits under a tax-qualified retirement and/or pension plan, (c) any rights to defense, indemnification or contribution you may have under any agreement with State Street or any of its subsidiaries or other affiliates, a D&O policy of State Street or any of its subsidiaries or other affiliates, under the articles of incorporation, bylaws, or similar documents of any of them, or under common or statutory law, (d) claims challenging the knowing and voluntary nature of this release under the Age Discrimination in Employment Act, (e) rights under the Award Agreements, (f) rights under the Change of Control Agreement, or (g) any claims you cannot release pursuant to applicable laws and regulations.

You and State Street also agree that this Agreement will not affect the rights and responsibilities of the United States Equal Employment Opportunity Commission ("EEOC") and state or local Fair Employment Practices Agencies to enforce the anti-discrimination laws of the United States, and that nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before the EEOC or any state or local Fair Employment Practices Agency. However, you represent and warrant that you knowingly and voluntarily waive all rights and claims arising prior to your execution of this Agreement, as well as rights to any payment, benefit, attorneys' fees or other remedial relief because of any charge filed with or by the EEOC or analogous state or local agency and/or any litigation pursued by the EEOC concerning any facts alleged in any such charge.

16. **EMPLOYEE'S BREACH OF THIS AGREEMENT**. You acknowledge that your right to receive and retain the consideration provided under this Agreement is expressly conditioned on your continuing and complete performance of your material obligations under this Agreement, including without limitation the covenant not to sue contained in Paragraph 14 of the Agreement. If you materially breach any of the material terms of this Agreement, State Street reserves its right, if applicable, to cease payment of the consideration set forth in this Agreement after first providing written notice to you and allowing you at least seven business days to respond. You agree that such cessation will not invalidate this Agreement, and further acknowledge that you will remain bound by all of the terms of this Agreement, including without limitation the release of claims in Paragraph 13. Further, if you breach the covenant not to sue contained in Paragraph 14 of this Agreement, you will be liable for all expenses, costs and

attorneys' fees incurred in defending such claims, complaint or causes of action to the fullest extent allowed by applicable law.

17. **COOPERATION**. You agree to reasonably cooperate with State Street in respect to all matters arising during or related to your employment, including, but not limited to, all matters (formal or informal) in connection with any government investigation, internal State Street investigation, litigation (potential or ongoing), regulatory or other proceeding which may have arisen prior to, or which may arise following the signing of this Agreement.

18. **NON-ADMISSION**. You understand and agree that neither this Agreement nor anything provided herein constitutes an admission that you, State Street and/or any of the Releasees have violated any law or has any legal liability to the other.

19. **APPLICABLE LAW**. This Agreement will be governed by and construed under the laws of the Commonwealth of Massachusetts. If any case or controversy arises under this Agreement, any action will be brought in a court of the Commonwealth of Massachusetts or the United States District Court for the District of Massachusetts, and each party will submit to each such court's jurisdiction.

20. **VALIDITY**. If any provisions of this Agreement (or, with respect to Paragraph 14, the release of any individual legal claim) shall be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining terms will not be affected thereby and said illegal or invalid term will be deemed not to be part of this Agreement. Provided, however, if Paragraph 14 is deemed to be invalid in its entirety, then this Paragraph 20 shall not apply.

21. **NO WAIVER**. No delay or omission by State Street or you in exercising any right under this Agreement or its attachments shall operate as a waiver of that or any other right. A waiver or consent given by State Street or you on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

22. **ENTIRE AGREEMENT**. More than one copy of this Agreement may be signed, each of which when signed will be deemed an original. This Agreement and the Award Agreements constitute the complete understanding and agreement between the parties to this Agreement with respect to the settlement of all matters between them and supersedes and cancels all previous oral and written negotiations, agreements, and representations regarding such matters. Notwithstanding the above, your Continuing Obligations shall remain in full force and effect in accordance with their terms. Following execution by you, this Agreement shall become binding and enforceable.

23. **BINDING EFFECT OF AGREEMENT; RIGHT TO MODIFY**. This Agreement will be binding upon and will inure to the benefit of the parties to the Agreement and their respective heirs, successors and assigns. Notwithstanding anything else to the contrary, nothing in this Agreement will in any way affect State Street's right to change, modify, or terminate any employee benefit plan or program, including the cost of coverage charged, at any time in the future with respect to any benefits provided to active, inactive, retired, or former employees of State Street or their covered dependents (and such changes, to the extent applicable to you, will be so applicable).

24. **NOTICES**. All notices and correspondence concerning this Agreement will be in writing and may be mailed or delivered to:

- In the Case of State Street: Chief Global Human Resources and Corporate Citizenship Officer, State Street Corporation, One Lincoln Street SFC/11, One Lincoln Street, Boston, Massachusetts, 02111; with a copy to General Counsel, State Street Corporation, One Lincoln Street SFC/11, Boston Massachusetts, 02111.
- In the Case of Employee: The last home address you have provided to State Street during employment or thereafter to the State Street GHR Service Center. You can update your home address with the GHR Service Center by telephone at 1-855-447-7007.

25. **NOTICE OF RIGHTS**.

- You may consider the terms of this Agreement for 21 days from the day you first received it, which was May 5, 2022.
- You may revoke this Agreement for a period of 7 days after signing the Agreement. Your written notice to revoke must be received by State Street within 7 days of the date you signed this Agreement. The Agreement shall not be effective or binding until the expiration of this seven-day revocation period (the "Revocation Period").
- You are hereby notified of your right to consult an attorney of your choosing, and you are advised to do so before signing and returning this Agreement.

26. **ACKNOWLEDGEMENTS**.

- You acknowledge that this Agreement is written in a manner which you understand, and that you understand your obligations under this Agreement.
- You acknowledge that your execution of this Agreement is in exchange for consideration paid by State Street which you would not otherwise be entitled to receive.
- You acknowledge that no other promises or agreements of any kind have been made to or with you by any person or entity whatsoever to cause you to sign this Agreement, that you freely and voluntarily assent to all the terms and conditions of this Agreement, and that you sign your name as your own free act and deed.

STATE STREET BANK AND TRUST COMPANY

Date: **6/13/22** **By:** **/s/ Kathryn M. Horgan**

Kathryn M. Horgan
Executive Vice President
Chief Human Resources and Citizenship Officer

Voluntarily accepted and agreed to under seal by Francisco Aristeguieta:

Date: **06/08/2022** **/s/ Francisco Aristeguieta**

Signature

EXHIBIT A

POST-EMPLOYMENT RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the benefits to be provided me in connection with the termination of my employment, as set forth in the agreement between me and State Street Bank and Trust Company dated as of May 9, 2022 (the "Agreement"), which are conditioned on my signing this Release of Claims and to which I am not otherwise entitled, I, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, hereby release and forever discharge State Street Bank and Trust Company, its parent State Street Corporation, and all of their respective past, present and future subsidiaries and other affiliates, and all of their respective past, present and future officers, directors, trustees, shareholders, employees, agents, general and limited partners, members, managers, joint venturers, employee benefit plans, representatives, successors and assigns, and all others connected with any of them, in their official and individual capacities, from any and all causes of action, rights or claims of any type or description, known or unknown, which I have had in the past, now have, or might now have, through the date of my signing of this Release of Claims, in any way resulting from, arising out of or connected with my employment by or other relationship with State Street or any of its subsidiaries or other affiliates or the termination of that employment or other relationship, including without limitation any claims arising pursuant to Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the wage and hour, wage payment, and fair employment practices laws of the Commonwealth of Massachusetts, state and federal securities laws, and any other local, state, or federal regulation or other requirement, each as amended from time to time.

Excluded from the scope of this Release of Claims are (a) claims to enforce the provisions of the Agreement, (b) claims for worker's compensation benefits or for vested benefits under a tax-qualified retirement and/or pension plan, (c) any rights to defense, indemnification or contribution I may have under any agreement with State Street or any of its subsidiaries or other affiliates, a D&O policy of State Street or any of its subsidiaries or other affiliates, under the articles of incorporation, bylaws, or similar documents of any of them, or under common or statutory law, (d) claims challenging the knowing and voluntary nature of this release under the Age Discrimination in Employment Act, (e) rights under the Award Agreements, (f) rights under the Change of Control Agreement ,or (g) any claims I cannot release pursuant to applicable laws and regulations.

In signing this Release of Claims, I acknowledge my understanding that I may not sign it prior to the termination of my active employment, but that I may consider the terms of this Release of Claims for up to 21 days from the Separation Date (as defined in the Agreement). I also acknowledge that I am advised by State Street to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms.

I further acknowledge that, in signing this Release of Claims, I have not relied on any promises or representations, express or implied, that are not set forth expressly in the Agreement. I understand that I may revoke my acceptance of this Release of Claims as to claims under the

Age Discrimination in Employment Act at any time within 7 days of the date of my signing by written notice delivered to State Street in accordance with the terms of the Agreement, and that this Release of Claims will take effect only upon the expiration of such seven-day revocation period and only if I have not timely revoked it.

Intending to be legally bound, I have signed this Release of Claims under seal as of the date written below.

Signature: _____

Francisco Aristeguieta

.Date Signed: _____

DESCRIPTION OF COMPENSATION ARRANGEMENTS

FOR NON-EMPLOYEE DIRECTORS

For the period between each annual meeting of shareholders (the "Board Year"), non-employee directors receive the following compensation:

- an annual equity award of $195,000 granted in shares of State Street common stock; and
- an annual retainer of $100,000, plus the following additional annual retainers:
    - Lead Director: $130,000;
    - Examining and Audit Committee Chair and Risk Committee Chair: $40,000;
    - Human Resources Committee Chair and Technology and Operations Committee Chair: $35,000;
    - Nominating and Corporate Governance Committee Chair: $25,000; and
    - Each member of the Examining and Audit Committee and each member of the Risk Committee, other than the Lead Director and the Committee Chairs: $20,000.

Each retainer is payable at the director's election in shares of State Street common stock or in cash. All awards of shares of State Street common stock are calculated based on the closing price of our common stock on the NYSE on the date of election (or the date of joining the Board, if later), rounded up to the nearest whole share. Annual retainers and annual equity awards are prorated for any director joining the Board after the beginning of the Board Year.

Beginning with the eleventh Board meeting attended during the Board Year, each non-employee director is entitled to meeting fees of $1,500 per Board meeting attended, payable in cash.

Pursuant to State Street's Deferred Compensation Plan for Directors, directors may elect to defer the receipt of 0% or 100% of their (1) retainers, (2) annual equity award and/or (3) meeting fees. Non-employee directors also may elect to receive their retainers in cash or shares of State Street common stock. Non-employee directors who elect to defer the cash payment of their retainers or meeting fees may choose from four notional investment fund returns for such deferred cash. Deferrals of common stock are adjusted to reflect the hypothetical reinvestment in additional shares of common stock for any dividends or distributions on State Street common stock. Deferred amounts will be paid (a) as elected by the non-employee director, on either the date of their termination of service on the Board or on the earlier of such termination and a future date specified, and (b) in the form elected by the non-employee director as either a lump sum or in installments over a two- to five-year period.

Non-employee directors are also entitled to reimbursement of expenses incurred in attending Board and committee meetings.

Exhibit 15

Acknowledgment Letter of Independent Registered Public Accounting Firm

July 28, 2022

The Shareholders and Board of Directors of State Street Corporation

We are aware of the incorporation by reference in the Registration Statements, as listed below of State Street Corporation of our report dated July 28, 2022 relating to the unaudited condensed consolidated interim financial statements of State Street Corporation that are included in its Form 10-Q for the quarter ended June 30, 2022.

Form	Registration Statement No.	Description
Form S-3	333-265877	Debt Securities, Preferred Stock, Depositary Shares, Common Stock, Purchase Contracts, Units and Warrants
Form S-4	333-248707	Fixed-to-Floating Rate Senior Note Exchanges
Form S-8	333-100001	2002 Savings-Related Stock Plan
Form S-8	333-99989	1997 Equity Incentive Plan
Form S-8	333-46678	1997 Equity Incentive Plan
Form S-8	333-36793	1997 Equity Incentive Plan
Form S-8	333-36409	1997 Equity Incentive Plan
Form S-8	333-135696	2006 Equity Incentive Plan
Form S-8	333-160171	2006 Equity Incentive Plan
Form S-8	333-183656	2006 Equity Incentive Plan
Form S-8	333-218048	2017 Stock Incentive Plan
Form S-8	333-233874	2017 Stock Incentive Plan

Under Rule 436(c) of the 1933 Act, our review reports are not a part of the registration statements prepared or certified by accountants within the meaning of Section 7 or 11 of the 1933 Act.

/s/ Ernst & Young LLP

Boston, Massachusetts

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Ronald P. O'Hanley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of State Street Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2022

By: /s/ RONALD P. O'HANLEY
Ronald P. O'Hanley,
Chairman and Chief Executive Officer

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Eric W. Aboaf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of State Street Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2022

By: /s/ ERIC W. ABOAF
Eric W. Aboaf,
Vice Chairman and Chief Financial Officer

EXHIBIT 32

SECTION 1350 CERTIFICATIONS

To my knowledge, this Quarterly Report on Form 10-Q for the period ended June 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of State Street Corporation.

Date: July 28, 2022 By: /s/ RONALD P. O'HANLEY

Ronald P. O'Hanley,
Chairman and Chief Executive Officer

Date: July 28, 2022 By: /s/ ERIC W. ABOAF

Eric W. Aboaf,
Vice Chairman and Chief Financial Officer