State Street Europe Holdings Germany S.à r.l. & Co. KG

Consolidated Disclosure Report as of December 31, 2022

According to Section 26a KWG i.c.w. Part 8 CRR and Section 16 InstitutsVergV

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1 Introduction

1.1 Scope of application of the CRR

Legal requirements on disclosure of credit institutions and investment firms have been enhanced with the European implementation of the Basel III framework, more specifically the Directive 2013/36/EU (Access to the activity of credit institutions, the prudential supervision of credit institutions and investment firms, "CRD IV") as well as the Regulation EU No. 575/2013 (Prudential requirements for credit institutions and investment firms, "CRR"), and became effective on January 1, 2014.

Main elements of the changes to Basel III which have been agreed in 2016 and 2017 were introduced by Regulation (EU) 2019/876[1] on June 7, 2019 in the European Official Journal amending the CRR and Regulation (EU) No. 648/2012 ("CRR II"), and the directive (EU) 2019/878 to amend the CRD IV ("CRD V"). The CRR II and CRD V comprises of comprehensive amendments to a large number of banking and regulatory requirements as well as corresponding disclosure requirements, which entered into force on June 28, 2021. In the entire report, CRR and CRD IV have the meaning of the legal texts that have been amended both by CRR II and CRD V.

The major Pillar 3 disclosure requirements are laid out in Part 8 of the CRR (Art. 431 CRR and the following) as well as in Section 26a German Banking Act ("KWG"). Additionally, with the Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards ("ITS") with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of CRR[2] a new, coherent Pillar III disclosure framework has been introduced. This ITS defines obligatory templates for most of the quantitative disclosure requirements and specifies the content of qualitative disclosures.

Part 8 CRR requires institutions to at least annually disclose a set of qualitative and quantitative statutory information among others with respect to own funds and own funds requirements, capital ratios and buffers, applied risk management processes, material risks incurred, information on credit risk, encumbered and unencumbered assets, leverage ratio, securitisation transactions, and information on remuneration.

In addition, depending on the size of the institution, if the institution is listed on a stock exchange, whether the institution is qualified as a global systemically important institution ("G-SII") according to Art. 4 (1) No. 133 CRR or if it has to comply with the requirements defined in Art. 92a or b CRR (Requirements for own funds and eligible liabilities for G-SIIs and non-EU G-SIIs) a more frequent disclosure, on semi-annual or quarterly basis can be applicable[3].

The State Street Europe Holdings Germany S.à r.l. & Co. KG Group ("SSEHG Group" or "Group") was established on May 4, 2015 by merging several European business entities of the former State Street Bank Luxembourg S.A. Group. State Street Europe Holdings Germany S.à r.l. & Co. KG („SSEHG KG") is a financial holding company in accordance with Art. 4 (1) No. 20 CRR and at the same time the EU parent financial holding company in accordance with Art. 4 (1) No. 31 CRR.

State Street Bank International GmbH ("SSBI" or "Bank"), being the superordinate credit institution in accordance with Art. 11 (2) b) CRR, prepares this consolidated Disclosure Report for the Group and thus fulfills the disclosure requirements on an individual basis as a large subsidiary of SSEHG KG pursuant to Art. 13 (1) Sentence 2 CRR.

This Disclosure Report of the SSEHG Group aims to fulfill the prudential transparency rules to enable market participants to assess and evaluate the Group's and Bank's capital adequacy and risk profile.

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[1] Amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012

[2] Repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295

[3] SSEHG Group has to disclose relevant consolidated Information on a quarterly basis. Disclosure reports are available on the country specific homepage via www.statestreet.com. The reports can be accessed without registration

1.2 Adequacy of disclosure (Art. 431 (3) CRR)

In accordance with the disclosure requirements of Art. 431 (3) CRR, the Group's disclosure report complies with applicable legal and regulatory requirements and is prepared in accordance with the Group's internal policies, procedures, systems and controls. The internal policies, procedures, systems and controls are regularly reviewed and adjusted if necessary. The associated formal process, which intends to ensure the correct and complete fulfillment of the disclosure requirements, is documented in a disclosure policy and procedure. The process of preparing the disclosure report includes, i.a. the reconciliation of the quantitative information with the relevant supervisory reports FINREP (Financial Reporting) and COREP (Common Reporting) and with the published annual financial statements of the Bank and Group, as well as a two-stage bank-wide reconciliation process for the qualitative content to ensure that the Group`s and Bank's risk profile is presented appropriately.

In accordance with Art. 431 (3) sentences 2 and 3 CRR, Ms. Annette Rosenkranz, in her function as Chief Financial Officer ("CFO") of SSBI, has confirmed in writing that the current disclosure report as of December 31, 2022 has been prepared in accordance with the internal policies, procedures, systems and controls as well as provides an appropriate view of the risk profile of both the Group and the Bank. Subsequently, the Disclosure Report was submitted to the Executive Management Board ("EMB") for approval as well as to the Managing Limited Partner ("MLP") of SSEHG KG for acknowledgement and then released for publication.

1.3 Disclosure requirements according to Section 26a German Banking Act

In addition to the disclosure requirements according to part 8 CRR, further information with regards to the legal and organizational structure as well as the principles of proper and fair management of the Group have to be disclosed pursuant to Section 26a KWG. The information is included in chapter 2 and 3.

The so-called "country-by-country reporting" according to Section 26a (1) Sent. 2 KWG as well as the public disclosure of return on assets of SSBI (calculated as quotient of the net results and the balance sheet sum) according to Section 26a (1) Sent. 4 KWG are included in the individual financial statements of SSBI as of December 31, 2022 as separate appendix as the Bank is the only operating entity of SSEHG Group.

1.4 Non-financial performance indicators

Under Annex C of this report the Group and SSBI reflect disclosure requirements as defined by the ECB Guide on climate-related and environmental risks[4] as well as the mandatory information in accordance with Article 8 of the EU Taxonomy Regulation (Taxonomy Regulation)[5]. These information generally reflect the relevant section within the Management Report of SSEHG Group as per December 31, 2022.

1.5 Further notes and explanations

Some of the quantitative data presented in this report may show differences due to rounding.

The Disclosure Report is mostly based on the audited consolidated financial statements of SSEHG Group, the audited annual financial statements of SSBI, both as of December 31, 2022, especially the Management Report as well as the respective supervisory reports. In some few cases and due to materiality aspects as well as timely differences the data in this report may vary between the finalisation respective the approval and the disclosure of the annual financial statements and the submission of the regulatory reporting to the competent authorities for the given reporting date.

The figures shown in this Disclosure Report are based on the regulatory scope of consolidation and on the German accounting standards according to the German Commercial Code ("HGB"). If not mentioned otherwise, the figures are shown in million EUR ("mn").

In accordance with the legal requirements, this Disclosure Report does not require a qualified audit opinion and is therefore not audited by our external auditor.

[4] Guide on climate-related and environmental risks (europa.eu)

[5] Verordnung (EU) 2020/852 des Europäischen Parlaments und des Rates vom 18. Juni 2020 über die Einrichtung eines Rahmens zur Erleichterung nachhaltiger Investitionen und zur Änderung der Verordnung (EU) 2019/2088

The disclosure index (Annex B) included in the report provides the overview of the SSEHG Group's compliance with the CRR requirements as of December 31, 2022.

Additionally, in case of any ambiguity in the descriptions contained in this report, the German version of this report is binding.

2 General Information

2.1 Key metrics (Art. 447 CRR)

The following table gives an overview on important regulatory key metrics which are disclosed in this report. A detailed description of own funds and own funds requirements follows in chapter 4. Additional information about the leverage ratio are described in chapter 7 and further information on the Liquidity Coverage Ratio and Net Stable Funding Ratio can be found in chapter 3.3.3.

Table 1: EU KM 1 – Key metrics of SSEHG Group and SSBI according to Art. 447 CRR

		SSEHG Group			SSBI		
		12/31/2022	06/30/2022	12/31/2021	12/31/2022	06/30/2022	12/31/2021
Available own funds (amounts)							
1	Common Equity Tier 1 (CET1) capital	3,786	3,781	3,378	2,829	2,448	1,972
2	Tier 1 capital	3,786	3,781	3,378	2,829	2,448	1,972
3	Total capital	3,786	3,781	3,378	2,929	2,548	2,072
Risk-weighted exposure amounts							
4	Total risk exposure amount	9,218	9,919	9,995	9,176	9,918	9,991
Capital ratios (as a percentage of risk-weighted exposure amount)							
5	Common Equity Tier 1 ratio (%)	41.07	38.12	33.80	30.82	24.69	19.74
6	Tier 1 ratio (%)	41.07	38.12	33.80	30.82	24.69	19.74
7	Total capital ratio (%)	41.07	38.12	33.80	31.91	25.69	20.74
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)							
EU7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.40	2.40	2.00	2.40	2.40	2.00
EU7b	*of which: to be made up of CET1 capital (percentage points)*	1.35	1.35	1.13	1.35	1.35	1.13
EU7c	*of which: to be made up of Tier 1 capital (percentage points)*	1.80	1.80	1.50	1.80	1.80	1.50
EU7d	Total SREP own funds requirements (%)	10.40	10.40	10.00	10.40	10.40	10.00
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)							
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50	2.50
EU8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.33	0.16	0.15	0.33	0.16	0.15
EU9a	Systemic risk buffer (%)	0.00	0.00	0.00	0.00	0.00	0.00
10	Global Systemically Important Institution buffer (%)						
EU10a	Other Systemically Important Institution buffer (%)						
11	Combined buffer requirement (%)	2.83	2.66	2.65	2.83	2.66	2.65
EU11a	Overall capital requirements (%)	13.23	13.06	12.65	13.23	13.06	12.65
12	CET1 available after meeting the total SREP own funds requirements (%)	32.39	29.61	25.53	22.15	16.18	11.46

		SSEHG Group			SSBI		
		12/31/2022	06/30/2022	12/31/2021	12/31/2022	06/30/2022	12/31/2021
Leverage Ratio							
13	Total exposure measure	54,435	55,582	56,230	54,406	55,542	56,193
14	Leverage ratio (%)	6.95	6.80	6.01	5.20	4.41	3.51
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)							
EU14a	Additional own funds requirements to address the risk of excessive leverage	-	-	-	-	-	-
EU14b	*of which: to be made up of CET1 capital (percentage points)*	-	-	-	-	-	-
EU14c	Total SREP leverage ratio requirements	3.00	3.00	3.00	3.00	3.00	3.00
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)							
EU14d	Leverage ratio buffer requirement (%)	-	-	-	-	-	-
EU14e	Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.00	3.00	3.00
	Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	34,725	36,279	35,550	34,725	36,279	35,550
EU16a	Cash outflows - Total weighted value	23,008	23,158	24,499	24,103	24,133	25,278
EU16b	Cash inflows - Total weighted value	3,120	2,904	2,501	3,092	2,876	2,473
16	Total net cash outflows (adjusted value)	19,887	20,255	21,996	21,010	21,257	22,804
17	Liquidity coverage ratio (%)	174.88	179.76	162.40	165.41	171.12	156.50
	Net Stable Funding Ratio						
18	Total available stable funding	23,411	25,750	23,903	21,756	23,517	21,611
19	Total required stable funding	7,898	6,947	7,705	6,860	5,904	6,470
20	NSFR ratio (%)	296.41	370.64	310.23	317.13	398.34	334.00

2.2 Group background (Art. 436 CRR)

One of the main objectives of establishing the SSEHG Group in May 2015 was to enhance operational, capital and governance efficiency and optimize the use of capital.

The SSEHG Group consists of the following entities as of December 31, 2022:

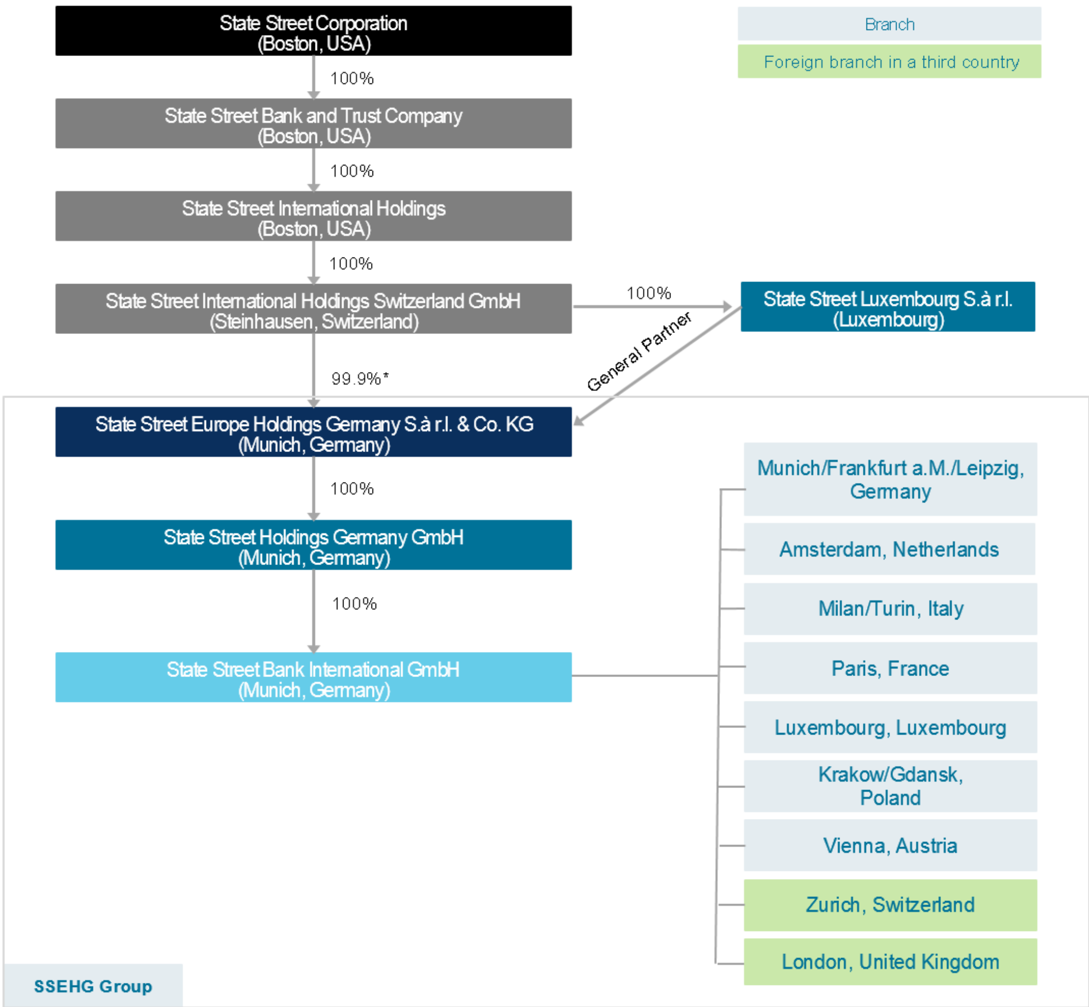
- State Street Europe Holdings Germany S.à r.l. & Co. KG, Munich, Germany
- State Street Holdings Germany GmbH, Munich, Germany
- State Street Bank International GmbH, Munich, Germany

SSBI's indirect shareholders are State Street Corporation ("SSC" or "State Street Group"), Boston, USA, State Street Bank and Trust Company ("SSBT"), Boston, USA and State Street International Holdings ("SSIH"), Boston, USA. 100% of the capital and voting rights in SSEHG KG are held by State Street International Holdings Switzerland GmbH, Steinhausen, Switzerland (99.9% direct, 0.1% indirect).

As of the reporting date, the SSEHG Group is subject to the direct supervision of the European Central Bank ("ECB") and subsequently also supervised by the German Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank on local level. Additionally, national laws and regulations apply to SSBI in those European countries, where its branches are located.

As indirect subsidiaries of an U.S. bank both SSEHG KG, State Street Holdings Germany GmbH („SSHG") and SSBI as well as SSEHG Group have to comply, beside the European and national supervisory requirements, with the U.S. rules and laws, which are applicable to subsidiaries of U.S. banks and bank holding companies. SSC, SSBT and SSIH are subject to the supervision and rules of the U.S. Federal Reserve System as well as other regulatory authorities in the U.S.

Illustration 1: Participation and branches of SSBI as of December 31, 2022



* The remaining 0.1% are held by the Managing Limited Partner of the SSEHG S.à r.l. & Co. KG.

2.3 Consolidation

2.3.1 Requirements from a regulatory and balance sheet point of view (Art. 436 b), c) and d) CRR)

SSEHG KG, SSHG and SSBI with all its branches are fully consolidated in SSEHG Group, both in the prudential consolidation scope (acc. to Art. 18 CRR) and within the meaning of the commercial consolidation scope (please refer to the next table). The scope of consolidation at the level of SSEHG KG includes all of the above mentioned direct and indirect participations of SSEHG KG. There a no differences between the prudential and the commercial scope of consolidation[6].

[6] Illustration 1 shows the supervisory consolidation and the consolidation according to commercial law of SSEHG Group and its ownership structure.

Both tables EU LI1 and EU LI2 in the Annex A explain the differences between the risk positions for the accounting scope and the scope of prudential consolidation. Due to the fact that there are no differences between the prudential and the accounting scope of consolidation there are no differences between the carrying values reported in the consolidated (column a) and the carrying values according to the regulatory scope of consolidation (column b).

The Table EU LI2 shows the main reasons for the differences between the carrying values for financial reporting in the balance sheet and the regulatory risk exposure amounts (exposure value according to the standardized approach). The carrying values are reconciled to the regulatory risk exposure amounts. Row 1 of table EU LI2 comprises the carrying values of assets and row 2 the carrying values of liabilities for the regulatory group of companies in accordance with the allocation of table EU LI1. Column a of rows 1 and 2 corresponds to the total of column b in table EU LI1 less the total of column g in table EU LI1. Row 3 shows the difference between row 1 and row 2.

Row 4 shows the off-balance-sheet amounts before taking into account CCFs.Row 5 shows the differences in valuation according to. Art. 34 bzw. 105 CRR, which are deducted from the regulatory own funds calculation. Row 6 shows the amount resulting from the different application of netting rules within the SA-CCR framework for derivatives and their consideration within the balance sheet. Row 7 represents the difference between credit risk adjustments in the own funds requirements calculation and its accounting value. Row 8 shows the effects of CRMT, which are used within the SFT reducing the risk position. The effect of CCF for off-balance-sheet items, which also reduces the risk exposure amount, is considered in row 9. Row 10 is not relevant for the Group and Bank. Row 11 shows the remaining difference, which is not included in rows 5-10.

The target figures to be reconciled (row 12) are the input values for the RWA calculation. The target figure includes both on-balance as well as off-balance-sheet positions after credit risk mitigation (“CRM”) methods and after application of the credit conversion factors (“CCF”). The target figure for market risk is at present not clearly defined in functional terms.

The Table EU LI3 provides an overview of the methods of consolidation for accounting and regulatory purposes for each entity of the Group.

Table 2: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
		Method of prudential consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidatio	EquEquity method	Neither consolidated nor deducted	Deducted	Description of the entity
State Street Europe Holdings Germany S.à r.l. & Co. KG	Full consolidation	x					Financial holding company
State Street Holdings Germany GmbH	Full consolidation	x					Financial holding company
State Street Bank International GmbH	Full consolidation	x					Credit institution

2.3.2 Exposures in equities not included in the trading book

SSBI holds non-significant exposures in equities in the amount of kEUR 907 in the SWIFT organization for secure financial messaging services (S.W.I.F.T. SCRL, La Hulpe, Belgium) and in the amount of kEUR 2 in CBI S.c.p.a., Rome, Italy (a think tank for innovation for the payment market in the financial industry, promoted by the Italian Banking Association). Both exposures are shown in “securities and other variable yield securities” in the balance sheet. There were no other equity positions not included in the trading book in the form of exchange-traded exposures or positions from private equity exposures in sufficiently diversified portfolio in 2022.

2.3.3 Restrictions and other significant limits concerning the transfer of own funds within the Group (Art. 436 f) CRR)

It is generally possible to transfer funds within the Group, but such transfers can be restricted due to existing minimum own funds requirements and other legal obligations or regulations which have been imposed on the Group, its parent companies or any Group companies and subsidiaries.

With the exception of relevant regulatory approval requirements, the SSEHG Group currently has no existing or foreseeable significant factual or legal obstacles to the prompt transfer of own funds or the repayment of liabilities between the parent company and its subsidiary.

2.3.4 Further disclosures pursuant to Art. 436 e), g) and h) CRR)

Since the core approach according to Chapter III of the Delegated Regulation (EU) 2016/101 is not applied within the SSEHG Group, no separate disclosure pursuant to Art. 436 e) CRR using Table EU PV1 - Prudent valuation adjustments (PVA) is required. Likewise, there are also no further particular consolidation issues that require further disclosures in accordance with Art. 436 g) and h) CRR.

2.4 Structure and Business Model

Since May 4, 2015, State Street Europe Holdings Germany S.à r.l. & Co. KG, Munich (SSEHG KG), has been the parent company of the European subgroup (“Group”) of State Street Corporation, Boston, USA (“SSC”). The sole personally liable general partner is State Street Luxembourg S.à r.l., Luxembourg (“SSL”). The structure of the subgroup can be found in Chapter 2.2.

According to the Partnership Agreement, SSEHG KG is managed by the MLP. Decisions at the level of SSBI or SSEHG Group are approved by the respective appropriate decision making body or person, this means by the EMB of the SSBI and/or the MLP of SSEHG KG. As the superordinate institution of the SSEHG financial holding group SSBI is responsible for ensuring an adequate business organization (including risk management). At the level of the Group, there is a Service Level Agreement between SSEHG KG, SSBI and all other group companies in place.

SSBI is the legal entity that constitutes the Group’s operating company and was founded in 1970 as a provider of solutions in the area of global custody and administration of securities. It has been a deposit bank since 1994 and, since 1996, has offered the full range of services of a custodian bank for investment funds in the German and European markets. SSBI is headquartered in Munich and maintains a domestic branch in Frankfurt am Main, a local office in Leipzig, foreign offices in Zurich and London, as well as branches in Amsterdam, Milan (with a branch office in Turin), Vienna, Luxembourg, Krakow (with an additional branch office in Gdansk), and Paris. SSBI had a total of 8,531 employees on average during 2022 (previous year: 8,374).

SSBI concentrates on the specific requirements of exclusively institutional customers over the entire investment cycle. The core business is primarily the custody and administration of securities (custody only), the custody business for investment funds, including reporting services for asset managers, and supporting activities for the middle and back office of investment management companies. Furthermore, its registered activities also include: Provision of securities services in the form of principal broking services and contract broking in investment fund units (agent fund trading, cash sweep services, fund connect), investment broking and proprietary trading in forward exchange transactions and contract broking in securities lending transactions, and management of collateral provided in the course of security loan transactions, among others. In connection with its core business, SSBI carries out money market transactions and invests, among other things, in securities, secured loan obligations (collateralized loan obligations) and syndicated loans (leveraged loans). SSBI’s Global Credit Finance business unit also operates in the area of European Fund Finance (“EFF”). This is a product range where lines of credit, fixed-term loans, and stand-by letters of credit are provided primarily to comprehensively regulated, restrictedly regulated, and unregulated funds or their capital management companies. In addition, the credit and liquidity needs of corporations, insurance companies and asset managers arising from their investment activities as part of their portfolio management are also addressed.

Moreover, SSBI offers supplementary services, such as reporting, performance evaluation, and risk analyses. The branch in Krakow provides internal services for SSBI and its affiliates. Generally, the various foreign branches offer specific local solutions, for example, by acting as the local paying agent for foreign funds in Italy or as a foreign fund representative and paying agent in Switzerland and France, or by providing alternative investment solutions in Luxembourg.

The external rating of AA- issued to SSBI was confirmed in the course of fiscal year 2022 by Standard & Poor's Global Ratings Europe Ltd.

Investment activities

In the past fiscal year 2022, no significant investments were made outside of their normal business activities by the companies included in the scope of consolidation of the group.

Off-balance sheet commitments

The group had no contingent liabilities as of December 31, 2022, as in the previous year. The other commitments are attributable to the group's operating unit, SSBI.

The off-balance sheet items are primarily attributable to the EFF business, totaling EUR 2,722mn (December 31, 2021: EUR 2,488mn). In addition, as of December 31st, 2022, there were also pending transactions from the leveraged loans portfolio in the amount of EUR 68 mn (December 31st, 2021: EUR 51 mn). A total of EUR 2 mn of provisions for onerous contracts was deducted from these two items. As of December 31, 2022, there were positions in this connection totaling EUR 2,788 mn (December 31, 2021: EUR 2,535 mn).
As of December 31, 2022, SSBI also has two other irrevocable loan commitments amounting to EUR 25mn (December 31, 2021: EUR 81mn), which were not drawn on. In addition, as of December 31, 2022, reverse repo transactions that have not yet been settled exist for an amount of EUR 5mn (December 31, 2021: EUR 1mn).

Other financial commitments in the form of rental obligations for office space and leasing obligations for company cars and office equipment exist for an amount of EUR 82mn, without any adjustment for inflation, until 2032. There are also irrevocable payment obligations to the Deposit Protection Fund (of German Banks) in the amount of EUR 10mn, and to the single Resolution Fund totaling EUR 18mn.

As of December 31, 2022, SSBI has pledged securities totaling EUR 268 mn (December 31, 2021: EUR 273 mn).

3 Risk Management

3.1 Risk Management Principles and Culture

SSBI is committed to fostering and maintaining business practices and controls that are consistent with a culture of risk excellence, high ethical standards and strong commitments to its employees, customers, regulators and the communities in which it operates.

SSBI's risk culture is designed to produce fair outcomes for its clients and to protect the integrity of the markets. Strict compliance by all staff with the risk appetite as communicated by the EMB is one of its key elements. The Risk Appetite Framework is the leading document defining the overall approach through which risk appetite is established, communicated, and monitored. It lays down the types and amount of risk that businesses may take in executing their objectives, and defines responsibilities for reporting, escalating, approving and addressing exceptions. The Standard of Conduct sets expectations for both business and employee conduct by providing guiding principles and rules that all employees are expected to follow.

SSBI's approach to risk management involves all levels of management, from the Board and its committees to each business unit and each employee. Responsibility for risk oversight is allocated so that risk/return decisions are made at an appropriate level, and are subject to robust and effective review and challenge. Risk management is the responsibility of each employee, and is implemented through a Three Lines of Defense framework.

- *First Line of Defense ("FLoD"):* the Business and Functional Units who perform day-to-day operational and/or support activities that may give rise to risk operate as the FLoD. The FLoD owns the risks associated with their activities and is responsible for establishing effective internal controls to manage such risks to an acceptable level and promoting a strong culture of risk awareness.

- *Second Line of Defense ("SLoD"):* Independent Control functions such as Enterprise Risk Manamgent ("ERM") and Corporate Compliance. ERM is responsible for setting the Bank's Risk Appetite, managing financial, non-financial, business and reputational risks. Compliance is responsible to develop and execute a comprehensive Compliance program in line with the requirements of MaRisk and MaComp as well as MaDepot which includes to understand, advise and monitor the compliance of the bank with key rules and regulations.

- *Third Line of Defense("TLoD"):* Corporate Audit operates as the independent TLoD. The TLoD is responsible for assessing the effectiveness of the First and Second Lines of Defense as it relates to managing risk and providing reporting to the Board of Directors and management.

3.2 Structure and Organization of Risk Management (Art. 435 (1) b) CRR)

The EMB of SSBI as the highest competent decision-making body, is responsible for risk management and the implementation of appropriate risk management procedures. The EMB ensures that the risk management system is appropriate based on the alignment with the business strategy and based on the risk profile of the Bank and Group.

In this context, the EMB is directly responsible for determining management targets, risk standards, risk tolerance and measurement methods for managing risk. The corresponding EMB requirements are the subject matter of the business strategy and the complementing risk strategy.

Day-to-day risk management, i.e. the business-related identification, assessment and monitoring of risks, is performed by the individual departments (FLoD).

The risk controlling function required by AT 4.4.1 No. 2 of the Minimum Requirements for Risk Management ("Mindestanforderungen an das Risikomanagement", "MaRisk") is performed by the Risk Management department of SSBI with the Head of Risk Controlling also being able to draw on resources from other departments within the Bank to complete the assigned tasks.

As part of the second line of defense Risk Management is the central department responsible for risk oversight, the development and definition of the risk management process for all relevant risk categories. In particular, the department is responsible for the definition of methods to identify, monitor, control and report on risks. Because it is embedded in the group-wide risk management process of SSC and in the risk management organization, the Risk Management department also serves as an interface for the risk management function at the SSC Group level.

The Credit Risk department within Risk Management monitors credit risks in all lending portfolios and approves the internal ratings of customers and counterparties.

Within SSBI, the Risk Management department is responsible for monitoring and reporting on interest rate risks, while the Global Treasury department is responsible for managing the risks. As part of its supervisory reporting, the Finance department regularly measures the regulatory liquidity indicator ("Liquidity Coverage Ratio", "LCR" and und Net Stable Funding Ratio, „NSFR") of the Group and the Bank and prepares the corresponding internal and external reporting. Liquidity risks (including stress tests) are measured, monitored, and reported regularly by the Risk Management department.

The Risk Management department carries out the internal process of monitoring the capital base of the Group and SSBI to ensure capital adequacy.

Internal Audit (TLoD) is organizationally assigned to the speaker of the Bank's EMB and reports independently to the entire EMB. The separation of functions between front and back office and between trading, settlement/monitoring and risk controlling, which is strictly required by MaRisk, is taken into account on all hierarchical levels of the organization in the internal control procedures.
Internal controls are based on the internal control system ("ICS"):

- The ICS implemented at SSBI consists of rules on structures and procedures as well as risk management and monitoring processes, a risk controlling function, and a compliance function
- Internal Audit reviews all business fields independently from processes in accordance with legal requirements, both at regular intervals and by means of special audits. This involves, in particular, auditing the effectiveness, appropriateness, and efficiency of the risk-relevant processes, and therefore, the quality of the overall risk management process. Internal Audit is independent and reports directly to management

SSBI is incorporated into SSC's Sarbanes Oxley Act Section 404 control process. In addition, SSBI is also included in the Global Control Examination Process within SSC, conducted by an external auditor who publishes the results every six months in an SSAE 16 report (Type II report).

The key organizational guidelines to risk management are as follows:

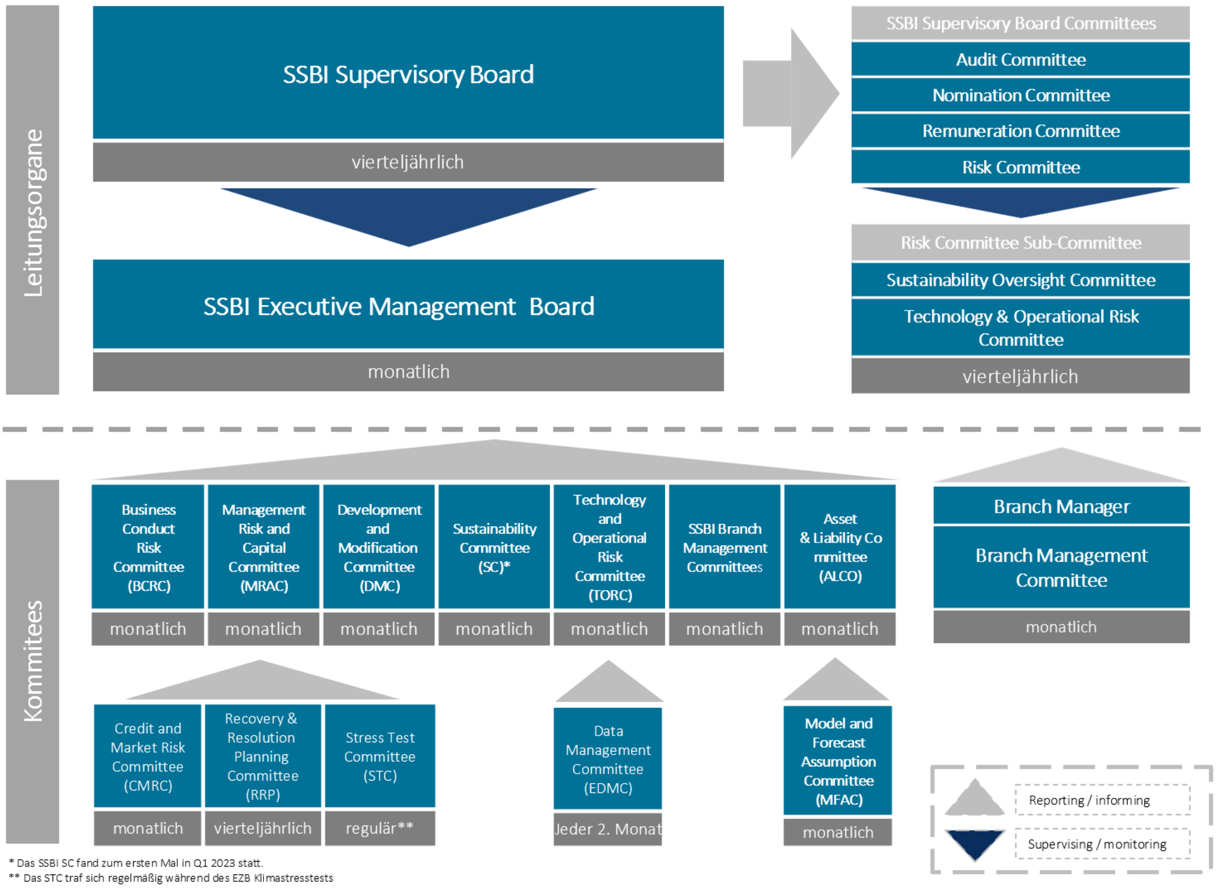
- Risk Appetite Framework
- Risk Strategy
- Capital Adequacy Statement
- Liquidity Adequacy Statement
- Recovery Plan

As part of the above listed organizational guidelines, general risk management principles that adequately reflect the overall risk profile are defined and implemented at both the SSBI and the Group level. The risk profile is monitored regularly by means of suitable early warning and key performance indicators and managed accordingly, while the business model, taking into account any new products and services, forms the respective basis for updating the overall risk profile. The nature and scope of risks, the type of strategic response, as well as the risk measurement and management approach for each material risk type are outlined in chapter 3.3.

Governance Bodies and Committees (Art. 435 (2) CRR)

The following illustration provides an overview on SSBI's key governance bodies and committees[7].

Illustration 2: Key SSBI governance bodies and committees



The tasks and respective number of meetings of the risk- related committees are described below according to Art. 435 (2) (d) CRR:

The purpose of the Business Conduct Risk Committee ("BCRC") is to assist the Executive Management Board in its responsibility to implement an effective control framework to identify, assess and manage SSEHG Group and SSBI Business Conduct and Culture Risk and Compliance Risk. The Committee shall meet monthly and a minimum of 10 times per calendar year.

The SSBI risk situation is discussed in the monthly risk management committees, with the focus being on the trends of significant risks. The Management Risk and Capital Committee ("MRAC") and the Technology and Operational Risk Committee ("TORC") are senior risk oversight and decision-making bodies, meeting on a monthly basis. The SSBI MRAC focuses on financial risks, while operational risks, including operational losses and profits, are analyzed at the local Business Risk Committees and the SSBI TORC.

[7] Please note, that the illustration provides an simplified overview of all regular committees that focus on discussing the risk situation without ad-hoc committees

Counterparty default risks are discussed at the monthly meetings of the Credit and Market Risk Committee ("CMRC"). Particular emphasis is placed on loan approvals and on monitoring the general development of counterparty default risks.

The Recovery & Resolution Planning ("RRP") Committee meets at least two times per calendar year or ad-hoc when determined by the Chair. The RRP Committee is responsible for preparing, implementing and revising the Recovery Plan of the SSEHG Group.

The Supervisory Stress Test Committee ("STC") is a sub-committee of the bank's MRAC. It is purpose is local oversight and decision making for Stress Testing as part of the yearly Supervisory Review and Evaluation Process – SREP. In 2022, it convened on a regular basis during the ECB's Climate Risk Stress Test.

The SSBI Enterprise Data Management Committee ("EDMC") focuses on data management issues that require holistic identification and management across businesses and corporate functions. Areas of focus include, but are not limited to, data quality and integrity, lineage, reporting. The EDMC meets every second months.

The Asset Liability Committee ("ALCO") meets on a monthly basis to manage SSBI's assets and liabilities. The key tasks of the ALCO include defining the Bank's balance sheet strategy as well as monitoring the market price, liquidity, and credit risk associated with the trading business.

The Model Assumptions and Forecast Committee ("MAFC") is a sub-committee of the Bank's ALCO. It is purpose is local oversight, in-depth review, and affirmation of assumptions associated with SSBI's balance sheet related forecasts, ILAAP, ICAAP and RRP, oversight, review and validation of any form of models, methodologies and assumptions utilized in the measurement of risks and the back testing process and results thereof and the oversight of SSBI's balance sheet strategy/management and new business activities. It meets at least on a monthly basis.

Furthermore the Development and Modification Committee ("DMC") meets on a monthly basis. The aim of the DMC is to support the review of (1) new or materially changed products and services, including the launch of existing products and services in new markets ("New Business and Product Review and Approval", "NBPRA"), (2) modifications of operational processes or structures („Global Transition Risk Assessment", „GTRA"), and (3) mergers and acquisitions, as "Adjustment Process" to enhance the ability of SSBI to implement change, while evaluating both SSBI's capability and resources to offer the proposed service or product, assessing business, operational, reputational and other associated risks, and evaluating their impact on capital and liquidity requirements and resolvability amongst other relevant considerations.

The quarterly Supervisory Board's subcommittees, namely the Supervisory Board Risk Committee and the Supervisory Board TORC, advise and assist the SSBI Supervisory Board in fulfilling its oversight responsibilities relating to risk management.

3.3 Material risk types (Art. 435 (1) a) c,), d) CRR)

The most significant types of risk for the SSEHG Group and SSBI as of December 31, 2022, are described in more detail in the following sections. Based on the structure of the Group and Bank's risk strategy, the nature and scope of risks, the type of strategic response, as well as the risk measurement and management approach are addressed.

The key risks are quantified in Pillar 2[8] on the basis of internal models. In addition, regular stress tests are conducted for material risk categories and complemented by reverse stress tests.

The analysis of the relevance and materiality of each risk type is performed at least once a year taking the form of a cross-departmental risk inventory. The assessment is performed based on a structural analysis of qualitative and quantitative factors.

[8] Pillar 2 describes the economic perspective of the ICAAP, also referred to as economic capital adequacy

The types of risk presented in Table 3, both for the Bank and for the Group, have been rated as material on the basis of the overall risk profile of the Bank or MaRisk requirements.

Table 3: Material risk types both for SSEHG Group and SSBI

Risk category	Material risk types	MaRisk requirement (minimum)[9]	Internal treatment
Financial risks	Investment portfolio Mark-to-Market risks[10]	material	material
	Interest rate risks	material	material
	Credit risks	material	material
	Liquidity risks	material	material
	Pension obligations risk	-	material
Non-financial risks	Operational risks	material	material
	Technology and Resiliency risk	-	material
	Core compliance risk	-	material
Business risks	Strategic risk	-	material
	Climate and Environmental risk	-	material
	Model risk	-	material
Reputational risk		-	material

It should be noted, that market risk is not explicitly mentioned as a material risk in the list above but is considered to be significant. Several risks, i.e. related to SSBI's investment portfolio, which cover both the Mark-to-Market risk and the interest rate risk, are considered to be significant.

3.3.1 Investment portfolio Mark-to-Market risk and interest rate risks

Risk definition

As part of SSBI's banking activity as a Custodian the Group accepts customer deposits, invests those in a diversified pool of assets and takes on market risk. Market risk is a financial risk inherent to banking and is driven by unfavorable development in market parameters. The Group is essentially exposed to the following risks:

- Interest Rate Risk: the current future risk to capital and or earnings related to the banking book, resulting from adverse movements in underlying yield curves
- Credit-Spread-Risk: the current or future risk to capital and or earnings related to the Group's investment Portfolio (Global Treasury Portfolio), resulting from changes in credit spreads
- Foreign Exchange risk: Risks stemming from the uncertainty related to future foreign exchange ("FX") rates developments

Negative developments in the market value can impact the overall capital adequacy of the Bank, its earnings and liquidity position, or clients' perception of the Bank's financial position.

Risk strategy

The Group's strategic approach to market risks generally corresponds to that of SSBI. It is to ensure that Market risks stay within the approved risk appetite and that they are aligned to the group's business and risk strategy.

Acceptance of risks arising from changes in market prices, especially for securities, is necessary to a certain extent, in order to manage assets/liabilities effectively. The group pursues through SSBI a liability driven investment strategy, with primarily stable customer deposits stemming from the custody business mainly being invested in financial assets with a short remaining maturity or in case of longer tenors mainly in high quality liquid assets. The aim is to align assets cash flows and interest rate sensitivities in terms of maturity and currency composition to the modeled

[9] Minimum set of risks to be considered material according to section AT 2.2 (1) BaFin Circular 05/2023 (BA) - Minimum requirements for risk management - MaRisk
[10] Analogue to the CRR and the MaRisk the terms "market risk" and "mark-to-market risk" are used as synonyms

liabilities to manage market risks within approved limits. Prior to implementing new products, associated risk characteristics are being assessed and technical implementation in risk management systems is ensured. In addition, market developments are closely monitored by the Group, so that timely measures can be taken related to changed market environments.

While there are marginal risks related to foreign exchange exposures carried in the Group's own accounts, customer funds denominated in foreign currency are invested in the same currency or secured by entering into foreign currency derivatives so that no additional currency risk is generated.

Market price risks related to the collateral accepted in relation to security repurchase transactions are quantified quarterly with regard to the risks from interest rate changes as well as for changes to the credit ratings of the market participants. The application of a suitable haircut within securities repurchase transactions allows the Bank to mitigate market price risks resulting from fluctuations in exchange rates or prices. In addition, the securities received as collateral are marked to market daily, using current market prices from an independent source, to avoid an under-collateralization.

Risk position

As part of the annual Material Risk Inventory the group performs a comprehensive assessment of market risk. The identification of market risk is based on an analysis of its offered products and services as well as all on and off-balance sheet driven market risks.

Market risk is assessed as a material risk and are quantitatively considered as part of the ICAAP and risk appetite.

Liabilities are mainly comprised of non-maturity deposits generated through its core business. Those are invested in interest rate and in parts credit spread sensitive financial assets with the main assets being fixed income securities in the Global Treasury portfolio, loans (mainly Global Credit Finance portfolio) and overdrafts, reverse repurchase agreements or placements with central banks. The majority of those financial assets is due daily or shows short-dated interest rate reset frequencies.

The investment portfolio is the biggest contributor to market risk on the asset side. Investment portfolio securities are allocated to the banking book with a hold to maturity intent. No impairments were recorded in the reporting period. Over the course of the reporting period the Investment portfolio was decreased due to macroeconomic developments whereby the group has specifically decreased its investment in longer term fixed income securities. The coupon structure remained constant with the majority showing a fixed rate coupon. Investment portfolio securities face daily market volatility, which can result in changed market values. Such changes can derive from changed credit spreads or changes in market interest rates. In terms of interest rate risk the modeled rate risk from customer deposits counterbalance the respective increased interest rate risk of the Investment portfolio and vice versa through which the overall risk position is aimed to move within limits.

In addition, to a limited extent, market price risks can arise from variable-yield securities (investment fund units) acquired within the framework of SSBI employees voluntarily converting part of their salary into savings for their pension plans.

Risk quantification

To identify, assess, measure, monitor and report market risk the group has implemented qualitative processes as well as a multi-stage quantitative risk limit system.

From a qualitative perspective both the Global Treasury portfolio as well as the Global Credit Finance portfolio are analyzed and discussed in detail in dedicated quarterly surveillance group meetings as well as in monthly management committees (ALCO, CMRC as well MRAC).

From a quantitative perspective the group covers and monitors interest rate risk from a value based (Discounted Cash Flow approach, Durations-based, Economic Value of equity, Run-off Balance sheet) as well as an earnings based (P&L

view, NII at risk) perspective. The associated limit system includes supervisory required interest rate shocks as per BaFin circular 06/2019 (BA) or EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02) as well internally developed scenarios, which include non-parallel or currency specific interest rate scenarios as well as extreme scenarios or basis risk calculations. For the earnings-based risk appetite approach a static balance sheet is being used at the bank level, quantifying the change in net interest income over a twelve months horizon, while considering a 100bps interest rate shock as well as EBA GL interest rate floors and currency aggregation rules. For planning purposes a dynamic balance sheet is used at the SSBI level. In addition to the regulatory required shocks additional sensitivities are considered by the Group, applying unfloored yield curves, as well as fully correlated yield curves and netting rules of gains and losses. The is allows the group to gain additional insights into potential yield curve developments.

The group measures and monitors market risk by running value and earnings-based metrics at a minimum on a monthly basis at the bank level by means of the Quantitative Risk Management ("QRM") model and informs senior management as part of the monthly Management Information system ("MIS"). Group specific interest rate risk metrics are quantified on a quarterly basis, by simulating both the supervisory interest shock scenarios for the banking book required by BaFin or the European Banking Authority ("EBA"), as well as internal interest rate shock scenarios for the balance sheet from a value-based perspective.

As part of the regular ICAAP monitoring Interest rate risks in the economic perspective are being quantified at the group level on a quarterly basis using a 99.9% confidence level. In the normative perspective Interest Rate Risk is considered as part of the annual baseline and adverse forecast as well as stress test scenarios which validity is being reassessed on a quarterly basis.
With regard to customer deposits without any fixed date of maturity, the risks are modeled based of historical data, to determine the average duration and interest rate sensitivity. Three key factors are being considered:

- Core balance volatility
- Attrition curves
- Rate paid functions

The longest maturity for non-maturity deposits (core component) is 15 years while the average maturity across all currencies is around six years. The average maturity date for all core and transient deposits without a specified maturity date is approx. three years.

To determine the prepayment behavior of certain assets (e.g. securitizations, US Agencies and leveraged loans) the group is using either static SME assumptions or internally developed models, as well as market wide used dynamic models (e.g. Andrew Davidson Company).

As per the effective date the group did not apply any hedging strategy. To increase its flexibility and ability to react to changing market environments, the group added Interest rate swaps and additional repo products (Eurex Repo) to its tool kit. If required those can be used for enhanced management and hedging of interest rate risk in the banking book.

Credit spread risks are quantified through a value-based approach und the respective limit system is comprised credit spread specific risk metrics as well as risk metrics combining credit spread and interest rate risk (e.g. Value at Risk approach).

In line with the classification 'banking book', short-term changes of market values do not impact the group's regulatory capital number and with that e.g. credit spread driven changes to market values on the investment portfolio as well as the Loan Form
book are only being considered as part of the ICAAP economic perspective. The quantification is done using a Monte Carlo based model and a 99.9% confidence level, through which the fair value of market risk positions is recalculated considering defined credit spread risk scenarios.

As per the effective date December 31, 2022 and throughout the year 2022 risk metrics stayed within regulatory limits and Interest rate risk improved compared to the pior year result. The Group is sensitive to down-shocks which is mainly driven by the overall higher market rates. The potential economic value change of interest rate sensitive positions (+/-200bps parallel shock of the yield curve as per BaFin circular 06/2019) was -6.76% of the regulatory own funds while value at risk metric (RAS metric MTM Investment Portfolio, one month holding period, 99% confidence level) was quantified at EUR 181m. Compared to prior year the group Interest rate risk remained stable, IP MTM VaR was EUR 77m and deteriorated mainly driven by increased market volatilities.

For trading book positions interest rate risks are being quantified in line with CRR requirements.

The FX positions resulting from own-account trading are subject to a system of limits, and compliance with these limits is monitored weekly. Any breaches of limits are clarified immediately with the front office, which ensures that foreign exchange transactions are offset with SSBT accordingly. As per end of 2022 structural FX risks faced by the group are not assessed as material risks and are only quantified for CRR Pillar 1 purposes. For Pillar 2 purposes structural FX risks only will be quantified in case they are assessed to be material, using a Value-at risk (VAR) model at the 99.9% confidence level with a one year holding period. Client driven FX trades are closed back-to-back with SSBT and are monitored daily to ensure correct processing and compete coverage.

The risk-weighted exposure amounts for market risks under the standardized approach according to Art. 445 CRR as of December 31, 2022 are shown in the following table:

Table 4: EU MR1 – Market risk under the standardized approach

		a	a
		Risk weighted exposure amounts (RWEAs)	
		SSEHG Group	SSBI
	Outright products		
1	Interest rate risk (general and specific)	1.46	1.46
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	-	-
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**1.46**	**1.46**

The following table EU IRRBB1 shows the impact of the on the Group's interest rate risk in the non-trading book as well as the changes of the economic value of equity and changes of the net interest income under the six scenarios defined by EBA:

Table 5: EU IRRBB1 – Interest rate risks of non-trading book activities

		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Supervisory shock scenarios	Current period (12/31/2022)	Last period (12/31/2021)	Current period (12/31/2022)	Last period (12/31/2021)
1	Parallel up (in %)	-0.10	6.64	15.22	55.66
2	Parallel down (in %)	-6.76	-6.67	-35.14	-12.30
3	Steepener (in %)	0.84	5.72		
4	Flattener (in %)	-2.48	-5.44		
5	Short rates up (in %)	-1.92	-1.97		
6	Short rates down (in %)	0.19	1.61		

Table 6: EU IRRBBA – Qualitative information on interest rate risks of non-trading book activities

	Qualitative Information	CRR - Legal basis
(a)	The market price risk is a financial risk which inherent to the banking business and is driven by adverse movements in market parameters and developments. The Group is essentially exposed to the following risks: Interest rate risk: the current or future capital or earnings risk related to the investment book, which arises from adverse changes in the underlying yield curves.	Art. 448 (1) e)
(b)	The Group's risk strategy approach is similar to that of SSBI. It is important to ensure that market price risks are within the approved risk appetite and that these are appropriate in terms of the business and risk strategy. However, the acceptance of risks from changing market prices, especially for securities, is necessary to a certain extent for an efficient asset/liability management of the balance sheet. The Group, through SSBI, pursues a liability-driven investment strategy whereby the Group's liabilities, which primarily consist of stable deposits from the custodian business, are invested primarily in assets with short-term maturities or with high credit or liquidity quality. As of the reporting date, the Group had not entered into any hedging transactions with regard to the interest rate risk.	Art. 448 (1) f)
(c)	The interest rate risk is quantitatively determined and monitored by the Group in a value-oriented manner (discounted cash flow approach, duration-based, economic value of equity, run-off balance sheet) and in an income-oriented manner (P&L approach, net interest income at risk). The associated limit system includes the supervisory interest rate shocks in accordance with BaFin RS 06/19 or EBA/GL/2018/02 as well as additional internally developed non-parallel interest rate scenarios, currency-specific scenarios, extreme interest rate shocks or basis risk calculations. In the income approach, the Group uses a static balance sheet via SSBI for risk appetite and calculates the change in net interest income over a 12-month period, taking into account a 100 basis point interest rate shock as well as the required interest rate floors and eligible currencies as per the EBA guidance. A dynamic balance sheet is also used by the group for SSBI for planning purposes. In addition to the prudentially required interest rate shocks, the Group calculates interest rate sensitivities for the SSBI taking into account different interest rate floors (no interest rate floor) as well as different currency aggregation (all currencies) and netting rules (full netting). This allows the Group to gain insight into potential additional interest rate risk developments. The Group calculates and monitors market price risk on at least a monthly basis at bank level using the group-wide Quantitative Risk Management ("QRM") model used by SSC and reports the results to senior management as part of the monthly Management Information System ("MIS") . The present interest rate risk is quantified for the group on a quarterly basis, with the interest rate shocks specified by BaFin or EBA for the banking book and other scenarios for changing the present values of the overall balance sheet being simulated. In the ICAAP, interest rate risks in the economic perspective are also monitored for the Group on a quarterly basis and quantified at a 99.9% confidence level. In the normative perspective on risk-bearing capacity, the interest rate risk is included in basic, adverse and stress test scenarios to be calculated annually, the validity of which is checked at least quarterly by the SSBI and adjusted if necessary.	Art. 448 (1) e), i) and v); Art. 448 (2)
(d)	The associated limit system includes the supervisory interest rate shocks in accordance with BaFin RS 06/19 or EBA/GL/2018/02 as well as additional internally developed non-parallel interest rate scenarios, currency-specific scenarios, extreme interest rate shocks or basis risk calculations. In the income approach, the Group uses a static balance sheet via the SSBI for risk appetite and calculates the change in net interest income over a 12-month period, taking into account a 100 basis point interest rate shock as well as the required interest rate floor and eligible currencies as per the EBA guidance.	Art. 448 (1), e) (iii); Art. 448 (2)
(e)	A dynamic balance sheet is also used by the group for SSBI for planning purposes. In addition to the prudentially required interest rate shocks, the Group calculates interest rate sensitivities for the SSBI taking into account different interest rate floors (no interest rate floor) as well as different currency aggregation (all currencies) and netting rules (full netting). This allows the Group to gain insight into potential additional interest rate risk developments.	Art. 448 (1) e) (ii); Art. 448 (2)
(f)	As of the reporting date, the Group had not entered into any hedging transactions related to interest rate risk. Interest rate swaps and repo products (Eurex Repo) were added to the product portfolio in order to increase flexibility and the ability to react to changing market conditions. If necessary, these can be used in the future for better control and protection of the IRRBB.	Art. 448 (1) e) (iv); Art. 448 (2)
(g)	To determine interest rate risk, the Group models interest rate sensitivity for customer non-maturity deposits based on historical data to determine their average remaining maturity and interest rate sensitivity. Three main factors will be taken into account: • Core balance volatility • Assumption for the expiry of customer deposits (Attrition curves) • Rate paid functions On the assets side, the repayment behavior of certain asset classes (e.g. securitisations, US agencies and leveraged loans) is determined either statically by expert estimates or by internally developed models, or dynamically by models used across the market (e.g. Andrew Davidson Company).	Art. 448 (1) c); Art. 448 (2)
(h)	As of December 31, 2022 and in the course of 2022, risk indicators were within the specified regulatory limits and the interest rate risk was reduced over the course of the year compared to the previous year's result. The group is interest rate sensitive to a parallel downward shock, which is due to the higher interest rate level in 2022	Art. 448 (1) d)
(i)	N/A	
(1) (2)	The longest residual term for stable deposits is a maximum of 15 years, while the average residual term across all currencies is around 6 years as of the reporting date. For all stable and less stable customer deposits without a fixed term, the average remaining term is approximately 3 years.	Art. 448(1) g)

Risk management

Generally, the Risk Management uses the Three Lines of Defense model to manage market price risks.

In the FLoD, Global Treasury, Global Markets and Global Credit Finance monitor the risk position of the Group in relation to market price risks. In the SLoD, Risk Management is responsible for setting up risk management processes and the corresponding applicable system of limits and monitoring and reviewing the Group's risk profile. The second line in addition includes the Model Validation Group which is to be seen independently from Risk Management. Its responsibility is to perform a validation of risk models independent from the model development. Risk-Models have to go through a regular validation cycle and any model changes have to be validated and approved prior to implementation. In the TLoD, Internal Audit guarantees an independent and objective assessment of the structure and operational effectiveness of the Group's internal control system and therefore ensures a holistic approach to managing market price risk.

Generally, securities held in the Bank's own portfolio are limited in terms of quantity and quality, and they are analyzed in detail and discussed both during special quarterly meetings and also monitored at the monthly management meetings of the ALCO and the MRAC Limits have been implemented for the individual scenarios involving changes in interest rates, which are subject to regular monitoring. The balance sheet planning, including the planned changes to the investment portfolio, are also discussed regularly within the monthly ALCO in order to ensure a comprehensive picture of the balance sheet risks accepted by the Group through SSBI.

Consideration of climate risks

The approach to climate and environmental risks is consistent with the approach used in the SSBI. Climate and environmental risks can affect the economic value of the securities portfolio through the impact on credit spreads or interest rates. This also includes the ability to trigger large price adjustments when climate risk is not yet built into prices.

More specifically, the following Level 3 risks may be affected by CER factors:

- Widening credit spreads - Climate risk could impact credit spreads
- Changes in Interest Rates - Both physical risk factors (weather and climate changes affecting the economy) and transitional risk factors (societal changes resulting from the transition to a low-carbon economy) can affect local and regional economies, and indirectly affect relevant interest rates .
- The climate risk from changes in credit spreads and changes in interest rates is currently classified as insignificant due to the current balance sheet structure and the risks taken.

3.3.2 Credit risks

Risk definition

The Group assumes SSBI's credit risk in its traditional lending business (such as loans), in its investment portfolio, and in its direct and indirect trading activities, such as debt securities and foreign exchange transactions. SSBI also assumes credit risk in its day-to-day treasury, securities, and other settlement transactions, in the form of deposits and other cash balances at central banks or private institutions.

The Bank controls several types of credit risks, including counterparty credit risk, default risk, concentration risk and settlement risk including payment risk. Additional risk categories comprise country risk, collateral value risk and wrong-way risk.

The counterparty credit risk is 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. Counterparty default risk is the risk that an obligor fails to meet its contractual obligations with respect to the Bank's credit claims. Counterparty credit risk also includes the credit concentration risk of individual counterparties, which represent a risk concentration due to the size of their position. It also includes risk concentration arising from a common underlying factor in the risk positions within a single risk category, such as, for example, geographical or sectoral factors, or the type of lending exposure.

Concentration risks from significant exposures with respect to groups of counterparties can also be influenced by additional factors such as which sector the parent company belongs to, its home market and its geographical location. The management of concentrations is integrated as part of the management of individual risk types and monitored on an ongoing basis. The key objective is to avoid any undue concentrations in the portfolio.

Settlement risk is the risk that the settlement or clearance of a transaction may fail. Settlement risk arises whenever the exchange of cash, securities and/or other assets is not simultaneous, leaving the Bank exposed to a potential loss should the counterparty default during the period of time when the Bank has made payment to the counterparty but has not yet received the countervalue. The FX settlement risk is the predominant and recognizable form of settlement risk for the Bank. Payment risk is a form of settlement risk that can occur in the course of the Bank's client payment activity when occasional timing mismatches or securities settlement failures may result in an intraday overdraft of an account. Where an intraday or end-of-day overdraft is not resolved, the risk becomes one of default risk.

Country risk is the risk that the Bank may experience unexpected default or settlement risk and subsequent losses, in a given country, due to a range of macro-economic or social events primarily affecting counterparties in that jurisdiction including: a material deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, or disruptive currency depreciation or devaluation. Country risk also includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to non-residents due to direct sovereign intervention. Sovereign risk is the sovereign (or government) obligor's likelihood of defaulting on its financial obligations.

Collateral value risk is the risk that, in the event of a counterparty default, the collateral securing a transaction will decline in value relative to the reference asset and so be insufficient to cover State Street's counterparty exposure, if necessary to make State Street whole.

Wrong-way risk occurs when an increase in the probability of default and exposure at default for a counterparty or counterparty group is positively correlated. There are two types of wrong-way risk. Specific wrong-way risk arises when exposure to the counterparty is positively correlated to the default of the counterparty itself (e.g., a transaction collateralized by own or related party shares). General or conjectural wrong-way risk arises where the credit quality of the counterparty is positively correlated with market factors (e.g., credit quality is assumed to deteriorate as the market factor increases counterparty exposure to State Street.

Risk strategy

The approach taken to risk strategy provides for a diversification of the loan portfolio, which includes managing exposures with single counterparties and generally granting loans to debtors with an investment grade rating. Specific product offerings of SSBI may also involve loan products granted to non-investment grade investors, such as European Fund Finance facilities and investments in Leveraged Loans. For this purpose, corresponding indicators and limits have been established by the Bank in accordance with its risk appetite and are subject to constant monitoring.

The EMB of SSBI is responsible in setting and overseeing the Bank's credit risk strategy and credit policy, which includes determining credit risk appetite/risk appetite and establishing relevant credit risk management policies, including, but not limited to, the delegation of authorities and the credit internal limit structure. ERM Credit Risk, as a second line of defense, shares with the business units the responsibility for implementing the credit risk strategy and policy of the Bank. ERM Credit Risk manages the decision-making process as it relates to credit risks assumed by the relevant business units and ensures appropriate reporting to the management body, the MRAC and business or support unit.

ERM Credit Risk is responsible for ongoing managing and monitoring credit risk at the level of the individual credit counterparties, the counterparty group and the portfolio level to ensure that all exposures and limits are in line with the Bank's overall credit risk appetite/ risk tolerance. The limits for individual counterparties are determined according to a bottom-up approach by establishing product limits in accordance with the guidelines for risk appetite of counterparties and taking into account the country-specific and portfolio-specific risk appetites as well as the supervisory requirements, where applicable.

The risk strategy of SSBI provides for daily monitoring of counterparty risks, including default risk using a comprehensive limit management system. Establishing limits and monitoring compliance with limits are core components of the risk minimization process. Limits for on-balance sheet and off-balance sheet items are assigned internally and are not normally communicated to counterparties and customers. The European Fund Finance product offering comprises committed and uncommitted credit facilities.

Risk position

SSBI is exposed to credit risks from the following products:

- Utilization or exceedance of non-approved internal limits by customers within the course of depositary and custody activities. As a rule, there is no collateral beyond the contractually agreed liens (if possible)
- Utilization of communicated limits by a small number of clients related to depositary and custodial activities which can be terminated at any time
- Credit balances on current accounts at other banks, used primarily to settle customer transactions. The positions are not secured by collateral
- Short-term investments of cash surpluses at third-party banks (including central banks) with only immaculate credit ratings. No collateral is provided for these transactions
- Securities repurchase transactions with SSBT, whereby credit risks exist in relation to SSBT. However, repurchase transactions are fully collateralized
- Investments in securities denominated in Euro and US dollars, such as asset-backed securities, collateralized debt obligations, residential mortgage-backed securities and covered bonds, short-term money market or commercial paper securities, corporate bonds, government bonds (sovereign bonds) and those issued by supranationals and European Union agencies
- Investments in Leveraged Loans and Collateralized loan obligations (“CLO”) in loan form (“CLO in loan form”)
- Securities repurchase transactions with banks and customers resulting in amounts receivable
- Principal broking services and agent fund trading
- Variable-yield securities (investment fund units) related to employees voluntarily converting salary components into savings for their pension plans
- Customer-initiated forward exchange contracts
- Credit lines to customers including European Fund Finance (“EFF”) product offering
- Credit risks arising from loans that have not yet been credited to the issuer of securities purchased within the framework of repurchase transactions
- FX swaps

Given the Bank’s business mix, SSBI has a natural concentration in lending exposures with large counterparties in the financial sector. The philosophy of the Bank is to conduct transactions with counterparties with higher credit ratings, to reduce the counterparty risk through enforceable netting agreements, and to reduce the residual risk by using collateral as much as possible to mitigate residual risk, to the extent desirable, through the use of collateral agreements.

Through its operating entity, SSBI, the Group invests in large and highly liquid leveraged loans to further diversify its portfolio and improve its net interest income. The higher risk of default on investments in Leveraged Loans and EFF is considered by means of risk provisioning. The amount of the general risk provision is determined on the basis of the exposure at default (“EaD”), taking into account the probability of default (“PD”) and the level of losses in the event of default (loss given default - “LGD”). The risk inherent in CLO in loan form is assessed via the loss coverage ratio, whereas the risk of potential loss for securities investment is determined following the Bank’s procedure for ‘other than temporary impairment losses’. Necessary individual risk provisions for selected Leveraged Loans were created as of the reporting date.

No write-down on receivables from the lending business has been necessary so far, but losses were partially realized through sales from the Leveraged Loan portfolio.

Risk quantification

The internal rating system quantifies the default risk of a credit counterparty using a 15-point scale. This methodology corresponds to the internal ratings-based approach ("IRBA") used at SSC level. External ratings by Moody's, Standard & Poor's, Fitch, and DBRS are used for securities repurchase transactions and for the securities held in the portfolio and are allocated to the internal ratings where appropriate.

To measure the equity backing for counterparty default risks in Pillar 1, SSBI applies the credit risk standardized approach and the financial collateral comprehensive method (with regard to repurchase transactions and foreign exchange transactions pursuant to the CRR).

The risks are quantified in Pillar 2 on the basis of an internal model that determines the economic capital requirements as an income statement add-on based on internal through-the-cycle ratings. Moreover, future changes in ratings that lead to higher capital requirements are assumed.

The credit portfolio's risk of default (EaD excluding securitization transactions: EUR 50.4bn) is 0.18% as of December 31, 2022 (December 31, 2021: 0.15%). This corresponds to an average rating of SSC3, which represents an external rating of A+/A (S&P) and BAA3 (Moody's). The credit portfolio is strongly concentrated in the SSC1-6 asset classes (96% of the overall portfolio), which corresponds to the external S&P Corporate Ratings AAA to BBB-.

Credit risks are measured and monitored in order to ensure compliance with the risk appetite for such risks. This is done using the expected value for losses in the loan portfolio with a time horizon of 12 months, among other things. As of December 31, 2022, the expected value was EUR 39.0mn (previous year: EUR 45.1mn).

Risk management

The internal rating system is a central element in managing credit counterparty default risks. Counterparty credit limits are requested by the business unit and are evaluated for approval by Credit Risk with consideration of the top-down risk appetite guidelines. An independent assessment of a counterparty's creditworthiness is performed to justify limits for the extension of credit. An analysis of a new counterparty is conducted at the inception of a credit / trading relationship and, at a minimum, annually thereafter. Credit evaluations inclusive of counterparty analysis is achieved by way of assigning an internal PD rating, which generally includes an assessment of the counterparty's strengths, weaknesses, key risks and corresponding mitigants; and relevant regulatory requirements, where relevant.

Securities held in the Bank's own portfolio and securities acquired as collateral for repurchase transactions are subject to qualitative and quantitative limits which consider inter alia the respective ratings made by external agencies in line with TPGs.

In addition, securities serving as collateral are monitored regularly by means of analyses and using a scenario-based stress test for the securities held in the Bank's own portfolio.

Provided the criteria stipulated by the CRR are met, the securities acquired as collateral for repurchase transactions and foreign exchange transactions are included in the securities calculated using the comprehensive method. Under the ICAAP, all securities are deemed to be collateral from an economic risk perspective after considering an appropriate haircut.

Forward exchange contracts with customers are only entered into once the trading limits have been granted. These are set on the basis of the individual ratings and the counterparties volume of securities. Any deterioration in the counterparties credit rating during the term of a contract leads to more intensive monitoring of the counterparties circumstances and may result in the transaction being canceled.

Consideration of climate risks

Climate and environmental risks may affect the risk of financial loss through the risk of lower creditworthiness of counterparties within sectors or geographies vulnerable to climate risks. The value of collateral held by State Street could also be impacted together with a negative impact on sovereign risk in geographies vulnerable to physical risks or in countries with higher reliance on sectors impacted by a climate transition. Climate and environmental risk may also affect concentrations in the credit portfolio through sectors that are reliant on carbon intensive products or processes or the local climate may be more significantly impacted by climate risk, increasing the risk of concentration in such sectors.

SSBI has developed a qualitative approach to identify climate and environmental ("CER") impacts for macro risk categories, covering Corporates/Leveraged Loans, Structured IP assets and Sovereign/Supranationals, including the identification of high-risk asset classes within the credit portfolio. Monitoring and reporting is planned for sectors/asset classes indicated with 'high impact' classification. At this stage impact from CER is assessed as not material.

Within the credit due diligence process a risk appetite for each credit counterparty is defined, which is considered the maximum risk appetite. CER risk factors will be considered in the credit analysis and approval process, where applicable and may result in the reduction of the initially defined risk appetite for the respective credit counterparty.

3.3.3 Liquidity risks

This chapter shows the qualitative and quantitative information regarding liquidity risk, in accordance with Art. 435 (1) and 451a of CRR as well as Art. 7[11] of ITS 2021/637. Additionally to section 3.6, the required explanations and statements regarding liquidity risk management and liquidity profile are provided in the following section.

Risk definition

Liquidity risks refer to the risk that payment obligations cannot be met as they become due. The assessment of liquidity risk prospectively measures the future need for available funding to meet obligations. This is compared with available cash or collateral to ensure that sufficient funds exist to replace maturing liabilities, accommodate customers' transactions, as well as cash management requirements, and meet other funding commitments under normal and stressed conditions. SSBI is the only operating entity within the Group and liquidity is managed centrally at the bank and group level. SSBI's liquidity management practices use internally defined quantitative liquidity standards, as well as those set forth by supervisory authorities, including the LCR and the NSFR.

The Group accepts through SSBI in its role as a custodian and depositary bank customer deposits and invests those in a diversified pool of investments. In addition, it offers its customers intraday liquidity and, in certain cases, liquidity at the end of the trading day. Inadequate management of liquidity risk positions could lead to a liquidity crisis during which the Bank would no longer be in a position to meet its payment obligations. Due to the Bank's size and business activities, such a liquidity crisis would damage its reputation and profitability.

To achieve the liquidity risk management objectives, a comprehensive framework is in place to ensure that the level and composition of the Liquidity Buffer and funding position are sufficient for SSBI to sustainably operate under its business model and protect its clients' interests as well as system-wide liquidity in the payment and settlement systems in which it operates. The Contingency Funding Plan ("CFP") is in place to provide a framework for the Bank to navigate through a liquidity crisis and prevent second-order effects on system-wide liquidity. It ensures that evolving processes, informed by the Liquidity Stress Testing level, are in place to mitigate the outcomes of a potential liquidity crisis. The plan describes the governance structure and the activation process of the various stress levels and provides details around the contingent actions in case the CFP would be activated. The CFP is updated on a yearly basis.

Risk strategy

The group pursues a prudent strategy towards liquidity risks, which ensures a high maturity match between asset and liability profiles. The investment strategy is liability driven, under which liabilities, mainly consisting of stable deposits from the custody business, are primarily invested in short-term or highly liquid financial instruments. As a result, SSEHG Group does not rely on money market or capital market funding.

[11] Annexes XIII and XIV

The assets considered for the liquidity buffer include overnight central bank placements and unencumbered high-quality securities that are not susceptible to legal, regulatory or operational impediments. Details on the Bank's assets are available on a daily basis, with limits applied on the security types, issuers, ratings, country of origin and ECB Eligibility of the investment portfolio to ensure adequate diversification and ample liquidity.

Risk position

The group's liabilities mainly consist of customer deposits from operations, which are coupled with the services rendered by SSBI. The stable funds provided by customer deposits are primarily invested in highly liquid assets, taking into account the corresponding diversification requirements. As of the balance sheet date, more than half of these on-balance-sheet assets consisted of short-term receivables from internal repurchase transactions with SSBT and unsecured money market transactions with central banks. The other funds are primarily invested in highly liquid assets that are eligible for lending in accordance with the criteria set by the ECB. Overall, more than three-quarters of the balance sheet assets can be classified in the "highly liquid" category. Liquidity Stress Testing, LCR and NSFR results demonstrate the adequacy of the Bank's funding profile and that the level and composition of the liquidity buffer and counterbalancing actions are sufficient to withstand a wide range of severe stress scenarios.

Risk quantification

Within the framework of the Internal Liquidity Adequacy Assessment Process ("ILAAP"), the Group conducts an extensive annual review of its liquidity risk. Liquidity risks are identified on the basis of an analysis of the products and services it offers, as well as all on and off-balance-sheet liquidity risks.

Liquidity risks were classified as significant for the Group and also considered as a qualitative item as part of the ICAAP. The Group has implemented qualitative processes and quantitative instruments to recognize liquidity risks at an early stage, and to assess and monitor these risks. To ensure effective monitoring of liquidity risk, a well-defined limit framework based upon different levels of metrics that are used to measure, monitor and limit liquidity risk has been established.

- Risk Appetite Statement ("RAS") metrics are the key metrics for measuring critical components of liquidity risk. Thresholds have been established for each risk appetite metric in order to establish clear parameters for acceptable levels of risk taking.
- Non-RAS metrics are liquidity risk metrics with a more focused scope, capable of quantifying risk posed by individual concentrations or business activities.
- Early Warning Indicators are detection tools used to detect potential systemic or idiosyncratic situations as early as possible.
- Liquidity Guidelines represent an additional set of measures, which focus on general areas in an attempt to provide insights into operating constraints.

The Group calculates and monitors its liquidity risk both on a daily and monthly basis, using a range of liquidity ratios and early warning indicators. These include the LCR, the NSFR as well as additional internally developed liquidity ratios. In addition, the liquidity risk is quantified using monthly stress tests of idiosyncratic and systemic scenarios as well as combinations of both of these, in order to be able to model unexpected developments. As of the balance sheet date, the combined scenario – which combines a macroeconomic downturn with an idiosyncratic scenario where SSBI suffers a rating downgrade and subsequently experiences a significant outflow of deposits – was the scenario with the lowest liquidity position for SSBI. In this scenario, SSBI's liquidity position remained well within the defined risk appetite not identifying a funding gap.

The results of Liquidity Stress Testing and other liquidity risk metrics are reported by the first and second lines of defense to the EMB, the ALCO and the MRAC. The aforementioned liquidity risk metrics form an integral part of the Risk Appetite Framework and are also incorporated into the analysis of new products and services as part of the NBPRA process.

At this stage no hedging strategies are being applied to manage liquidity risks.

To ensure compliance with the risk appetite for liquidity risks, the risks are measured and monitored. Among other things, this is done by using the LCR and NSFR surplus metrics, which amounted to EUR 9.8bn and EUR 15.5bn respectively as of December 30, 2022.

Risk management

As with the other risk categories, the management of liquidity risks is built upon three lines of defense. In the FLoD, Global Liquidity Management manages and monitors the liquidity position of the Bank. In the SLoD, Risk Management is responsible for setting up risk management processes and for monitoring, reviewing and reporting on the risk profile of SSBI. In the TLoD, Internal Audit guarantees an independent and objective assessment of the structure and operational effectiveness of the Bank's internal control system, thus ensuring a holistic approach to managing liquidity risk.

Due to the single supervisory mechanism of the ECB, there is no national requirement for a specific monitoring of branches in the Euro-Area. As a result of the above and as there are no limitations on the transfer of liquidity between the branches; the liquidity of the branches is fully embedded in the SSBI liquidity management framework.

Consideration of climate risks

Climate and environmental risks can adversely affect the cash flows and solidity of the group, which could lead to an outflow of customer deposits. Counterparties affected by climate risks can use available credit lines to finance costs or redemptions, and the value of SSBI's investment portfolio, which is an essential part of the liquidity buffer, can be affected by climate risks.

More specifically, the following Level 3 risks may be affected by CER drivers:

- Financing risk – outflow of deposits
- Financing risk – liquidity outflow in connection with the use of unfunded commitments
- Asset liquidity risk – market liquidity / IP monetization

The consequences of climate and environmental risks on the deposit situation of SSBI, in which customers would reduce their deposits or increase the use of available credit facilities in order to meet the redemption requests of their respective customers, are seen as secondary. As various physical events in recent years (e.g., Hurricane Katrina in the US, cyclone Kyrill in Germany, floods in Germany and Austria in 2021) have shown, none of these events led to a visible outflow of customer deposits.

From an asset liquidity perspective, the effects of such events are immaterial due to the relatively large and diversified pool of SSBI's and therefore the group's HQLA assets, including a large number of deposits at central banks. In order to quantify the potential effects of climate risk-related events on the investment portfolio, the effects of such events on the credit spreads of underlying securities and consequently the resulting changes in the market values of these securities were assessed. The assessment included the asset classes of government bonds, bonds from authorities and supranational companies, as well as corporate bonds that make up approximately three-quarters of the investment portfolio, with the conclusion that the effects compared to the total liquidity surplus are immaterial.

Concise liquidity risk statement (Art. 451a (4) CRR)

SSEHG KG business model and strategy result in stable liquidity and funding positions with ample surplus liquidity. Contrary to other banks, SSEHG KG does not rely on money market or capital market funding to finance Balance Sheet assets. The Bank follows a liability driven investment strategy, using clients' deposits for investing in predominantly highly liquid assets. This approach generates ample surplus liquidity to meet funding commitments in business as usual and stressed conditions.

SSEHG KG has implemented robust strategies, policies, procedures and systems for identifying, measuring, managing, monitoring and controlling liquidity risk over an appropriate set of time horizons. The liquidity held by SSEHG Group provides sufficient coverage of liquidity risk and includes internal counterbalancing capacity. The availability of monitoring and reporting tools, along with SSEHG Group's liquidity risk profile and assets composition, ensure that ample liquidity is available over the relevant time horizons to meet liquidity outflows.

The Bank's liquidity risk normative and economic metrics demonstrate, that the level and composition of the liquidity buffer and counterbalancing actions are adequate over short- and long-term horizons to replace maturing liabilities, accommodate customers' transactions and cash management requirements and meet funding commitments under a business as usual environment and stressed conditions. The results of the forecast show that the liquidity surplus is is projected to remain within targeted levels in both baseline and adverse scenarios. Nevertheless, the current market environment with rising interest rates across all major currencies and the recent events in the US banking sector re-emphasize the importance of prudent liquidity risk management, continuous monitoring of deposit balances and adequate diversification of funding sources.

Since the last ILAAP cycle, SSEHG Group implemented a number of initiatives to further enhance its Liquidity Risk Management Framework, delivering against self-identified items and regulatory feedback. Additional planned improvements for 2023 will ensure continued resilience of SSEHG KG's Liquidity Risk Management Framework. Any new activities, that will generate liquidity risks, will undergo New Business Approval governance and an appropriate liquidity assessment.

Based on SSEHG's current liquidity risk profile, planned management actions and ongoing improvements to the Liquidity Risk Management Framework, the firm is well positioned to manage liquidity risks in a controlled manner.

Liquidity Coverage Ratio (LCR) – General information

As of reporting date, the LCR of the SSEHG Group (consolidated) was 146.03% and the LCR of SSBI (individual) was 140.15%.

Over 90% of the Bank's liquid assets are made up from Level 1 assets, which in turn consist half of central bank placements. Client deposits constitute the main part of the outflows. Three quarters of those are accounted with a reduced weight of 25% as they are operational deposits. The bank granted in 2022 2.7bn on average of credit lines mainly to financial institutions within its Fund Finance business and a minor portion for drawings of European Leverage Loans. Next to repurchase agreements a quarter of inflows is made up from short term client overdrafts, nostro balances and open receivables from clearing business.

For FX currency spot and FX forward transactions, the Bank is counterparty to customers and SSBT. Particularly in the context of existing derivatives positions and potential collateral solicitation, additional cash outflows may be required for collateral due to the effects of unfavorable market conditions. The determination of these hypothetical outflows takes place at the Bank according to the so-called Historical Look Back Approach within the meaning of the Delegated Regulation (EU) 2017/2089[12]. Other derivatives transactions are not conducted by the Bank.

As a significant foreign currency in accordance with Art. 415 (2) CRR only the USD exceeded the corresponding 5% threshold as of December 31, 2022, the LCR (in US dollars) was 89.04% for the SSEHG Group and SSBI.

In addition, there are no additional material items for the liquidity risk profile of the SSEHG Group and SSBI that are not described in this Disclosure Report.

[12] Regulation supplementing the CRR with regard to regulatory technical standards for additional liquidity outflows corresponding to collateral needs resulting from the impact of an adverse market scenario on an institution's derivatives transactions

Liquidity Coverage Ratio (LCR) – Quantitative information

The following information both, for the SSEHG Group and the Bank will be published in accordance with Art. 435 (1) and 451a CRR and the presentation of Art. 7 of ITS 2021/637.

The values presented are calculated as the average of the last twelve month end values in relation to the end of the quarter.

Table 7: EU LIQ1 – Quantitative information of LCR for SSEHG Group

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (2022)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					34,725	36,271	36,279	35,853
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	45,487	46,322	45,698	45,213	17,641	18,593	18,562	19,445
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	37,003	36,841	36,078	34,225	9,251	9,210	9,020	8,556
7	*Non-operational deposits (all counterparties)*	8,484	9,481	9,620	10,988	8,390	9,383	9,542	10,889
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					-	-	-	609
10	Additional requirements	3,146	3,062	3,108	3,113	3,036	2,954	2,963	2,924
11	*Outflows related to derivative exposures and other collateral requirements*	452	427	420	418	452	425	418	416
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	2,694	2,635	2,688	2,695	2,584	2,529	2,545	2,508
14	Other contractual funding obligations	168	166	165	79	113	111	110	21
15	Other contingent funding obligations	44,098	44,147	44,135	44,125	1,609	1,367	1,310	1,352
16	TOTAL CASH OUTFLOWS					23,008	23,366	23,158	23,946
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	3,783	3,682	3,437	3,056	611	313	231	423
18	Inflows from fully performing exposures	2,171	2,235	2,361	2,053	2,147	2,205	2,332	2,025
19	Other cash inflows	1,228	1,259	1,087	905	362	380	341	290
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	7,182	7,176	6,885	6,014	3,120	2,898	2,904	2,738
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	
EU-20c	Inflows subject to 75% cap	7,182	7,176	6,885	6,014	3,120	2,898	2,904	2,738
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					34,725	36,271	36,279	35,853
22	TOTAL NET CASH OUTFLOWS					19,887	20,468	20,255	21,209
23	LIQUIDITY COVERAGE RATIO					174.88	177.87	179.76	170.26

Table 8: EU LIQ1 – Quantitative information of LCR for SSBI

		a	b	c	d	e	f	g	h
		Total unweighted value(average)				Total weighted value (average)			
EU 1a	Quarter ending on (in 2022)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					34,725	36,271	36,279	35,853
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	46,562	47,369	46,653	46,042	18,716	19,640	19,518	20,274
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	37,003	36,841	36,078	34,225	9,251	9,210	9,020	8,556
7	*Non-operational deposits (all counterparties)*	9,559	10,528	10,575	11,817	9,465	10,430	10,498	11,718
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					609	341	213	204
10	Additional requirements	3,146	3,062	3,108	3,113	3,036	2,954	2,963	2,924
11	*Outflows related to derivative exposures and other collateral requirements*	452	427	420	418	452	425	418	416
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	2,694	2,635	2,688	2,695	2,584	2,529	2,545	2,508
14	Other contractual funding obligations	188	187	183	125	133	132	129	67
15	Other contingent funding obligations	44,098	44,147	44,135	44,125	1,609	1,367	1,310	1,352
16	TOTAL CASH OUTFLOWS					24,103	24,434	24,133	24,821
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	3,783	3,682	3,437	3,056	611	313	231	423
18	Inflows from fully performing exposures	2,143	2,207	2,334	2,026	2,119	2,177	2,304	1,997
19	Other cash inflows	1,225	1,256	1,084	902	361	379	341	289
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	7,151	7,145	6,855	5,984	3,092	2,869	2,876	2,709
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	7,151	7,145	6,855	5,984	3,091	2,869	2,876	2,709
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					34,725	36,271	36,279	35,853
22	TOTAL NET CASH OUTFLOWS					21,010	21,563	21,257	22,112
23	LIQUIDITY COVERAGE RATIO					165.41	168.67	171.12	163.13

Net Stable Funding Ratio – Qualitative and Quantitative information

To hold an NSFR ratio of 100% has been introduced by the implementation of CRR II and is a binding requirement since June 28, 2021. The NSFR opposes “available stable funding” to “required stable funding” and its purpose is to ensure a long-term and stable funding.

As a large institution, the bank has to comply with reporting requirements to the full extent (i.e. “fully fledged”). Both the SSEHG Group with 296.41% and SSBI with 317.13% hold as of December 31, 2022 an NSFR, which is far above the minimum requirements. These ratios can be explained by a predominantly high portion of assets (central bank exposures, government bonds), which do not require refinancing and very stable client deposits (“operational deposits”) as per the NSFR definition.

In accordance with Article 451a(2)(a) CRR, end-of-quarter figures are to be published for each quarter of the relevant disclosure period. The SSEHG Group or SSBI are classified as unlisted large institutions that are not G-SIIs and therefore disclose the information on the NSFR on an annual basis. Thus, the figures of the current disclosure date are disclosed below and those of the three previous quarters (see Annex A).

Table 9: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of December 31, 2022

		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	5,074	-	-	1,136	6,210
2	Own funds	5,074	-	-	-	5,074
3	Other capital instruments		-	-	1,136	1,136
4	Retail deposits		-	-	-	-
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		44,781	-	-	17,010
8	Operational deposits		33,963	-	-	16,982
9	Other wholesale funding		10,818	-	-	28
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	65	1,021	106	138	191
12	NSFR derivative liabilities	65				
13	All other liabilities and capital instruments not included in the above categories		1,021	106	138	191
14	**Total available stable funding (ASF)**					**23,411**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					105
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		8,501	2,100	4,815	5,943
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,475	141	-	70
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		6,588	1,755	784	2,109
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		248	-	1,220	1,161
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		190	204	2,811	2,603
25	Interdependent assets					
26	Other assets:		1,394	11	1,364	1,709
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-		-	-
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		315			16
31	All other assets not included in the above categories		1,079	11	1,364	1,693
32	Off-balance sheet items		2,523	1,157	947	141
33	**Total RSF**					**7,898**
34	**Net Stable Funding Ratio (%)**					**296.41**

Table 10: EU LIQ2 – Net Stable Funding Ratio of SSBI as of December 31, 2022

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,084	-	-	1,243	4,327
2	Own funds	3,084	-	-	100	3,184
3	Other capital instruments		-	-	1,143	1,143
4	Retail deposits		-	-	-	-
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		45,629	-	-	17,010
8	Operational deposits		33,963	-	-	16,982
9	Other wholesale funding		11,666	-	-	28
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	65	1,284	560	138	418
12	NSFR derivative liabilities	65				
13	All other liabilities and capital instruments not included in the above categories		1,284	560	138	418
14	**Total available stable funding (ASF)**					**21,756**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					105
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		8,497	2,100	4,815	5,943
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,475	141	-	70
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		6,584	1,755	784	2,109
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		248	-	1,220	1,161
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1	-	-	-
22	Performing residential mortgages, of which:		-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		190	204	2,811	2,603
25	Interdependent assets					
26	Other assets:		1,347	15	348	671
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		315			16
31	All other assets not included in the above categories		1,032	15	348	655
32	Off-balance sheet items		2,523	1,157	947	141
33	**Total RSF**					**6,860**
34	**Net Stable Funding Ratio (%)**					**317.13**

Please refer to the comments above on liquidity risk and the general disclosures for the required disclosure of further explanations to supplement the quantitative information (e.g. concentration of funding and liquidity sources or derivative exposures and potential collateral calls etc.) to the LCR.

3.3.4 Risks from assuming pension obligations

Risk definition

The risks from assuming pension obligations are based on contractual commitments or any other obligations undertaken within the framework of a pension plan. Market risk specifically result from a potential increase in Pension Obligations driven by negative market parameters or by unfavorable fair value changes of assets used to cover pension obligations.

Risk strategy

The risk strategy pursued in this regard is to accept any risks from assuming pension obligations under existing pension plans that are not secured by the pension insurance association, and to assess them on a regular basis. The interest rate risk inherent to pension plans is included in the Group's changing interest rate risk model following a sensitivity analysis of multiple market parameters showing that only changes in the interest rate environment led to a significant increase in pension obligations

Risk position

At group level, these risks arise from a number of different pension plans for which minimum commitments were made. These pension plans were either created by the Group voluntarily to meet its pension obligations towards salaried staff or that were assumed by the Group during the course of acquisitions, mergers, or internal restructuring within the Group. These risks could become relevant if there are not enough plan assets to cover the obligation to pay a pension when it falls due. In the earnings-based quantification additional expense accruals because of unfavorable developments are considered as additional expenses.

Risk quantification

Due to the nature of risks related to pension obligations and the relevant risk factors, existing pension obligation risk exposures are considered as part of interest rate risk. The interest rate risk associated with pension plans is quantified at net present value on a monthly basis by means of the QRM model. This model, which is applied by SSC throughout the Group, simulates both the supervisory interest shock scenarios for the banking book required by BaFin or the EBA, and the internal interest rate shock scenarios for the balance sheet.

Risk management

As a provider of employee pension benefit plans, the Group, through SSBI, is a member of a Pension Insurance Association [Pensionsversicherungsverein] (Section 7 et seq. BetrAVG (Betriebsrentengesetz [Company Pensions Act])) and comparable associations in other countries where the Bank maintains branches or local offices and where the nature of the pension plans so require. The Pension Insurance Association (and comparable institutions) not only insure the present value of pension entitlements, but also future claims.

In addition, the Group regularly monitors the annual actuarial reports on the various pension plans for all salaried employees and the performance of the investment funds in which the contributions are invested.

Consideration of climate risks

Climate risks in connection with risks from the assumption of pension obligations are currently not classified as significant. This is due to the fact that only interest rate risk was identified as the main driver of the pension risk and only a very small proportion of so-called pension assets exist.

3.3.5 Operational, Technology and Resiliency as well as Core compliance risk (Non-financial risks)

Risk definition

Non-Financial risks arise from breakdowns in operational processes, human failure or from external events. Unlike the Financial Risks, which are assumed for profit, Non-Financial Risks represent exposures that the Bank seeks to eliminate, or limit to a level that would not impair financial performance, franchise value or otherwise negatively impact key stakeholders. SSBI is the only operational unit within the group. The effects of Non-Financial Risks can include financial losses, damage to reputation and status, but also include SSBI customer damages or losses.

Risk strategy

The goal of SSBI is to remove or minimize Non-Financial Risks as much as possible. The Bank's strategy focuses on the early recognition of operational risks. This approach ensures that the measures taken to mitigate risks are appropriate for the continuous monitoring of residual risk. When combined with relevant reporting and escalation levels, this should ensure effective management of operational risks within the context of the internal control system.

Compliance with relevant legal and regulatory requirements is a critical component of SSBI's business activities. The responsibility for compliance with these requirements lies with every individual employee and is also the responsibility of the relevant line departments or corporate functions within the Bank. Compliance Management and Risk Management provide a framework with a documented set of rules under which the Bank operates as required by its regulatory, contractual and legal obligations (e.g. operational risk policy and standards).

Risk position

Operational risks are significant risks in SSBI's business operations. They affect services and products, and the technologies, processes, employees and service providers used by SSBI. They consequently include, among others, IT risks, outsourcing risks, legal risks and compliance risks as described in more detail below.

IT risks include the risks associated with the use, ownership, application and integration of information systems. Risks may arise from events such as system failures, incidents relating to information security and data privacy, or may be caused by gaps in internal controls and processes or in the process of integrating new technologies/systems. Clear responsibilities have been defined to identify, manage, measure, and monitor IT risks, and these have been integrated into the internal control systems.

Outsourcing risks can occur with services and products supplied by outsourcing companies, as well as the technologies and processes used for these. SSBI is exposed to outsourcing risk largely due to its dependence on the timely and correct rendering of services by the service provider. Given the rising number of outsourced operations, the overall potential outsourcing risk is also higher.

At SSBI, legal risks represent the risk of the losses that could arise from not performing contractually agreed obligations, or from the contractual arrangement itself, and can also include the risk of potential litigation arising in association with SSBI's business activities.

Compliance risks exist both from an external and an internal perspective. On the one hand, SSBI operates within a complex legal and regulatory environment that is constantly evolving. On the other hand, it must adhere to internal rules and guidelines, which also apply within the entire State Street Group.

Ongoing initiatives, new regulations, changes to existing business processes and (additional) outsourcing by SSBI or customers/other group companies or insourcing from customers or other group companies can also increase operational risks.

Risk quantification

Risk quantification takes place through the creation of the risk inventory based on the annual Risk Control Self-Assessment (RCSA) activities, reflected in the annual Legal Entity Risk Assessment (LERA), and the annual recording of material risks as part of the Internal Capital Adequacy Assessment Process (ICAAP). Operating gains and losses incurred are recorded in a structured fashion in a loss event database and monitored closely. The results are used to define specific measures to avoid risks in the future.

To measure the capital charges for operational risks in Pillar 1, SSBI applies the standardized approach pursuant to the CRR. The Bank uses a forward-looking scenario-based approach which assesses future operational risks to complement the internal and external loss histories when measuring its capital requirements for operational risks in the ICAAP and in the capital adequacy concept pursuant to the Minimum Requirements of Risk Management at Financial Institutions (Mindestanforderungen an das Risikomanagement, MaRisk). Estimated losses and probabilities are calculated at different confidence levels for various scenarios during workshops, and are subsequently run through a Monte Carlo simulation. The results are used to quantify operational risks under Pillar 2 under the economic approach. Beside the Operational Risks, the other Non-Financial Risk components, Technology and Resiliency Risks and Core Compliance Risks are included in the assessment. Compared to last year, SSBI ICAAP Pillar 2 quantification (i.e. Economic Capital) for Operational Risk increased by EUR 42mn (+13.22%) moving from EUR 317.6 mn to EUR 359.6mn.

Non-Financial Risks are measured and monitored in order to ensure compliance with the risk appetite for such risks. This includes a measurement of actual and potential losses (including creation of reserves) on a rolling 12-month basis. As of December 31, 2022, they amounted to EUR 37mn (previous year: EUR 18.7 mn).

Risk management

Extensive risk mitigation measures, ranging from measures inherent to the processes to process independent measures, are used to manage Non-Financial Risks. The measures that are inherent to the processes include the identification of potential Non-Financial Risks before the Bank is actually exposed to them (selective approach) and also the analysis, management, and monitoring of existing Non-Financial Risks. Process-independent controls consist of the Internal Audit department and a comprehensive program of monitoring and auditing measures conducted by the Compliance department.

The Compliance Oversight Program offers a group-wide framework for creating an inventory of regulatory requirements, communicating these requirements to the business units concerned, choosing the appropriate measures for managing risks, and for addressing any compliance findings. It provides these to the business units in the form of a summary of its regulatory requirements, risks, corresponding risk controls, and suggested solutions for compliance issues. This framework constitutes a comprehensive and consistent approach for managing compliance risks.

Furthermore, the Compliance department monitors the relevant legal and regulatory environment, as well as group-wide and specific local internal requirements. In this way, it creates a foundation for continuous compliance with all requirements. Compliance with the required controls is monitored by a comprehensive program of ongoing tests. The future development of the legal and regulatory environment in every country in which SSBI maintains branches is analyzed in a structured fashion, not only at a global and European level, but also at a local level. The latter serves to identify the need to implement any new measures in the short to medium term so as to ensure ongoing compliance with the changing legal and regulatory requirements.

The legal framework conditions for the business activity and the Bank's contractual documents are managed by the central legal department based on group-wide standards. There are corresponding escalation processes in place to deal with deviations from these standards.

The SSBI has documented the framework for outsourcing work. The Executive Management Board has, by formal resolution, entrusted one of its members (Outsourcing Executive) with overall functional responsibility for outsourcing to third parties. The Outsourcing Executive is supported by an Outsourcing Oversight Officer, who acts as the central coordination point for all the departments involved. The feasibility of any intended outsourcing is reviewed with regard to legal and supervisory requirements.

The risks associated with the corresponding outsourcing arrangement are presented in a comprehensive risk analysis. The risk profile for the outsourced operation is then calculated on this basis. The degree of detail of this risk analysis is determined by the nature, scope, and complexity of the outsourcing arrangement.

SSBI regularly monitors and evaluates the performance of the service provider as part of its quality assurance process. Regular service calls and reporting of key performance indicators ("KPIs") are essential components of day-to-day risk management. KPIs are mostly based on two main criteria: "timeliness" and "accuracy".

The results of the overall risk quantification and detailed aspects of Non-Financial Risks are made available to senior management as part of the established governance structure. This includes monthly reports from the MIS, the local monthly Business Risk Committees (BRC-branch governance) and the monthly Bank-wide TORC.

The own funds requirements for operational risks and risk-weighted exposure amounts in accordance with Articles 446 CRR and 454 CRR as well as the relevant indicators as of December 31, 2022 can be found in table EU OR1.

Table 11: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts of SSEHG Group

	Banking activities	a	b	c	d	e
			Relevant indicator		Own funds requirements	Risk weighted exposure amount
		2020	2021	2022		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	1,227	1,267	1,407	205	2,568
3	*Subject to TSA:*	1,227	1,267	1,407		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Table 12: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts of SSBI

	Banking activities	a	b	c	d	e
			Relevant indicator		Own funds requirements	Risk weighted exposure amount
		2020	2021	2022		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	1,219	1,259	1,400	204	2,554
3	*Subject to TSA:*	1,219	1,259	1,400		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Consideration of climate risks

Based on the conducted analyses SSBI determined climate and environmental risks as material risk for the Bank. This especially relates to Technology- and Resilience risks, Compliance-Risk and Reputation Risk. Climate and environmental risks are considered in the risk exposure and in the risk taxonomy respectively (e.g. BCP, usage of technology, use and threats of buildings and in relation to external service providers and their interaction with 3rd parties and their governance.

3.3.6 Strategic, Model, and Climate and Environmental risks (Business risks)

Risk definition

Business risks include the categories of strategic risks, model risks, and climate and environmental risks. Strategic risk refers to the risk of not meeting the firm's financial goals due to earnings volatility driven by improper implementation of strategic plans, lack of responsiveness to industry changes, and significant geopolitical, macroeconomic and market shocks. Model risk refers to the potential for adverse consequences, including financial loss, from decisions based on incorrect or misused models. Climate and environmental risk refers to the risk of adverse impacts on the Group's balance sheet, operations, reputation, or strategic position caused by climate events or changing climate patterns or by the impacts of transitioning to a low carbon economy, including the costs of adapting to new or evolving climate-driven regulations.

Risk strategy

The risk strategy is based on early recognition of potential business risks and ensuring that the implemented risk mitigation measures are appropriate, to the extent this is possible given the nature of the risk.
In addition, SSBI seeks to avoid extreme earnings volatility to mitigate business risks. This applies both under normal business circumstances and when geopolitical, macroeconomic, and market-specific shocks occur. Diversification across businesses, countries, and risk types is an important consideration in managing the Bank's risk and earnings volatility, also with regards to climate-related risk drivers.
The Bank also pursues a strategy of minimizing model risk by adopting SSBT's model risk framework.

Risk position

Any business activity involves taking business risks, regardless of the specific nature of the business. The wide array of variables in the daily business environment makes complete planning certainty impossible.

In particular, strategic risks arise for SSBI from the high degree of dependence on changes in the legal environment (e.g., in regulations governing the custody business or in tax aspects). Additional risks arise from customer and sector concentration, as well as from the dependence on existing infrastructure in the financial markets (e.g., settlement systems). Business risks can also arise from changes in the global business model, as well as from the rising trend to outsource certain business activities of SSBI or of customers/other group companies. The Bank also bears intangible foreign exchange risk from its business strategy resulting from having income as well as additional paid-in capital in foreign currencies at the respective branches outside the Eurozone.

Model risk may result from the failure of controls throughout the model life cycle, leading to inaccurate models or inappropriate use or interpretation of results, as well as from inherent model sensitivity due to uncertainty in the modeled environment.

Climate and environmental risk may affect the Bank through physical events, the erosion of asset values from the impact of changing climate patterns on earnings, the market-driven repricing of credit risk or assets due to climate change assessments, or changes in creditworthiness or asset values due to increased costs associated with the climate transition, including meeting new regulatory expectations, retrofitting of assets, purchasing carbon credits or paying carbon taxes.

Risk quantification

Business risks, including the risk factors that cause them, are analyzed regularly and also on an ad hoc basis within the framework of the business strategy and the risk inventory.

The Bank has implemented a change management process to assess the adequacy of new products (or their distribution to new markets), adjustments made to existing processes, and mergers or acquisitions.

The Bank uses a scenario-based evaluation approach to assess future strategic risks. Unexpected losses from model risk are covered by a defined amount determined by expert opinion. This amount is based on the following points:

a. The risk quantifications from the economic perspective are risk-sensitive and consistently apply a high confidence level of 99.9%.
b. All models are carefully validated by the Model Validation Group (MVG) for use for the ICAAP.
c. Previous quantifications yielded results below the materiality thresholds.
d. Consideration of climate and environmental risk in all risk models.

As part of the adequacy process mentioned above, strategic risks and model risks are additionally subjected to a continuous review of both their type and their amount.

Climate and environmental risk, in addition to its categorization as a business risk, is treated as an embedded risk affecting all risk categories to which SSBI is exposed. As it has been assessed that there is no climate and environmental risk impact outside of known risk types, climate and environmental risk is quantified through its impact on the existing risks.

Risk management

SSBI regularly monitors changes in the legal and regulatory banking landscape to ensure a prompt and complete implementation of these changes in its strategic planning. In order to minimize the risk arising from such changes in the environment, the following controls were implemented:

- At least annual revision of the business strategy
- Balanced scorecards prepared quarterly to review goal attainment
- Regular recording of financial data
- Quarterly analysis of impairments of financial and risk plan values
- Monitoring the income statement at the customer level
- A fee-adjustment process
- Adjustment processes in accordance with AT 8 MaRisk
- Regular review of the Bank's governance structure and any necessary adjustments

The Bank also further addresses model risk by applying the SSBT Model Risk Management Policy. This policy specifies the requirements, roles, and responsibilities for monitoring the development, validation, implementation, approval, use, periodic review, validation, and aggregation of risks, as well as the reporting model risks.

Consideration of climate risks

Climate and environmental Risk is deemed a major risk type under Business Risk and included in the assessment for all other risk subcategories where applicable. In addition, its materiality is assessed and considered for the annual ICAAP cycle of the Group/Bank.

Climate and environmental risk is a significant driver of Strategic Risk from multiple angles. The Bank must consider the impact of climate-related risks on its strategy, elaborate on adequate reactions by mitigating risks but also taking advantage of opportunities and respond to client demand for climate-related products, with the risk of having misaligned climate strategies across business lines, or being unable to execute the climate strategy. Evolving climate regulations may impact business in different jurisdictions or create divergent regulatory regimes that introduce cost and complexity into the Bank's operations.

Climate and environmental risk adds complexity and uncertainty to the modeling environment, as it represents an additional risk factor that potentially needs to be incorporated in several risk models. The Bank must also take into account that in case of major model changes to accommodate CER, there is also an increased risk for inaccurate modelling.

3.3.7 Reputational risks

Risk definition

Reputational risks are the risk of potential losses arising as a result of the Group or SSBI being perceived in a negative light by customers, counterparties, shareholders, investors, or supervisory authorities.

The Group recognizes that State Street Group's brand value is the firm's most valuable and irreplaceable asset. Reputational damage caused directly or indirectly by the Bank's activities or by external factors may lead to loss of profits, declines in shareholder value, customer attrition, and loss of trust from stakeholders

Risk strategy

The Group is committed to fostering and maintaining business practices and controls that are consistent with a culture of excellence, high ethical standards, and strong commitments to its employees, customers, supervisory authorities, and the communities in which it operates. The Group seeks to operate, at all levels of the organization, with a clear focus on ethics, personal accountability, and a sense of empowerment – both in achieving its goals and in making the right decisions. In this environment, risks are escalated for review as soon as they are identified, underlying assumptions are constructively discussed, and actual or potential outcomes are viewed in the context of the risk.

Risk position

Reputational risks generally arise from operational and/or compliance risks. Operational errors and/or non-compliance with laws or directives can damage the reputation of the Group among customers, shareholders, investors, and supervisory authorities. In addition, the loss of customers or greater pressure on prices from competitors can have a negative impact on the reputation of the Group, which can also culminate in an elevated level of business risk.

Risk quantification

Reputational risks are assessed through an annual workshop-based program aimed to identify and evaluate materiality of scenarios associated with the different sources of risks. Potential damages stemming from the most plausible scenarios are quantitatively estimated for support the internal capital adequacy assessment.

Risk management

Reputational risks generally arise from the materialization of other risk categories (e.g. operational, technology/ resiliency, compliance, business risks). As a consequence, the measures able to mitigate reputational risks are embedded in the control system inherent in such risk categories. Additionally, a number of metrics measuring the sources of reputational risk (e.g. the occurrences potentially leading to reputational risks) are monitored on a regular basis in the Business Conduct Risk Committee and aggregated to provide an overall assessment of the Bank's exposure to reputational risks.

The measures to manage reputational risks include, among other things, an analysis of the data relating to events that might trigger reputational damage. These are reported and discussed at the monthly meetings of the local Business Risk Committees and the TORC. These include incidents involving operational risks and customer concessions, accidental disclosure of data, customer complaints, and technology risk KPIs. The overall risk assessment of the reputational risks, which include the operational, compliance, regulatory and legal situation of the Group, are reviewed quarterly by the Risk Committee.

Consideration of climate risks

Climate-related and Environmental risk drivers can potentially generate reputational risk impacting the Bank's P&L. Those impacts might stem from the direct involvement of the Bank in social or environmental controversies (incl. greenwashing and regulatory non-compliance) or the association of the Bank's brand to clients or other third parties involved in social or environmental controversies (incl. greenwashing and regulatory non-compliance), rather than the perception that the Bank is not taking due consideration of environmental aspects in its business activities. Additionally, climate risk drivers can affect other risk types that represent a source for reputational impacts, such as the technology/ resiliency, compliance or business risks.

3.4 Risk reporting (Art. 435 (2) e) CRR)

The regular risk reporting regarding the risk situation of the Group and the Bank is communicated via a comprehensive reporting system to the EMB of SSBI and to the MLP of SSEHG KG as well as to other relevant committees and functions. The EMB and senior management of the Bank are informed about the risk situation on a monthly basis and the Risk Committee of the Supervisory Board on a quarterly basis. The information includes essential indicator amounts as well as the evaluation of the current risk situation. Apart from the reporting structure within the committees described in chapter 3.2, the risk situation is reported to the EMB of SSBI and to the MLP of SSEHG KG by a monthly report prepared as a part of the MIS of SSEHG Group and SSBI. The content of various risk reports as well as reporting frequency differs according to the information needs of different organization levels across the Bank and the Group.

The CMRC is responsible for the oversight of the Bank's credit and market risk profile, with the responsibility for the oversight of the credit and market risk profile of the legal entity with the responsibility for the oversightand review of risks impacting SSBI's credit portfolio and the responsibility for the oversight, identification and monitoring of trading risks associated with the Global Markets products and services offered by SSBI. The CMRC is a sub-committee of the MRAC. Key responsibilities are to review escalated credit approvals, MIS and RAF trends and metrics with regard to credit and market risk, approve credit authorities, review material changes to Credit Risk Guidelines, review and discuss material modification requests for credit parameters including PD models, EaD methodologies and collateral, review of the current risk exposure in relation to stated risk appetite and periodic review of the loan loss reserve estimation. Further, CMRC reviews and approves material changes to market risk loss triggers or positional limits, reviews trading and market risk issues, trends, practices, loss events, indicators and exceptions as well as approval of new trading clients, were warranted including acceptable collateral and margin sufficiency. It also oversees the planning and implementation of new businesses/projects relevant to credit risk and Global Markets risk and reviews the Annual Algorithmic Trading Self-Assessment and Validation Report.

Ongoing active monitoring and management of the Bank's credit risk is an integral part of the credit risk management framework. Comprehensive management information systems are maintained to identify, measure, monitor and report credit risk across businesses, enabling the ERM and the businesses to have timely access to accurate information on credit limits and exposures. The Risk Management System ("RMS") and the Limit Management System ("LMS") comprise the overarching framework for monitoring and controlling credit risk.

The Credit Risk reporting to the EMB and senior management, including MRAC provides an aggregate view of the credit portfolio for monitoring the Bank's risk profile and ensuring continued operation within the established risk appetite.

3.5 Capital adequacy concept

The Group has implemented an internal process to ensure the bank's internal capital adequacy under Section 25a KWG and MaRisk. As a part of this process, a regular identification and assessment of all significant risks is carried out. Combining these into an overall risk level is done conservatively, without any consideration of diversification effects between the individual types of risk.

In the normative perspective the Group assesses its ability to fulfil all its capital-related quantitative regulatory and supervisory capital requirements and demands, and to cope with external financial constraints, in capital planning (baseline and adverse forecast) and in stress scenarios. The primary metrics considered for capital adequacy in the normative perspective are CET1 Ratio and Total Capital Ratio which are completed by other metrics such as the Leverage Ratio and iMREL / iTLAC requirements.

In the economic perspective the Group assesses its ability to ensure capital adequacy from a fair value point of view. Capital adequacy is assessed in capital planning (first year of baseline and adverse forecast) and in stress scenarios. Risk quantification is carried out via methods that estimate the economic capital need for all material risks the Group faces. Internal capital is calculated to reflect the net present value of financial resources serving as a risk-bearing component. The result of the economic perspective is expressed in terms of Internal Capital Ratio, the relation of internal capital to economic capital need. The ICAAP approach of the Group includes an allocation of capital budgets for the risk types as they are monitored and reported in the economic perspective.

Based on the knowledge of its key vulnerabilities (resulting from material risks – as laid out in Section 3.3) the Group creates stress test scenarios and evaluates them in both normative and economic perspective. These scenarios contain different focus areas and inter alia capture counterparty-, portfolio-, and country-specific downturn analyses. Further, the Group conducts stress testing according to applicable requirements, i.e. reverse stress testing (at least annually) and ad-hoc stress tests requested by internal governance bodies or regulators. The appropriateness of key vulnerabilities and related scenarios is re-assessed on a regular basis.

In the 2022 reporting period, the Group's and Bank's internal capital adequacy was ensured at all times.

3.6 Declaration on the adequacy of risk management arrangements (Art. 435 (1) e))

The Management Board confirms that the risk management systems of the Group and the Bank are adequate in respect of our risk profile and strategy.

3.7 Concise risk statement (Art. 435 (1) f) CRR)

General remarks

The Bank, being a custodian bank and financial service provider, focuses on the specific requirements of exclusively institutional customers over the entire investment cycle. The core business is primarily the custody and administration of securities "custody-only", the custody business including reporting services for asset managers, supporting activities for the middle and back office of investment management companies.

The EMB of SSBI is aware of the risks resulting from the business model of the Bank and of its potential impact on the realization of strategic goals, considering its responsibilities to stakeholders, including shareholders, clients, employees, supervisory authorities, the communities and markets in which it operates.

In support of that, the Bank has implemented a comprehensive risk management framework in alignment with the business strategy and resulting risk profile. This framework ensures that sustainable growth of the institution is balanced with an acceptable level of risk.

The risk appetite framework sets SSBI's risk management principles. Furthermore, it contains qualitative statements covering all material risk types and specific risk indicators including relevant thresholds corresponding to the Bank's risk tolerance.

The risk limits are monitored and controlled regularly. Additionally, these metrics are integrated in the management reporting and in the related escalation processes with corresponding management actions. The risk management systems in use are deemed as adequate and functional for the identified purpose.

Risk profile in the reporting period

In the course of the annual risk inventory process, the risk types listed in Section 3.3 were identified as material at the levels of the Bank and the Group. Throughout 2022, the Bank's and the Group's risk profile has remained within planned values projected under its Baseline Financial Forecast from 2022 to 2024. There have not been any material intragroup transactions and transactions with related parties with considerable impact on both entities' risk profile.

The following table shows the economic capital need as well as the internal capital as of December 31, 2022 in the economic perspective of the ICAAP:

Table 13: Economic capital amounts and internal capital in the economic perspective for SSEHG Group and SSBI (in millions)

Material risk types	SSEHG Group	SSBI
Investment Portfolio MtM	303	303
Interest Rate Risk	47	49
Credit Risk	346	347
Pension Obligation Risk	10	10
Operational Risk	169	169
Technology and Resiliency Risk	99	99
Core Compliance Risk	91	91
Strategic Risk	91	91
Model Risk	22	22
Reputational Risk	25	25
Climate and Environmental Risk	Assessed through all other risk subcategories where applicable	
Capital Ratios		
Internal Capital Ratio (in %)	312.96	195.71
Internal Capital	3,766	2,362
Economic Capital	1,203	1,207

The Internal Capital Ratio (calculated as Internal Capital over Economic Capital) as of December 31, 2022 was at 312.96% at Group level and 195.71% at SSBI level which is well above the Amber (set at 124%) and Red (set at 112%) thresholds.

3.8 Governance arrangements (Art. 435 (2) a), b), c) CRR)

The selection and appointment of the members of the management bodies of all SSEHG Group entities follows a predefined process. SSBI's Suitability Policy establishes a sound approach for the assessment of the suitability of the members of the EMB and the Supervisory Board ("SB") of SSBI and of key function holders consistent with statutory and regulatory requirements.

A prerequisite for being considered as a suitable candidate is an impeccable reputation and verifiable successful internal track record within the State Street Group or with a comparable institution. This includes positive performance ratings, which reflects, among other things, the performance measured by a balanced set of objectives. The Supervisory Board assisted by the Nominations Committee of SSBI selects suitable candidates for SSBI's EMB and nominates candidates for SSBI GmbH's Supervisory Board.

The intention to appoint a member to the EMB of SSBI or Supervisory Board of SSBI needs to be notified to the BaFin and Deutsche Bundesbank, which notify the ECB. To meet the statutory professional qualification and reliability requirements (according to Section 25c (1) Sent. 1 and 2 KWG for EMB members and Section 25d (1) KWG for Supervisory Board members) including related guidance by the ECB, the European Supervisory Authorities European Securities and Markets Authority ("ESMA") and EBA as well as the BaFin, the EMB candidate must have adequate theoretical and practical knowledge relating to banking and financial markets, regulatory framework and legal requirements, strategic planning, the undertaking's business strategy and accomplishment thereof, risk management, accounting and auditing, the assessment of the effectiveness of a credit institution's arrangements, ensuring effective governance, oversight and controls, the interpretation of an institution's financial information, the identification of key issues based on this information, appropriate controls and measures, as well as managerial experience. Members of the EMB and the Supervisory Board need to act with independence of mind. That means it has to be assessed whether or not candidates have conflicts of interest to an extend that would impede their ability to perform their duties independently and objectively. The prudent and proper exercise of function requires members of the EMB and of the Supervisory Board to have adequate time to dedicate to their work (adequate time commitment). The same applies to executive directors of the financial holding companies in the SSEHG Group (Section 2d (1) KWG).

For this purpose, the competent authorities require the submission of a set of various verification documents. If necessary, the competent authority has the right to reject the candidate.

The members of the EMB as well as the member of the Supervisory Board representing the shareholder are appointed by the Shareholders' Meeting of SSBI upon recommendation of the Supervisory Board. The members of the

Supervisory Board representing the employees are elected by the employees in accordance with the provisions of the German Act on Employee Co-Determination in case of Cross Border Mergers.

The Supervisory Board, together with the support of the Nomination Committee, is responsible to carry out an evaluation of the suitability of the EMB members, the Supervisory Board members, and of the Supervisory Board in its entirety on an annual basis. Such evaluation covers, in particular, the required level of knowledge, skills and experience.

The annual evaluation by the Supervisory Board, supported by the Supervisory Board Nomination and Remuneration Committees, pursuant to Section 25d (11) Sent. 1 No. 3 and 4 KWG performed in the reporting year confirmed that SSBI's EMB is suitable in terms of structure, size, composition and performance. Moreover, the suitability with regard to knowledge, skill set and experience of each member and subsequently of the whole EMB was confirmed.

The SSBI firmly believes that diversified teams make more balanced decisions and achieve better results. In this context, the Bank is committed to increasing diversity throughout its whole population and the senior levels of the organization in a sustainable manner. This is not only reflected in the SSBI Diversity Policy but also embedded in the scorecard of our most senior leaders in the organization. The scorecard measures their ability to meet or surpass diversity targets; these metrics and outcomes are directly tied to their compensation.

Inclusion and diversity are embedded in our values and culture. We are committed to developing an environment that offers equal opportunities to individuals with distinctive backgrounds and unique perspectives. Our inclusive and diverse culture defines who we are. There is belongingness in inclusion, there is growth in diversity, there is fairness in equity. We know an inclusive and equitable culture and a diverse workforce make us stronger and more successful. In a fast-paced and evolving world, we make it a priority to ensure that all our employees feel their identities and experiences are represented, embraced and celebrated. Fostering an environment that encourages the authenticity of our employees isn't just smart, it's essential. State Street's key goals to drive diversity are:

1. Focus on Inclusion – build an inclusive culture to drive a high performing organization and high performing teams where each individual achieves their full potential
2. Drive greater representation – Continue to drive greater representation of females across our businesses and locations, leveraging male allies as champions to drive change
3. Broaden the Diversity Agenda – start and continue conversations and efforts around various diversity dimensions (e.g. disability) to drive broader representation of diversity at all levels of leadership
4. Add an equity lens to all human capital processes – begin our equity journey by executing on the 10 commitments to address racism and inequality

To assist the diversity of our hiring process, our recruiting team has attended in-depth unconscious bias training to understand the role that implicit bias can play in hiring as well as learning about ways to mitigate that effect. In addition, we require a diverse slate of candidates for each open position at the managing director level and above. Moreover, we also recommend diversification of applicants starting with Assistant Vice President roles and above. Internally, our Leadership Development Program accelerates the development of high-potential, mid-career employees. This program provides targeted rotational assignments and professional development. We are improving participation in inclusive leadership training for managers, and implementing systems to ensure all managers are accountable for diversity targets. Senior leadership is playing a key role in advancing our ongoing global self-identification campaign to better measure performance and track our progress.

We support various employee resource groups, including the Professional Women's Network, the Disability Awareness Alliance, PRIDE our LGBTQ network, and many more. Our employees are offered global access to online webinar programs that focus on workplace diversity, as well as in-person diversity awareness trainings and workshops. Training programs are part of a holistic approach to our culture. We hold sessions on unconscious bias, respect in the workplace, inclusive interviewing, leading inclusively, managing micro-behaviors, and anti-racism training. Additionally, Culture Pathways (via our learning platform) assist with a better understanding of our culture traits. We look to our employees to embody our culture traits and continuously practice, role model, and coach others on the behaviors associated with them.

As we focus on actively driving progress towards greater equity and social justice within our business, we encourage our clients to do the same. One example is our Fearless Girl campaign, developed to draw attention to a simple truth that companies with more diverse boards perform better. We have advocated for companies to appoint more women to their boards since we launched the campaign in 2017.

Our commitment also means looking at our own business. We have had diversity targets in place since 2012, and review these targets annually for progress, measuring them fully every three and five years.

As part of our commitment to meet our five-year 2022 diversity targets, we are also leaning into our 10 Actions Against Racism and Inequality, launched in mid-2020 and designed to promote racial equity in our company, industry and society. Through this initiative, we are engaging every segment of our workforce to embed IDE practices into our everyday decision-making. To boost accountability, we have added IDE considerations to performance goals for all managers. At their annual evaluations, leaders must demonstrate what they have done to both improve representation of women and individuals from racially diverse backgrounds, and to drive more inclusive and equitable outcomes for all.

In accordance with German legislation ("Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern in Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst"), the Supervisory Board and the EMB have determined specific target values for the ratio of female employees in leading positions. In 2021, our Diversity targets were reviewed by the Supervisory Board and the EMB and our targets have been increased on all management levels. We understand this is a long-term commitment which starts at the top of the house and is extended subsequently to all organizational levels. We acknowledge our achievements so far and continue to put significant effort to work towards the renewed female representation targets. With regards to the EMB, there are concrete actions underway to enhance the board, which will give the chance to improve female representation.

The gender targets for year 2022 stayed unchanged from 2021.

Table 14: Target values for the ratio of female employees in leadership positions as of December 31, 2022

Management level	Target value[13]	12/31/2022	12/31/2021
Supervisory Board	36.0%	33,3%	33,3%
Executive Management Board	36.0%	33,3%	28,6%
Senior Vice President (and higher Corporate Title)	36,0%	29,7%	20,0%
Managing Director	37,0%	32,7%	34,2%
Vice President	38,0%	32,5%	33,9%
Assistant Vice President	44,0%	44,5%	42,1%

In addition to our gender diversity focus and as per the ESMA/EBA Guidelines, the following diversity aspects are being considered additionally:

- Age: In line with the Guidelines, SSBI aims for a balanced age range within its members of the EMB and Supervisory Board to allow for a diverse exchange of thought and to reflect the diversity of SSBI's overall population which is represented by the various committees. The range of age varies between 39 and 60 with an average age of 51 within the EMB and an average age of 52 in the Supervisory Board.

- Geography: Due to the international nature of its business activities, SSBI aims for a geographically diverse setup of its bodies with various backgrounds and experiences being reflective of a range of different cultures. Within the EMB, overall six nationalities are comprising this board which consists of nine members, while the Supervisory Board, demonstrates its geographically diverse profile by members out of five different countries.

- Education and professional background: One of the objectives of the responsible bodies is to aim for a diverse professional board when selecting members of the EMB and Supervisory Board while also keeping in mind the

[13] New Targets since July 2021

statutory qualification requirements as further defined by ESMA/EBA and the BaFin which are referred to at the beginning of chapter 3.8.

The following tables provide an overview on the number of additional directorships held by the EMB and Supervisory Board members of SSBI according to Art. 435 (2) a) CRR (including management or supervisory functions of SSBI and changes in 2022).

Table 15: Number of management and directorships held by SSBI EMB members according to Art. 435 (2) a) CRR

Executive Management Board	Number of the Directorships	Number of the Directorships after consideration of excemptions
Stefan Gmür	4	2
Kris Wulteputte	1	1
Andreas Niklaus	1	1
James K Fagan	1	1
Dennis Dollaku	1	1
Annette Rosenkranz	1	1
Simona Stoytchkova	1	1
Dagmar Kamber Borens, nominated as of March 1, 2022	2	2
Riccardo Lamanna, nominated as of March 1, 2022	3	2

Table 16: Number of management and directorships held by SSBI Supervisory Board members according to Art. 435 (2) a) CRR

Supervisory Board	Number of the Directorships	Number of the Directorships after consideration of excemptions
David Suetens	4	3
Marlena Ludian	1	1
Hartmut Popp	1	1
Elizabeth Nolan	1	1
Jörg Ambrosius	2	1
Ian Appleyard	2	1
Frank Annuscheit	5	4
Nadine Chakar	3	2
Tomasz Salamon	1	1

4 Own funds and own funds requirements

4.1 Structure of own funds of SSEHG Group and SSBI (Art. 437 CRR)

Based on Table 60 (please refer to the Annex A of this document) the amount of own funds of the Group completely consist of Common Equity Tier 1 ("CET1") items. The CET1 as well as the Total Capital Ratio of the Group amount to 41.07% as of December 31, 2022 (previous year: 33.80%).

Tier 1 Capital

The Group's CET1 capital is composed of the limited partnership capital and the fund for general banking risks pursuant to Section 340g HGB.

Since the last disclosure of the own funds amounts for SSEHG Group as of June 30, 2022 the CET1 capital has slightly increased by mnEUR 4.7. This increase is mainly driven by an decrease in the deduction item of pension fund assets.

Prudential deductions acc. to Art. 34 CRR (so called "prudential filters") i.c.w. Art. 105 CRR concern 0.1% of the financial assets measured at fair value (defined-benefit pension fund assets) of the Group according to the simplified approach of the Delegated Regulation (EU) 2016/101[14]. Deductions from CET1 capital, pursuant to Art. 36 (1) a) and b) CRR, consist of the loss carried forward as well as intangible assets, including the goodwill of the entities subject to the restructuring of several European entities in the course of the establishment of the Group.

Additionally, in 2022 SSBI still holds an irrevocable payment commitment ("IPC") towards the deposit guarantee scheme ("Einlagensicherungsfonds") of the Association of German Banks ("Bundesverband deutscher Banken") amounting to EUR 9.5mn (unchanged compared to December 2021). According to the operational requirements from the deposit guarantee scheme this IPC is fully collateralized with cash. In addition, this IPC needs to be deducted from CET1 capital of the Group and SSBI according to ECB requirements in conjunction with EBA Guideline on payment commitments under Directive 2014/49/EU.

As part of the contribution to the Single Resolution Fund for 2022 SSBI contributes a further part from the annual fee with the amount of EUR 6.2mn in the form of an IPC to the Single Resolution Board ("SRB"). The entire payment obligation with the amount of EUR 18.3mn (as of December 31, 2022) is collateralized with cash and is to be deducted from the Group's and SSBI's CET1 capital in accordance with ECB requirements.

There are no further items in terms of deductions and corrections to be disclosed according to Art. 437 (1) d) CRR for the Group.

Structure of the Own funds of SSBI

As shown in Table 60 (please refer to the Annex A), CET1 capital mainly contributes to the total capital. Tier 2 capital components contributes only to a small extend. The CET1 ratio of SSBI as of reporting date amounts to 30.82% (previous year: 19.74%) and the Total Capital Ratio to 31.97% (previous year: 20.74%).

Tier 1 Capital

CET1 capital of the Bank is composed of subscribed capital, other reserves as well as the funds for general banking risks in accordance with Section 340g HGB.

Since the last disclosure of SSBI's own funds on June 30, 2022, the bank's Tier 1 capital has increased significantly by EUR 380.2mn. This is mainly driven by a capital contribution from SSHG into SSBI which amounts to EUR 375mn. All other prudential deductions (defined-benefit pension fund assets, irrevocable payment commitments) have the same amounts like at Group level.

There are no further items in terms of deductions and corrections to be disclosed according to Art. 437 (1) d) CRR for SSBI.

[14] Regulation in addition to the CRR with regard to regulatory technical standards for prudent valuation under Art. 105 (14) CRR

Capital instruments both at SSEHG Group and SSBI level fulfil the conditions described in Art. 28 CRR in respect to the eligibility of CET1 capital instrument.

Tier 2 Capital

The Bank has issued Tier 2 capital pursuant to Art. 63 CRR in the form of long-term subordinated obligations. These obligations result from a sub-ordinated loan in the amount of nominal EUR 100mn charged with an interest rate of 7.75% p.a. initially granted by State Street Bank Luxembourg S.A. In the course of the change of the Group structure in 2015, the sub-ordinated loan has been transferred to State Street Europe Holdings Luxembourg S.à r.l ("SSEHL"). In the course of the liquidation of SSEHL in December 2018, the aforementioned subordinated loan in the amount of EUR 100mn was transferred from SSEHL to SSEHG KG. With the exception of the changed lender, no further contractual changes were made. The contractual term of the sub-ordinated loan ends on April 25, 2038. The conditions regarding the eligibility as Tier 2 capital instrument according to Art. 63 CRR are fulfilled at SSBI level.

This capital instrument (subordinated loan) continues to comply with all relevant provisions in Part 2 Title I Chapter 4 CRR on Tier 2 capital.

Table 60 (please refer to the Annex A) presents the own funds of the Group and Bank according to Part 2, Title I to III CRR as of December 31, 2022. Please note that due to the supervisory submission deadline in February of the following year the values presented in this table represent figures before ratification of the financial statements on both Group and Bank level.

The main features of all capital instruments of SSEHG Group and SSBI are shown in Table 61 (please refer to the Annex A). The terms and conditions of the subordinated loan issued by SSBI according to Art. 437 (1) c) CRR are provided in Table 63: (please refer to the Annex A). Please note, that the information on the terms of the subordinated loan[15] are excerpts from the loan agreement which has been originated in English language.

According to Annex VIII of the ITS 2021/637, the following tables show the relevant balance sheet positions of the audited financial statements as of December 31, 2022 which are considered in the supervisory own funds calculation in Table 60 at the level of the SSEHG Group and SSBI.

Table 17: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements for SSEHG Group

	a/b[16] Balance sheet as published in the Financial Statements 12/31/2022	c Reference
Assets - Breakdown by classes according to the published financial statement		
7. Intangible assets		
b) Purchased franchises, industrial rights and similar rights and assets as well as licences in such rights and assets	1,109	A
c) Goodwill	43	B
Total Assets	**53,772**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statement		
6. Deferred tax liabilities	31	C
8. Subordinated liabilities	1,136	D
9. Fund for general banking risk	91	E
10. Equity		
II. a) Capital account I	1	F
II. b) Capital account II	5,330	G
II. d) Allocation account	1,262	H
IV. Difference from lower consolidated income compared to the parent company	-1,271	I
Total Equity	**5,322**	
Total Liabilities	**53,772**	

[15] Information according to Art. 437 (1) b) and c) CRR in conjunction with Annex VII and VIII ITS 2021/637

[16] As the scope of and methods used for consolidation are the same for accounting and regulatory purposes, respective columns are merged according to Annex VII and VIII of ITS 2021/637

Table 18: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements for SSBI

SSBI	a/b[18] Balance sheet as published in the Financial Statements 12/31/2022	c Reference
Assets - Breakdown by classes according to the published financial statement		
8. Intangible assets		
b) Purchased franchises, industrial rights and similar rights and assets as well as licences in such rights and assets	187	K
c) Goodwill	18	L
Total Assets	**52,795**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statement		
7. Subordinated liabilities	1,243	N
8. Fund for general banking risk	91	O
9. Equity		
a) Subscribed capital	109	P
b) Capital reserve	2,426	Q
c) Revenue reserve		
cd) other revenue reserves	4	R
d) Retained earnings/accumulated losses	462	S
Total Equity	**3,002**	
Total Liabilities	**52,795**	

In the following table further explanations for the two reconciliation tables above are provided (marked with reference A to S in Table 17and Table 18).

Table 19: Further explanations to table EU CC2 for SSEHG Group and SSBI

Reference	Further explanations
A and B as well as K and L	Intangible assets have to be deducted from CET1 acc. to Art. 36 (1) (b) CRR i.c.w Art. 37 CRR. Due to the consideration of audited financial statements intangible assets considered in Table CC1 (position 8) are higher than shown in Table CC2. For the calculation of regulatory own funds for a respective period, only figures based on the audited financial statements from the prior period plus additional acquisitions during the year can be considered.
C	Deferred tax liabilities which are to be added to the own funds acc. to Art. 37 (a) CRR are formed solely on Group level in accordance with Sections 274, 306 HGB. The option to recognize deferred taxes in the consolidated financial statement, which aren't shown on the individual financial statement is not used. The deferred tax liabilities consist of EUR 32mn for other intangible assets.
D	Subordinated liabilities consist of the MREL-Loan, further details can be found in section 4.2
E and O	Due to the allocation of EUR 9mn to the fund for general banking risks during the year, the amounts differ between the annual financial statements and the regulatory own funds calculation
H and I	The sum of the allocation account and the difference in the Group result in comparison to the parent company leads to the loss carried forward for the year, CC1 shows the loss carried forward from the previous year, 2021 (EUR 340mn, compared to EUR 9mn as of December 31, 2022) which is shown in the own funds as deduction item until the Financial Statements of the Group for 2022 are approved
N	The own fund instruments which qualify as Tier 2 capital instruments under subordinated liabilities are shown in the balance sheet with their nominal amount plus accrued interests (EUR 108mn). The requirements acc. to Art. 63 CRR are met for this subordinated loan. The remaining amount of subordinated liabilities (EUR 1,060mn) consists of the MREL-Loan, further details can be found in section 0
P and S	In connection with the mergers between SSB S.p.A. and SSBL in 2019, the subscribed capital of SSBI increased by kEUR 101 and the capital reserve by EUR 462,5mn. The capital reserve was released in 2019 in the amount of EUR 462mn for a planned distribution. As the distribution has not been executed due to the uncertain economic environment in connection with the COVID-19 pandemic, this amount is shown under "other retained earnings" in the balance sheet. For the increase of the subscribed capital, which took place in 2019, an application for recognition as CET1 capital was sent to the ECB and granted on January 21, 2022. Consequently, additionally to the increase of subscribed capital by EUR101k also the increase of the capital reserve by EUR 462.5mn can be recognized as CET1 capital.

4.2 Own funds and eligible liabilities (Art. 437a CRR)

With the amendment of the CRR the Total Loss-absorbing Capacity (“TLAC” or “TLAC standard”) has been implemented in Union law (EU-TLAC standard) and became effective since June 27, 2019. The standard applies to resolution entities which are either themselves global systematically important institutions (“G-SIIs”) or are part of a group identified as a G-SII.

As SSEHG KG is a material subsidiary and an EU parent undertaking of a non-EU global systemically important institution (non-EU G-SII) it meets the requirement according to Art. 6 and 11 (3a) CRR and has to fulfill the EU-TLAC requirements according to Art. 92b CRR on a consolidated basis. All other entities or institutions of SSEHG Group are not in scope of the EU-TLAC requirements.

These requirements are also applicable for material subsidiaries of non-EU G-SIIs which have to comply with at least 90% of the mentioned TLAC ratios (so-called internal TLAC requirements). Based on the EU-TLAC-Standard credit institutions have to comply with quarterly disclosure requirements (incl. for entites that are not a resolution entity) according to Art. 13 (2), 433a (3) CRR i.c.w. Art. 447 (h) CRR which are outlined in the following.

As of January 1, 2022, SSEHG Group is required to meet on a consolidated basis a risk-based TLAC ratio of 16.2%, calculated as 90% of 18% of the TREA ("Total Risk Exposure Amount"), and a non-risk based TLAC ratio of 6.075%, calculated as 90% of 6.75% of the LREM (“Leverage Ratio Exposure Measure”)[17].

Based on the TLAC ratios as of December 31, 2022 for SSEHG Group with 52.65% (TREA) and 8.90% (LREM) respectively, the minimum internal TLAC requirements are fulfilled.

In addition, since January 1, 2022, SSEHG Group and SSBI are subject to a binding minimum requirement for own funds and eligible liabilities (internal MREL, "iMREL").

Key metrics and internal loss absorbency by significant non-resolution entity subsidiaries of non-EU G-SIIs are disclosed by Table 20 in accordance with Art. 12 (1) of the Commission Implementing Regulation (EU) 2021/763[18] in conjunction with Art. 437a lit. a, c and d CRR, Art. 447 lit. h CRR and Art. 51 (3) of the German Recovery and Resolution Act (“SAG”).

On SSBI stand-alone level the iMREL leverage-based requirement will phase in with a requirement of 5.32% starting from January 1, 2022, a phased in requirement of 5.66% applicable in 2023 and a fully phased in requirement of 6.0%[19] starting from January 1, 2024 onwards.

Given the different utilization of the iMREL requirements on the level of SSEHG Group compared to SSBI, the Bank deems it material[20] to disclosure the relevant information within Table 21.

[17] According to Art. 494 (1) CRR from 27 June 2019 to 31 December 2021 this requirement was 14,4% (calculated as 90% of 16% TREA) and 5,4% (90% of 6% LREM) respectively

[18] Implementing technical standards for the application of CRR and Directive 2014/59/EU (“BRRD”) with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities

[19] The requirement is reflected according to the last calibration results provided by BaFin in 2022 and might be subject to change.

[20] The materiality was assessed in accordance with EBA Guidelines (EBA/GL/2014/14) on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013.

Table 20: EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs (SSEHG Group)

		a Minimum requirement for own funds and eligible liabilities (internal MREL)	b Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	c Qualitative information
Applicable requirement and level of application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			Yes
EU-2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			Consolidated
EU-2a	Is the entity subject to an internal MREL? (Y/N)			Yes
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			Consolidated
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	3,786	3,786	
EU-4	Eligible Additional Tier 1 capital	-	-	
EU-5	Eligible Tier 2 capital	-	-	
EU-6	Eligible own funds	3,785	3,785	
EU-7	Eligible liabilities	1,060	1,060	
EU-8	of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	4,845	4,845	
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	9,218	9,218	
EU-11	Total exposure measure (TEM)	54,435	54,435	
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA) in %	52.56	52.56	
EU-13	of which permitted guarantees	-		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure) in %	8.90	8.90	
EU-15	of which permitted guarantees	-		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements in %	19.70	19.70	
EU-17	Institution-specific combined buffer requirement in %		2.83	
Requirements				
EU-18	Requirement expressed as a percentage of the TREA in %	21.37	16.20	
EU-19	of which may be met with guarantees	-		
EU-20	Requirement expressed as a percentage of the TEM in %	5.32	6.08	
EU-21	of which may be met with guarantees	-		
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR		47,223	

Table 21: EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs (SSBI)

		A Minimum requirement for own funds and eligible liabilities (internal MREL)	b Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	c Qualitative information
Applicable requirement and level of application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			No
EU-2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			-
EU-2a	Is the entity subject to an internal MREL? (Y/N)			Yes
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			Individual
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	2,829		
EU-4	Eligible Additional Tier 1 capital	-		
EU-5	Eligible Tier 2 capital	100		
EU-6	Eligible own funds	2,929		
EU-7	Eligible liabilities	1,060		
EU-8	of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	3,988		
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	9,176		
EU-11	Total exposure measure (TEM)	54,406		
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA) in %	43.46		
EU-13	of which permitted guarantees	-		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure) in %	7.33		
EU-15	of which permitted guarantees	-		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements in %	9.45		
EU-17	Institution-specific combined buffer requirement in %			
Requirements				
EU-18	Requirement expressed as a percentage of the TREA in %	21.37		
EU-19	of which may be met with guarantees	-		
EU-20	Requirement expressed as a percentage of the TEM in %	5.32		
EU-21	of which may be met with guarantees	-		
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR			

4.3 Own funds requirements for SSEHG Group and SSBI (Art. 438 CRR)

For the determination of the regulatory capital requirements at both SSEHG Group and SSBI level, the Bank applies the respective standardised approaches according to CRR since January 1, 2008, i.e. the credit risk standardised approach ("CRSA"), the standardised approach for Market Price and Settlement Risks, the standardised approach for operational risks as well as the standardised approach for credit valuation adjustment risk ("CVA Risk").

The following table presents the Group's and the Bank's risk weighted exposure amounts for all the risk types mentioned above as of December 31, 2022 and December 31, 2021 as well as the own funds requirements as of December 31, 2022 as defined in Art. 1 of ITS 2021/637.

Table 22: EU OV1 – Overview of risk weighted exposure amounts

		SSEHG Group			SSBI		
		Total risk exposure amounts (TREA)		Total own funds requirements	Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c	a	b	c
		31.12.2022	31.12.2021	31.12.2022	31.12.2022	31.12.2021	31.12.2022
1	Credit risk (excluding CCR)	5,640	6,617	451	5,613	6,583	449
2	Of which the standardised approach	5,640	6,617	451	5,613	6,583	449
3	Of which the Foundation IRB (F-IRB) approach	-	-	-	-	-	-
4	Of which: slotting approach	-	-	-	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	-	-	-	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-	-	-	-
6	Counterparty credit risk - CCR	412	385	33	412	385	33
7	Of which the standardised approach	343	323	27	343	323	27
8	Of which internal model method (IMM)	-	-	-	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	69	62	6	69	62	6
9	Of which other CCR	-	-	-	-	-	-
15	Settlement risk	-	-	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	596	503	48	596	503	48
17	Of which SEC-IRBA approach	-	-	-	-	-	-
18	Of which SEC-ERBA (including IAA)	596	503	48	596	503	48
19	Of which SEC-SA approach	-	-	-	-	-	-
EU 19a	Of which 1250%/ deduction	-	-	-	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1.46	0	0.12	1.46	45	0.12
21	Of which the standardised approach	1.46	0	0.12	1.46	45	0.12
22	Of which IMA	-	-	-	-	-	-
EU 22a	Large exposures	-	-	-	-	-	-
23	Operational risk	2568	2,491	205	2554	2,475	204
EU 23a	Of which basic indicator approach	-	-	-	-	-	-
EU 23b	Of which standardised approach	2568	2,491	205	2554	2,475	204
EU 23c	Of which advanced measurement approach	-	-	-	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-	-	-	-
29	Total	9,218	9,995	737	9,176	9,991	734

4.4 SREP minimum capital requirements and buffers

According to Art. 92 CRR the Group and the Bank satisfy at all time the following minimum capital requirements (Pillar 1):

a) Common Equity Tier 1 ("CET 1") capital Ratio of 4.5%
b) Tier 1 ("AT1") capital ratio of 6.0%
c) Total capital ratio ("TCR") of 8.0%

Pursuant to the annual Pillar 2 Supervisory Review and Evaluation Process ("SREP"), from March 1st, 2022 until December 31st, 2022 the ECB set the capital requirements (so-called "Pillar 2 Requirement", "P2R") both for SSBI (individual basis) and for SSEHG Group (consolidated basis) to the amount of 2.40% (2.00% as of December 31st2021) of which 1.35% is to be held in the form of CET1 capital (56.25%), and 1.80% as Tier 1 capital (75%).

As of December 31st,2022, the CET1 capital requirement for SSEHG Group, as well as the SSBI, amounts to 8.68%, consequently Tier 1 capital to 10.63% and the Total capital requirement to 13.23%. These ratios are made up of the Pillar 1 minimum capital requirements (CET1 4.5%, AT1 6% and TCR 8%), the P2R of 2.40% (thereof 56.25% to be held with CET and 75% with Tier1), the capital conservation buffer of 2.5% and the institution-specific countercyclical capital buffer ("CCyB")[21] of 0.33% (for more information please refer to the chapter 4.5).

The following table provides an overview of the Pillar 1 and Pillar 2 requirements (excluding "Pillar 2" guidance which does not have to be published) as well as additional capital buffer requirements applicable to the Group and the Bank:

Table 23: Capital requirements and buffers for SSEHG Group and SSBI

	12/31/2022
	In %
Common Equity Tier 1 capital ratio (CET1)	4.50
Additional Tier 1 capital (AT1)	1.50
Tier 1 capital ratio (Tier 1 = CET1 + AT1)	6.00
Tier 2 capital (Tier 2)	2.00
Total capital ratio (TCR = Tier 1 + Tier 2) / Required minimum level of own funds	8.00
Pillar 2 Requirement (P2R)	2.40
thereof P2R to be held in form of CET 1	*1.35*
thereof P2R to be held in form of Tier 1	*1.80*
Total SREP Capital Requirement (TSCR) – min. CET1	5.85
TSCR - min. Tier 1	7.80
TSCR - min. Own funds	10.40
Capital conservation buffer (CCB)	2.50
Institution-specific countercyclical capital buffer (CCyB)	0.33
Systemic risk buffer, G-SII buffer, O-SII buffer	0.00
Combined buffer requirement (Section 10i KWG)	2.83
OCR - min. CET1	8.68
OCR - min. Tier 1	10.63
OCR - min. Own funds	13.23

At the end of 2022, the ECB increased the P2R ratio to 2.80% applicable from January 1st 2023, thereof 1.58% (56.25%) to be held with CET1 and 2.10% (75%) with Tier1 capital. From this date on, the CET1 capital requirement for SSEHG

[21] The CCyB is subject to daily changes based both on regularly changing CCyB rates as well as the institution-specific composition of the country-specific exposures.

Group, as well as the SSBI, amounts to 8.90%, consequently Tier 1 capital to 10.93% and the Total capital requirement to 13.63[22].

4.5 Countercyclical capital buffer (Art. 440 CRR)

In the specific case of the countercyclical capital buffer according to Art. 130, 135 to 140 CRD IV as well as Sections 10d KWG and 64r KWG, the intention is to counteract the risk of excessive credit growth in the banking sector. to prevent a disproportional credit growth in comparison to economic growth. The idea behind the countercyclical capital buffer is that in times of excessive credit growth, banks are required to build up an additional capital buffer. This buffer generally increases the loss-absorbing capacity of banks. The buffer is explicitly used up in times of crisis and used to mitigate losses. As a result, it should be possible to avoid the creation of a credit crunch.

The implementation of the countercyclical capital buffer takes place in four steps with the first one having started in 2016. When all steps are fully implemented in 2019 the buffer is limited to a ratio of up to 2.5% according to Art. 136 (4) CRD IV, Section 10 (3) KWG. For the calculation of the individual (institution-specific) countercyclical capital buffer, indicators such as the relation between granted loans and gross domestic product, the credit risk situation according to Section 36 German Solvency Regulation ("Solvabilitätsverordnung","SolvV") and the country specific ratios will be used. Based on the current data BaFin changed thethe country specific ratio for Germany from 0% to 0,75% in Feb 2022.

The following table shows the amount of institution-specific countercyclical capital buffer rate for SSEHG Group and SSBI. Details to the geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer can be found in Table EU CCYB1 (Annex A). For materiality purposes only countries (in alphabetical order) which have an countercyclical capital buffer higher than 0% or own funds requirements weights higher than 1% are shown in the respective tables. Overall, about 95% of the own funds requirements split by country are represented.

Table 24: EU CCyB2 – Amount of institution-specific countercyclical capital buffer for SSEHG Group and SSBI

		a SSEHG Group	a SSBI
1	Total risk exposure amount	9,218	9,176
2	Institution specific countercyclical capital buffer rate in %	0.33	0.33
3	Institution specific countercyclical capital buffer requirement	30	30

5 Information on credit risks

5.1 Credit risk adjustments (Art. 442 a) - b) CRR)

Definitions (Art.442 a) CRR)

The Bank and the Group use the following definitions for credit and dilution risk regarding credit risk adjustment and for the associated supervisory reporting and disclosure. These are applicable both for accounting purposes and for risk management purposes (if applicable):

"Aged" or "past-due"

A credit obligation is considered "aged" if outstanding contractual amounts regarding interest and principal have not yet been settled by the debtor according to the contractual agreed due dates. It is considered "past-due" if the credit obligations against a debtor is aged more than 90 days in a row but not yet categorized as "impaired". The assessment of the significance of overdue liabilities is subject to the Regulation (EU) 2018/1845[23], where Art. 3 defines a threshold of EUR 500 for risk positions other than retail business and 1% with regard to the amount of overdue liabilities in

[22] Taking into account the institution specific CCyB as of December 31, 2022
[23] Regulation of the ECB of 21 November 2018 on the exercise of the discretion under Article 178(2)(d) CRR in relation to the threshold for assessing the materiality of credit obligations past due (ECB/2018/26)

relation to the total value of all balance sheet risk positions. Provisions are implemented accordingly in the internal limit, risk monitoring and reporting processes.

Impaired ("non-performing exposure")

A loan is considered as "impaired" if it is expected that a debtor is permanently not able to fulfill its credit obligations according to the contractual agreement without using the collateral (unlikely repayment regardless of the existence of any past-due amount or the number of days past-due) or if the substantial credit obligation is past-due more than 90 days ("Default"). This may be the case, if the debtor is either unwilling or unable to settle the agreed payments or fulfill the credit agreements. This may be related to any or all debt obligations of a respective credit agreement and counterparty.

Default

With regard to Art. 178 CRR, a "default" is considered to have occurred with regard to a particular obligor and his associated credit obligations when either or both of the following events have taken place:

- The obligor is considered, by the creditor, unlikely to pay its credit obligations in full to SSBI or any other company belonging to the SSEHG Group to which the creditor belongs without recourse by the creditor to actions such as realizing security (if held)
- The obligor is past due more than 90 consecutive calendar days on any material part of its overall credit obligation to the SSBI or to another company belonging to the SSEHG Group

As part of the early warning process for risks implemented by the Bank, credit exposure and lending commitments are reviewed for any increase in risk content using pre-defined indicators. Depending on the results, these are assigned in a suitable form of care – intensive care, restructuring or liquidation.

If they are assigned to restructuring or liquidation with an associated loss in value of the receivable, an individual risk provision will be calculated. In case of an impairment the receivable is written off considering the recovery rate and the individual provision which has already been made.

As of December 31, 2022, none of the Bank's lending commitments were assigned to intensive care, restructuring or liquidation.

Credit risk adjustments (Art. 442 b) CRR)

The Bank applies a reserve for credit losses in accordance with German GAAP. The loan loss reserve for the credit portfolio is assessed on a quarterly basis in close cooperation with SSC Portfolio Management. Reserve recommendations together with their justification are reviewed by the Credit Risk function. The proposed reserve including a non-binding opinion from the SSC's Credit Reserve Assessment Committee is reviewed by the CMRC as well as the CFO. The reserve is approved by SSBI's EMB within the Bank's yearly Profit & Loss statement. The quarterly reserve quantification is approved by the CFO, following the verification and vote from CMRC.

The reserve estimation process focusses on the credit products Leveraged Loans, European Fund Finance and CLO in loan form, which represent the Bank's principal credit risk. In addition, a general reserve may be applied to cash exposures classified as past due and therefore considered impaired. Overall impact from these cash exposures is insignificant. Wholesale investment portfolio products are not included within the categorization noting the portfolio is investment grade and due to the accounting classifications[24] where a security level impairment review process is deemed most appropriate and performed on a quarterly basis already. Structured investment securities monitored by Global Treasury Risk Management are subject to a separate set of models required to assess their risks. No general reserve is recorded on any other financial assets due to immateriality.

[24] Essentially valued like fixed assets according to the moderate lower of cost or market principle in accordance with Section 253 (3) HGB. As of December 31, 2022, there were no securities that were classified as current assets and were to be valued using the strict lower of cost or market principle

Effective January 1st, 2022 SSBI implemented the accounting standard IDW RS BFA 7, which amongst others considers the application of the IFRS9 model for the reserve estimation process.

To estimate the credit losses for the credit portfolio and to generate general reserves, the IFRS9 method is applied and recorded, using a 3-stage approach. Applicable credit assets are allocated to one of the 3 stages reflecting the credit profile of the credit asset. Unless otherwise designated, credits allocated to Stage 1 qualifying for a 12-months reserve estimation. Credits in Stage 2 are those that have deteriorated in credit quality materially since purchase/origination and thus require a lifetime expected loss reserve estimation (like CECL method). Credits in Stage 3 are those that have experienced an actual credit event. Any exposures deemed to have risk characteristics outside the general loan pool are assessed individually. A pooled approach is applied to all other exposures.

The IFRS9 Watch List for Non-Structured assets will be used to determine the exposure that require a lifetime expected loss reserve (Stage2) as opposed to a 12-month reserve (Stage1). Exposures are identified by a rules-based approach to determine whether an exposure shall be reported on IFRS9 Watch List. Criteria applied include any counterparty rated SSC11 or worse, counterparties which have experienced a significant credit deterioration since exposure origination, counterparties which triggered the threshold of at least one financial metric selected by the Credit Officers, or based on the discretionary recommendation of the Credit Officer.

Within the reserve estimation process the identified assets are modelled to produce an expected credit loss that reflects a probability-weighted estimate of credit losses over a 12-month period (Stage 1) and over the behavioral life of the financial instrument (Stage 2 and 3). State Street has contracted IHS Market to aid in production of three forward looking scenarios on a quarterly basis. SSBI uses qualitative assessments that are consistent with objective and verifiable evidence, such as observable macroeconomic variables and forward-looking forecasts.

The expected loss ("EL") calculation is performed for both the funded and unfunded portions of EaD to account for both on- and off-balance sheet risk of loss. The EL Funded corresponds to the on-balance sheet allowance (specific reserve or generic reserve), while the EL Unfunded corresponds to the off-balance sheet allowance (provisions).

5.2 Disclosure of non-performing and forborne exposures (Art. 442 c) – g) CRR)

Table 25: Development of non-performing loans and exposures for SSEHG Group and SSBI

	SSEHG Group		SSBI	
NPL-/NPE Evolution (Year-over year)	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Gross carrying amount of loans, advances, debt securities and off-balance sheet exposures	23,083	26,114	23,083	26,114
Gross carrying amount/Nominal amount of loans and advances	8,488	8,364	8,488	8,364
Sum of non-performing exposures	68	90	68	90
NPE-Ratio	**0.30%**	**0.34%**	**0.30%**	**0.34%**
Sum of non-performing loans	73	90	73	90
NPL-Ratio	**0.86%**	**1.08%**	**0.86%**	**1.08%**

The gross Non-Performing Exposures ("NPE") ratio as of December 31, 2022 being still at a very low level was 0.30% both on Group and Bank level and is the ratio of all relevant assets to be considered according to the broader NPE definition (including debt securities and off-balance sheet exposures).

The gross Non-Performing Loans ("NPL ")ratio as of December 31 2022, each of which amounted to also a very low rate of 0.86%, and is calculated as the ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances (without debt securities and off-balance sheet exposures). For the purpose of this calculation, loans and advances classified as held for sale, cash balances at central banks and other demand deposits are to be excluded both from the denominator and from the numerator.

According to Art. 8 (1) of the ITS 2021/637, the information for the Group and for the Bank is disclosed using the templates EU CQ3, EU CR1-A and EU CR2. As the gross NPL ratio as of December 31, 2022 is below the 5% threshold according to Art. 8 (2) of the ITS 2021/637, the following disclosure tables (templates EU CR1, EU CQ1, EU CQ7, EU CQ4 und EU CQ5 with the applicable columns) have to published on an annual basis at SSEHG Group and SSBI level additionally[25].

The disclosure template EU CQ1 ("Credit quality of forborne exposures") and template EU CQ7 ("Collateral obtained by taking possession and execution processes") is not disclosed as of December 31, 2022, as there were no forborne exposures nor collateral obtained for NPE neither at Group nor at Bank level.

Table 26: EU CR1-A – Maturity of exposures of SSEHG Group and SSBI

		a	b	c	d	e	f
		Net exposure value					
		On demand	<=1 year	>1<=5 year	> 5 year	Not stated maturity	Total
1	Loans and advances	849	4,657	1,269	1,665	-	8,440
2	Debt securities	-	1,776	2,846	5,336	-	9,958
3	**Total**	**849**	**6,433**	**4,115**	**7,001**	**-**	**18,398**

Table 27: EU CQ4 – Quality of non-performing exposures by geography of the SSEHG Group

		a	c	e	f	g
		Gross carrying/Nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: defaulted			
010	**On balance sheet exposures**	**18,445**	**0**	**-24**		**-**
020	*United Kingdom and Northern Ireland*	4,047	-	-2		-
030	*United States of America*	4,347	-	-10		-
040	*Ireland*	2,456	-	-		-
050	*Luxembourg*	1,012	0	-3		-
060	*Italy*	375	0	0		-
070	*France*	1,111	-	-3		-
080	*Spain*	1,007	-	0		-
090	*Netherlands*	858	-	-1		-
100	*Austria*	833	-	-		-
110	*Belgium*	724	-	0		-
120	*Germany*	364	-	-2		-
130	*Other countries*	1,312	-	-2		-
140	**Off balance sheet exposures**	**4,640**	-		**2**	
150	*United Kingdom and Northern Ireland*	486	-		0	
160	*United States of America*	136	-		1	
170	*Ireland*	188	-		0	
180	*Luxembourg*	1,507	-		1	
190	*Italy*	1,819	-		-	
200	*France*	9	-		0	
210	*Spain*	-	-		-	
220	*Netherlands*	75	-		0	
230	*Austria*	-	-		-	
240	*Belgium*	1	-		0	
250	*Germany*	328	-		0	
260	*Other countries*	90	-		0	
270	**Total**	**23,085**	**0**	**-24**	2	**-**

[25] Disclosure is based on the breakdown of counterparties in accordance with FINREP (Annex V Part 1 (42) of the Commission Implementing Regulation (EU) No 680/2014 as well as applicable columns based on Art 8 (2) of ITS 2021/637

Table 28: EU CQ4 – Quality of non-performing exposures by geography of the SSBI

		a Gross carrying/Nominal amount	c of which: defaulted	e Accumulated impairment	f Provisions on off-balance sheet commitments and financial guarantee given	g Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	On balance sheet exposures	18,440	0	-24		-
020	*United Kingdom and Northern Ireland*	4,047	-	-2		-
030	*United States of America*	4,347	-	-10		-
040	*Ireland*	2,456	-	-		-
050	*Luxembourg*	1,012	0	-3		-
060	*Italy*	375	0	0		-
070	*France*	1,111	-	-3		-
080	*Spain*	1,007	-	0		-
090	*Netherlands*	858	-	-1		-
100	*Austria*	833	-	-		-
110	*Belgium*	724	-	0		-
120	*Germany*	364	-	-2		-
130	*Other countries*	1,306	-	-2		-
140	Off balance sheet exposures	4,640	-		2	
150	*United Kingdom and Northern Ireland*	486	-		0	
160	*United States of America*	136	-		1	
170	*Ireland*	188	-		0	
180	*Luxembourg*	1,507	-		1	
190	*Italy*	1,819	-		-	
200	*France*	9	-		0	
210	*Spain*	-	-		-	
220	*Netherlands*	75	-		0	
230	*Austria*	-	-		-	
240	*Belgium*	1	-		0	
250	*Germany*	328	-		0	
260	*Other countries*	90	-		0	
270	Total	23,079	0	-24	2	-

Table 29: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry of the SSEHG Group und SSBI

		a Gross carrying amount	c of which: defaulted	e Accumulated impairment	f Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	-	-	-	-
020	Mining and quarrying	-	-	-	-
030	Manufacturing	183	-	-3	-
040	Electricity, gas, steam and air conditioning supply	-	-	-	-
050	Water supply	-	-	-	-
060	Construction	0	-	-	-
070	Wholesale and retail trade	17	-	0	-
080	Transport and storage	-	-	-	-
090	Accommodation and food service activities	-	-	-	-
100	Information and communication	187	-	-2	-
110	Real estate activities	-	-	-	-
120	Financial and insurance activities	0	-	-	-
130	Professional, scientific and technical activities	562	-	-7	-
140	Administrative and support service activities	59	-	-1	-
150	Public administration and defense, compulsory social security	-	-	-	-
160	Education	-	-	-	-
170	Human health services and social work activities	69	-	-1	-
180	Arts, entertainment and recreation	60	-	-3	-
190	Other services	256	-	-2	-
200	Total	1,393	-	-18	-

The changes and stock of non-performing loans and advances in the 2022 financial year at consolidated and single-entity level is shown in the following table. The credit risk adjustments are identical at the level of the SSEHG Group and at the level of SSBI.

Table 30: EU CR2 – Changes in the stock of non-performing loans and advances of the SSEHG Group und SSBI

		a Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**90**
020	Inflows to non-performing portfolios	20
030	Outflows from non-performing portfolios	33
040	Outflows due to write-offs	-
050	Outflow due to other situations	25
060	**Final stock of non-performing loans and advances**	**78**

5.3 Use of External Credit Rating Assessments (Art. 444 CRR)

To determine the own funds requirements for purposes of credit risk quantification under the CRSA, the following rating agencies have been nominated:

Table 31: Rating agencies broken down by exposure classes according to Art. 444 a) and b) CRR

Market segment	Rating agency	Exposure Class
Governments	• The McGraw-Hill Companies under the brand name “Standard & Poor’s Ratings Services” (“S&P”)	Central governments or central banks
Structured finance	• The McGraw-Hill Companies under the brand name “Standard & Poor’s Ratings Services” (“S&P”) • Fitch Ratings • Moody’s Investors Service	Securitizations

5.4 Credit risk mitigation techniques (Art. 453 CRR)

Based on the business model and the resulting asset policy, the risk positions of the Group and the Bank are essentially limited to client overdrafts of not externally communicated and internally set credit exposure limits resulting from the custody business, the Bank's investment portfolio in securities, the Leveraged Loan, European Fund Finance and CLO in loan form portfolio as well as unsecured and secured money market transactions (repurchase agreements). Additionally, the Group and the Bank are exposed to Credit risks resulting from foreign exchange transactions.

Credit Risk Mitigation Techniques ("CRMT") are prudent risk management tools that is employed via various contractual means to reduce risk to the Bank as a credit provider. These contracts may take the form of a credit derivative, guarantee, a pledge of assets with concomitant ability to net, and/or a security interest in segregated and/or pledged assets. Each of these methods provide the Bank with full or partial protection against loss in the event of a counterparty default, and as a result can reduce the amount of risk weighted assets and capital associated with the portfolio. Different forms of Credit Risk Mitigation("CRM") will impact various components of Expected Loss; i.e., PD, EaD, LGD. CRMT are used in relation to both repurchase agreements and derivatives clearing transactions.

In this context, received or pledged securities, such as equities, government and corporate bonds, securitizations, and cash deposits serve as collateral. The Group and the Bank apply the Financial Collateral Comprehensive Method according to Art. 223 ff. CRR and for guarantees the substitution method respectively. From a regulatory point of view, only financial collaterals that are listed in Art. 197 and Art. 198 CRR are considered in the process. These financial collaterals are measured at their market value minus regulatory haircuts (maturity mismatch adjustment, market value volatility adjustment, currency volatility adjustment). In the course of the economic risk perspective, as part of the quantification of the ICAAP, collaterals are also considered after taking the respective regulatory haircut into account.

The legal basis for these transactions are standardised contracts. Netting agreements are considered an important factor for credit risk mitigation and therefore receives special attention as part of such contracts. Netting is a mechanism that allows banks to reduce unsecured-equivalent and settlement exposure. It may occur at the transactional level via payment netting, and/or at the counterparty level via close-out netting. Payment netting enables parties to net settle payment amounts that occur on the same day and in the same currency. Close-out netting enables parties to net offsetting economic exposures to one another using master netting agreements. Close-out netting is also permissible for transactions with a legal entity if a favorable legal netting opinion is rendered. In addition, the Bank may recognize the credit risk mitigation benefits of financial collateral within the netting set assuming all regulatory requirements for valuation are met. Collateralized transactions and netting are applied in line with bank wide standards, outlined in the Banks Credit Risk Guidelines and Corporate Collateral Management Guidelines.

(Master) netting agreements according to Art. 295 b) CRR are currently in place for repurchase agreements as of December 31, 2022 the Bank made use of netting agreements within repurchase agreements. Due to an overcollateralization, netting agreements had no impact on the exposures resulting from reverse repurchase agreements.

SSBI has implemented procedures regarding the assurance of legal effectiveness and enforceability of the contracts and maintains documentation as required by Art. 297 CRR. Hence, it takes the respective netting agreements into account when measuring the counterparty credit risk exposure. For further Information regarding counterparty credit risk, please refer to chapter 5.5. The underlying strategy and associated processes with respect to the collateralization of relevant transactions are documented in the trading policies and the corresponding organizational guidelines as well as Credit Risk Guidelines and Corporate Collateral Management Guidelines.

The purchased securities are at least evaluated once a day, but dependent on the product category several times a day. The valuation is based on current market values obtained from an external, independent pricing source. This is the responsibility of the Risk Management department. Risk concentrations related to credit and market price risks of collaterals are limited by internal restrictions considering issuer, region, class of investment and rating class. Compliance with these limits is monitored on a daily basis.

Regular stress tests are carried out related to the market value of eligible collateral. Further an assessment of the maturity of the repurchase transaction and the maturity of the financial collateral used for credit risk mitigation is performed.

Risk positions related to repurchase agreements and derivatives transactions as well as the development of respective collaterals are reported on a regular basis to the EMB. All the related internal controls and procedures are reviewed on an ad-hoc basis but at least on an annual basis.

Quantitative disclosure regarding CRMT

The following tables show the details regarding CRMT and netting effect as of December 31, 2022.

Table 32: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for SSEHG Group

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	38,227	3,256	3,256	-	-
2	Debt securities	9,743	214	-	214	-
3	Total	47,970	3,470	3,256	214	-
4	*Of which non-performing exposures*	*73*	-	-	-	-
EU-5	*Of which defaulted*	*5*	-	-	-	-

Table 33: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for SSBI

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	38,223	3,256	3,256	-	-
2	Debt securities	9,743	214	-	214	-
3	Total	47,966	3,470	3,256	214	-
4	*Of which non-performing exposures*	*73*	-	-	-	-
EU-5	*Of which defaulted*	*5*	-	-	-	-

Table 34: EU CR4 – Standardised approach – Credit risk exposure and CRM effects for SSEHG Group

	Exposure classes	Exposures post CCF and post CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		Off-balance-sheet exposures	On-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	31,393	-	33,989	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	460	-	460	-	-	-
4	Multilateral development banks	269	-	269	-	-	-
5	International organisations	286	-	286	-	-	-
6	Institutions	1,873	5	1,873	-	375	20.00
7	Corporates	6,387	4,632	3,791	1,435	4,893	93.63
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-
10	Exposures in default	5	-	5	-	8	149.78
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	3	-	3	-	28	810.29
15	Equity	1	-	1	-	1	100.00
16	Other items	336	-	336	-	336	100.00
17	**Total**	**41,014**	**4,637**	**41,014**	**1,435**	**5,640**	**13.29**

Table 35: EU CR4 – Standardised approach – Credit risk exposure and CRM effects for SSBI

	Exposure classes	Exposures post CCF and post CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		Off-balance-sheet exposures	On-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	31,393	-	33,989	-	-	-
2	Regional governments or local authorities	-	-	-	-	-	-
3	Public sector entities	460	-	460	-	-	-
4	Multilateral development banks	269	-	269	-	-	-
5	International organisations	286	-	286	-	-	-
6	Institutions	1,870	5	1,870	-	374	20.00
7	Corporates	6,387	4,632	3,791	1,435	4,893	93.63
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-
10	Exposures in default	5	-	5	-	8	149.78
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	3	-	3	-	28	810.29
15	Equity	1	-	1	-	1	100.00
16	Other items	310	-	310	-	310	100.00
17	Total	40,985	4,637	40,985	1,435	5,613	13.23

Credit derivatives are neither accepted by the SSEHG Group nor by the Bank for credit risk mitigation purposes, The exposure values shown under “guarantees“ refer to securities that are explicitly guaranteed by central governments.

5.5 Counterparty credit risk (Art. 439 CRR)

The following section contains the qualitative information on counterparty credit risk according to Art, 439 a) - d) CRR and the quantitative information according to Art, 439 e) – h) and l) - m) CRR.

Quantitative and qualitative information (Art, 439 a) to b) CRR)

The relevant information on counterparty credit risk exposures in accordance with Art, 439 a) CRR are included in the information on credit risk, For the information to be disclosed, we therefore refer to the above explanations on credit risk in chapter 3.3.2.

Regarding the discussion of policies for securing collateral and establishing credit reserves (Art, 439 b) CRR) we refer to the financial statement ("Accounting and valuation methods", chapter B)[26] of the consolidated financial statement 2022 of SSEHG Group published in the Federal Gazette as well as to the general description for credit risk (chapter 3.3.2), credit risk mitigation techniques (chapter 5.4), credit risk adjustments (chapter 5.1) and the additional quantitative information given in this chapter. There was no provision for counterparty credit risk as of December 31, 2022.

Wrong-way risk exposure (Art, 439 c) CRR

Wrong-way risk ("WWR") occurs when the PD and EaD for a counterparty or counterparty group is positively correlated, There are two types of wrong-way risk (specific WWR and general WWR). Generally, the Bank seeks to avoid Specific WWR via collateral, guarantee or security where the credit risk of such is adversely correlated to the credit risk of the exposure it is meant to mitigate, Any financial collateral asset whose value is materially positively correlated with the obligor's credit quality is not eligible, as it cannot be relied upon to mitigate loss at the point of default. Avoidance is not always possible for general WWR, and when identified, appropriate action is taken to address the risk (e.g. increased margin amount). The Bank's preference to not accept any form of guarantee from a protection provider whose creditworthiness is positively correlated with the credit risk of the hedged exposure is further supported by the risk of forfeiting any Basel III capital relief. However, such a credit risk mitigant may still be accepted as additional support from a credit risk perspective.

General policies and the handling of positions subject to WWR (Art. 439 c) CRR) are part of the Credit Risk Guidelines and the corresponding risk management within the Bank and the Group. Therefore, we refer to the general description in chapter 3.3.2. regarding credit risk and the therein described methods and processes.

Funding obligations (Art, 439 d) CRR

During the reporting period no contracts existed that would have required a Group entity to provide collateral in case of a downgrade of its rating,

Quantitative information (Art, 439 e) – h) and l)- m) CRR)

The total counterparty credit risk amounts to EUR 343mn as of December 31, 2022. SSEHG Group and SSBI use exclusively the mark-to-market method acc. to Art. 274 CRR as the valuation basis for own funds requirements of the derivative risk positions.

The following table EU CCR1 shows the positive credit exposure, defined as the gross positive fair-value of all derivative business before add-on, including netting and collateral according to Art. 439 points f), g), m) CRR:

[26] Please refer to Table 64 in the annex A where the respective extract on the accounting and valuation method for derivative financial instruments is included

Table 36: EU CCR1 – Analysis of CCR exposures by approach - SSEHG Group

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1,4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4	-	-	-	-
1	SA-CCR (for derivatives)	111	221		1,4	887	464	464	343
2	IMM (for derivatives and SFTs)			-	1,4	-	-	-	-
2a	*Of which securities financing transactions netting sets*					-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*					-	-	-	-
2c	*Of which from contractual cross-product netting sets*					-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					7,580	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					8,467	464	464	343

The Table EU CCR2 shows the exposure value and risk weighted assets relates to the CVA risk according to Art. 439 h) CRR:

Table 37: EU CCR2 – Transactions subject to own funds requirements for CVA risk

		a Exposure value	b RWEA
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)	-	-
3	(ii) stressed VaR component (including the 3× multiplier)	-	-
4	Transactions subject to the Standardised method	458	69
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	Total transactions subject to own funds requirements for CVA risk	458	69

The following table EU CCR3 shows the CCR exposures split by exposure classes and risk weights according to Art. 439 l) CRR:

Table 38: EU CCR3 – CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	8	-	-	-	-	-	-	-	-	-	-	8
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	17	-	-	-	-	-	-	-	-	-	-	17
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	120	-	-	-	-	-	-	120
7	Corporates	-	-	-	-	-	-	-	-	319	-	-	319
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	25	-	-	-	120	-	-	-	319	-	-	464

Table EU CCR5 shows the composition of collateral for CCR exposures acc. to Art. 439 e) CRR:

Table 39: EU CCR5 – Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Collateral type	Segregated	Un-segregated	Segregated	Un-segregated	Segregated	Un-segregated	Segregated	Un-segregated
1	Cash – domestic currency	268	221	-	34	-	-	-	-
2	Cash – other currencies	-	17	-	5	-	-	-	-
3	Domestic sovereign debt	-	1	-	-	-	-	-	-
4	Other sovereign debt	8	-	2	-	-	4,991	-	-
5	Government agency debt	-	-	-	-	-	212	-	-
6	Corporate bonds	4	-	-	-	-	5,114	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	1	-	-	175	-	1,392	-	-
9	**Total**	**281**	**239**	**2**	**175**	**-**	**11,709**	**-**	**-**

Art. 439 i) and j) CRR are not applicable on Bank and Group level because there were neither transactions with central counterparties nor with credit derivatives. The Bank has not requested approval form the supervisory authority to estimate α regarding Art. 439 k) CRR.

5.6 Other information

As of June 2, 2020 the EBA published its Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crises (EBA/GL/2020/07).

The Guidelines have been developed to address data gaps associated with legislative and non-legislative moratoria on loan repayments and public guarantees in EU Member States measures to ensure an appropriate understanding of institutions' risk profile and the asset quality on their balance sheets both for supervisors and the wider public, According to the publication[27] from December 16, 2022 the EBA has decided to repeal the Guidelines on Covid-19 reporting and disclosure from January 1, 2023.

As of December 31, 2022 both SSEHG Group and SSBI do not have (i) loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis[28] or (ii) newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to the COVID-19 crisis.

This demonstrates the good quality of SSBI loan portfolio and consequently, further information and data with the respective disclosure templates 1 to 3 of the EBA/GL/2020/07 do not need to be disclosed.

[27] https://www.eba.europa.eu/eba-confirms-continued-application-covid-19-related-reporting-and-disclosure-requirements-until

[28] In accordance with EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02, consolidated version as of June 25, 2020 as amended by EBA/GL/2020/08)

6 Unencumbered assets (Art. 443 CRR)

Art. 100 CRR prescribes that institutions shall report the level of their repurchase agreements, securities lending, and all forms of encumbered assets to the competent authorities. These additional reporting requirements have been concretized in the Commission Implementing Regulation (EU) No. 2021/451.

The required disclosures according to Art. 443 CRR i.c.w. Art. 18 of ITS 2021/637 with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets is only required for the SSEHG Group according to Art. 13 CRR. The following disclosure includes encumbered and unencumbered asset as well as an overview on the encumbered assets, maturity, contingent encumbrance and the additional disclosure requirements on the quality of encumbered and unencumbered assets ("asset quality indicators"). In this context, an asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn (e.g. pledging for financing purposes).

General information on asset encumbrance

The disclosure of encumbered and unencumbered assets is based on the regulatory consolidation scope (SSEHG Group) according to Art. 18 CRR as already stated in chapter 2.3.

There is no difference between the pledged and transferred assets which are determined in accordance with the HGB and encumbered assets. Furthermore, there is no indication of any difference of treatment of transactions, such as when some transactions are deemed to lead to pledge or transfer of assets but not to encumbrance of assets, or vice versa.

The exposure value used for the purpose of disclosure is equivalent to the carrying amount or rather the fair value of the respective asset. As the tables in this section use median values as required in accordance with the provisions of the Delegated Regulation, the individual positions within the tables cannot be summed up. The values are determined by interpolation using the rolling quarterly medians over the previous 12 months. The median encumbrance ratio in 2022 was 0.9% (previous year: 0.7%).

Accompanying narrative information

The main sources of encumbrance in the reporting year were primarily trust assets, pledges of securities at Clearstream Banking Frankfurt as part of the settlement of securities transactions and lending of securities in the course of repurchase agreements as well as derivative business (cash and securities). Collateralization takes place via (a) transfer of cash, (b) transfer of title to securities, or (c) pledging securities.

Under the respective agreements, marking to market of collateral takes place, i.e., the market value of collateral to be delivered to the lender must equal the sum of (a) the aggregated amount of the borrowed securities and (b) a respective surcharge (margin); such market value is calculated on an intra-day basis.

All encumbered assets of the SSEHG Group are held by SSBI. Thus, there is no significant encumbrance between the entities of the Group.

As of December 31, 2022, more than 5% of the aggregated liabilities are denominated in USD, which qualifies the USD as a significant currency according to Art. 415 (2) CRR. The volume of encumbered assets in USD amounts to EUR 20 mn or 4% of the total encumbrance as of reporting date.

57% or EUR 1,192 mn (Q4/2022, median: 56% or EUR 1,273 mn) of the carrying amount of unencumbered assets are attributable to other unencumbered assets (Q4/2022: EUR 2,081 mn, median: EUR 2,223 mn) which the Bank does not deem available for encumbrance in the normal course of business (e.g. tangible or intangible assets, deferred items).

The Bank does not hold retained asset-backed securities, retained covered bonds or over-collateralization, which have to be specified or disclosed according to the Delegated Regulation.

The following tables provide an overview on assets, collateral received and associated liabilities of the Group broken down by encumbrance in the reporting period.

Table 40: EU AE1 – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	540	171			54,205	31,829		
030	Equity instruments	4	0	4	0	1	0	1	0
040	Debt securities	321	151	301	147	9,985	4,800	9,484	4,629
050	*of which: covered bonds*	0	0	0	0	2	0	1	0
060	*of which: securitisations*	0	0	0	0	2,149	607	2,121	602
070	*of which: issued by general governments*	230	127	219	125	4,244	2,706	4,104	2,653
080	*of which: issued by financial corporations*	102	0	91	0	5,666	2,142	5,309	2,023
090	*of which: issued by non-financial corporations*	0	0	0	0	75	11	71	11
120	Other assets	231	20			44,283	28,131		

Table 41: EU AE2 – Collateral received and own debt securities issued

		Fair Value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
			of which: notionally eligible EHQLA and HQLA		of which: EHQLA and HQLA
		010	030	040	060
130	Collateral received by the institution	41	0	8,670	3,709
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	41	0	8,670	3,709
170	*of which: covered bonds*	0	0	0	0
180	*of which: asset-backed securities*	0	0	2,920	0
190	*of which: issued by general governments*	41	0	2,944	2,003
200	*of which: issued by financial corporations*	0	0	5,581	2,244
210	*of which: issued by non-financial corporations*	0	0	4	0
220	Loans and advances other than loans on demand	0	0	0	0
230	Other collateral received	0	0	0	0
240	Own debt securities issued other than own covered bonds or asset-backed securities	0	0	0	0
241	Own covered bonds and asset-backed securities issued and not yet pledged			0	0
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	564	171		

Table 42: EU AE3 – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and asset-backed securities (ABS) encumbered
		010	030
010	Carrying amount of selected financial liabilities	55	60

7 Leverage Ratio (Art. 451 CRR)

The calculation of the Leverage Ratio is based on the requirements of Art. 429 CRR and on the Commission Delegated Regulation (EU) 2015/62. At the reporting date, the ratio has been calculated based on the requirements both at SSEHG Group consolidated and SSBI individual level, The following disclosure of the Leverage Ratio as of December 31, 2022 at SSEHG Group and SSBI level is published in accordance with the regulation and the templates of the ITS 2021/637.

The Leverage Ratio is part of SSBI's risk appetite framework with internal thresholds and escalation processes being defined. The Leverage Ratio composition is being monitored on a daily basis. The Leverage Ratio and leverage based TLAC metrics (iTLAC & iMREL) are key metrics of SSBI`s Financial Forecast and Capital Planning process.

For operational management purposes, the Leverage Ratios of SSEHG Group and SSBI are reported monthly to the ALCO and developments and trends are respectively analyzed in case of relevant changes. Based on such analysis, the ALCO discusses and might bring forward potential management actions. The monitoring and management process enables the bank to initiate timely actions in case warranted.

The business model of the bank (being a liability driven custody bank) and the resulting balance sheet structure is based on two sources of funding which drive the level Leverage Ratio exposures. The main driver of leverage is based by the core business as a depositary and custodian bank, to take on its clients deposits. The second item are short term Intercompany placements or Intercompany Repo transactions. The Intercompany transactions are being actively managed to ensure the Leverage Ratio comfortably exceed the minimum regulatory requirements.

The Bank usually experiences elevated short term Leverage Ratio Exposure resulting from short term spikes in client deposits over month- and quarter ends given its business model. SSBI in turn places these additional deposits at the European Central Bank or invests them overnight as part of the fully collateralised Reverse Repo with State Street Bank and Trust. As per 31.12.2022 approx. 50% of the Leverage Ratio Exposure are placements at European Central Bank accounts.

In the theoretical case of excessive leverage consumption SSBI could also consider to initiate capital actions or increase its Total Loss Absorbing Capacity. With regard to the non-risk-based TLAC ratio (based on the leverage ratio), we refer to the section 4.2.

Development of the Leverage Ratio

On June 30, 2022 the Leverage Ratio for the Group was 6.80% while the ratio for the Bank was at 4.41%. As of reporting date, the ratio decreased to 6.95% at Group level and to 5.20% at Bank level, respectively (see Table 44).

The following tables contain the information about the leverage ratio acc. to Art. 451 CRR i.c.w. Art. 6 of ITS 2021/637 as of December 31, 2022.

Table 43: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		SSEHG Group	SSBI
		a	a
		Applicable amount	Applicable amount
1	Total assets as per published financial statements	53,862	52,885
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	(58)	(58)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	373	373
9	Adjustment for securities financing transactions (SFTs)	-	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,624	1,624
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accord, with point (c) of Art,429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accord, with point (j) of Art, 429a(1) CRR)	-	-
12	Other adjustments	(1,366)	(417)
13	**Total exposure measure**	**54,435**	**54,406**

Table 44: EU LR2 – LRCom: Leverage ratio common disclosure

		SSEHG Group		SSBI	
		CRR leverage ratio exposures			
		a	b	a	b
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
On-balance sheet exposures (excluding derivatives and SFTs)					
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	45,502	48,872	44,440	47,678
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(7)	(6)	(7)	(6)
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-	-	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(1,260)	(1,410)	(227)	(253)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**44,235**	**47,456**	**44,206**	**47,419**
Derivative exposures					
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	475	91	475	91
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	521	326	521	326
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (origina Exposure Method)	-	-	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
13	**Total derivatives exposures**	**996**	**417**	**996**	**417**
Securities financing transaction (SFT) exposures					
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	7,580	6,887	7,580	6,887

15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
16	Counterparty credit risk exposure for SFT assets	-	-	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-	-	-
17	Agent transaction exposures	-	-	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-	-	-
18	**Total securities financing transaction exposures**	**7,580**	**6,887**	**7,580**	**6,887**
Other off-balance sheet exposures					
19	Off-balance sheet exposures at gross notional amount	4,640	4,686	4,640	4,686
20	(Adjustments for conversion to credit equivalent amounts)	(3,015)	(3,216)	(3,015)	(3,216)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-	-	-
22	**Off-balance sheet exposures**	**1,624**	**1,470**	**1,624**	**1,470**
Excluded exposures					
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on & off balance sheet))	-	-	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): -Promotional loans granted by a public development credit institution -Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State -Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): -Promotional loans granted by a public development credit institution -Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State -Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Art, 429a(1) CRR)	-	-	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-	-	-
EU-22k	(Total exempted exposures)	-	-	-	-
Capital and total exposure measure					
23	**Tier 1 capital**	**3,786**	**3,378**	**2,829**	**1,972**
24	**Total exposure measure**	**54,435**	**56,230**	**54,406**	**56,193**
Leverage ratio					
25	Leverage ratio	6,95	6,01	5,20	3,51
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	6,95	6,01	5,20	3,51
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6,95	6,01	5,20	3,51
26	Regulatory minimum leverage ratio requirement (%)	3,00	3,00	3,00	3,00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-
EU-26b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-
27	Leverage ratio buffer requirement (%)	-	-	-	-
EU-27a	Overall leverage ratio requirement (%)	3,00	3,00	3,00	3,00
Choice on transitional arrangements and relevant exposures					
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-	-	-
Disclosure of mean values					
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash-receivables	6,615		6,615	
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	7,580		7,580	
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	53,470		53,441	
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	53,470		53,441	

31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7,08		5,29	
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7,08		5,29	

Table 45: EU LR3 – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		SSEHG Group	SSBI
		a	A
		CRR leverage ratio exposures	
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	45,495	44,433
EU-2	Trading book exposures	-	-
EU-3	Banking book exposures, of which:	45,495	44,433
EU-4	Covered Bonds	-	-
EU-5	Exposures treated as sovereigns	32,408	32,408
EU-6	Exposures to regional governments, multilateral development banks (MDB), international organisations and PSE not treated as sovereigns	-	-
EU-7	Institutions	1,873	1,870
EU-8	Secured by mortgages of immovable properties	-	-
EU-9	Retail exposures	-	-
EU-10	Corporate	6,387	6,387
EU-11	Exposures in default	5	5
EU-12	Other exposures (e,g, equity, securitisations, and other non-credit obligations assets)	4,822	3,762

8 Securitisations (Art. 449 CRR)

In accordance with Art, 13 CRR, disclosure requirements for exposures to securitisation positions have to be disclosed only on the level of SSEHG Group,

Securitisation activities

As per the reporting date all securitisation positions of the Group are held by SSBI. In the reporting period, the Bank and the Group have acted solely as an investor in securitisations. The Group and the Bank neither have been originator nor a sponsor of securitisations nor have any re-securitisations been held or purchased. The goals of the securitisation activities are revenue generation through longer term investment and risk diversification.

Monitoring of credit and market price risks

Pre-trade checks and regular post-trade portfolio monitoring processes have been established to oversee changes within credit and market price risks of the securitisation positions. The pre-trade check process aims to ensure compliance of a new trade with the internal and supervisory requirements at the earliest stage. A risk assessment of a new securitisation position is conducted therein, which additionally serves as documented evidence for conformity to Art. 405 and Art. 406 CRR as well as Art. 5 of the EU regulation 2017/2402. The regular post-trade portfolio monitoring processes include, together with a regular scenario-based stress test, the comprehensive reporting and quarterly Surveillance Group Meetings which consider the risks of the Bank's entire securities portfolio. Alongside this analysis, liquidity and investment topics of the Group/Bank are presented monthly to the decision-making body (ALCO Committee). The risk situation of the securitisations portfolio is also discussed at necessity in the monthly Risk Management Committee meetings. The structure of the aforementioned Committees can be found in Illustration 2. The post-trade portfolio monitoring process fulfills the requirements of Art. 406 CRR as well as Art. 5 of the EU regulation 2017/2402.

Furthermore, credit and market price risks of the securitisation positions are monitored as part of the monthly risk-bearing capacity calculation and subsequently reported to the EMB through the MIS reporting.

Other risks resulting from securitisation activities

Liquidity risk associated with the Group's investment activities results from the longer-term allocation of liquid means for the held-to-maturity securitisation positions, Given the fact that the majority of the Bank's investment portfolio is concentrated in highly liquid government and agencies securities and approx. 40% of the held securitisation positions (including Collateralized Loan Obligations) are eligible under the ECB criteria as collateral with the Deutsche Bundesbank, the Group considers the liquidity risk of the securitisation position not to be material. The expected maturities of securitisations held in the portfolio are monitored on an ongoing basis.

Additionally, the Group identifies and monitors country and product concentrations within the securitisation positions.

Hedging

The Group has not implemented a hedging strategy with respect to its securitisation positions.

Classification, book value and valuation of securitisation positions

Securitization positions that are allocated to fixed assets (financial assets) are permanently used for business operations. These are accounted for at amortized cost in accordance with Section 253 (1) and (3) HGB. The valuation is based on the moderated lower of cost or market principle. Write-downs due to an expected permanent reduction in value according to § 253 (3) Sent 3 HGB did not have to be made for these items in the year under review.

If there is no sufficiently specific intention to hold securitization positions to maturity, they are treated as current assets unless they are allocated to the trading portfolio. This also applies to securities with a remaining term of less than twelve months at the time of acquisition. Marketable securities are valued according to the strict lower of cost or market principle.

Approach for determination of risk-weighted securitisation positions

Based on the securitization framework applicable since 2019 the SSEHG Group and SSBI apply the Securitisation External Ratings Based Approach (“SEC-ERBA”) pursuant to the requirements of Art. 263 CRR for determining RWA for securitisation positions. To obtain external ratings for securitisation positions and further to be able to determine risk weights related to the exposure class “Items representing securitisation positions” the following rating agencies have been nominated by the Bank: the McGraw-Hill Companies (under the brand name S&P), Fitch Ratings and Moody’s Investor Services. For determining the risk weights related to securitisation positions, the Bank considers the requirements of Art. 138 CRR accordingly.

Quantitative information

Compared to the last disclosure as of June 30, 2022, the Group's securitisation portfolio (based on its exposure value) has increased slightly by 2.1%. The volume of the consolidated portfolio increased during this period from EUR 3,155mn to EUR 3,221mn as of December 31, 2022. Loans to corporates and other wholesale receivables are the dominant underlying asset class in the securitisations portfolio.

In 2022, the distribution of risk weights in the securitization portfolio changed slightly, The majority of securitisations (94% of the total exposure value, previous year 97%) received a risk weight of 20% or less as in the previous year.

The RWA amounted to EUR 596mn as of the reporting date (EUR 566mn as of June 30, 2022). This position can be divided into 42 securitisation positions that are classified as simple, transparent and standardised (“STS”) securitisations (RWA in the amount of EUR 117mn) and 76 securitisation positions (RWA in the amount of EUR 479mn) without such a classification (“non-STS”).

Table EU SEC1 contains the securitisation exposures in the non-trading book broken down by originator, sponsor and investor, subdivided by credit type in accordance with Article 449 j) CRR and table EU SEC4 shows the securitisation exposures in the non-trading book and associated regulatory capital requirements for exposures in which SSEHG Group is acting as investor according to Article 449 k) (ii) CRR as of December 31, 2022. Due to the reason of better readability the above mentioned tables EU SEC1 and EU SEC4 have been shifted to Annex A.

Tables EU SEC2, SEC3 und SEC5 are not to be disclosed as of the reporting date because, as described above, no securitization positions are held in the trading book and both SSEHG Group and SSBI are neither acting as originator nor as sponsor.

9 Remuneration (Art. 450 CRR and Section 16 InstitutsVergV)

9.1 Remuneration Principles and Governance

The SSBI, being the superordinate entity in accordance with section 10a (1) KWG and Art. 11 (2) sent. 1 point (b) and sent. 2 CRR II, ensures implementation of remuneration systems at the level of SSEHG Group which comply with the applicable remuneration regulations. Within the SSEHG Group only SSBI and SSHG had employees during 2022.

As a fully licensed German credit institution under the KWG, SSBI is primarily subject to the statutory remuneration requirements of both the KWG and the German Regulation on the Supervisory Requirements for Institutions' Remuneration Systems (the "IVV")[29] which implemented the remuneration requirements of CRD V into German law. This remuneration disclosure is, therefore, subject to section 16 (1) of the IVV in conjunction with Art. 450 CRR; in accordance with section 27 (1) of the IVV it includes also SSHG as subordinate entity within SSEHG Group. SSBI is classified as a significant institution as defined in section 1 (3c) KWG and as such is subject to direct supervisory oversight by the ECB. Accordingly, the special requirements for significant institutions in part three of the IVV also apply.

At the same time, SSBI and SSHG have to comply not only with local laws and rules of the national supervisory authorities, but also with U.S. rules and laws applicable to subsidiaries of U.S. banks. As such, they are fully integrated into the remuneration governance structure of SSC and, therefore, significantly benefit from State Street's global and EMEA ("Europe, Middle East and Africa") remuneration governance.

Key remuneration principles

SSBI aims to achieve long-term growth through its core strategic goals with an emphasis on the following:

- Be the leading investment servicer and provider of liquidity, financing and research products, shaping the future of the industry and driving new levels of technology-led innovation, resiliency, efficiency and growth for investors and the people they serve:
- Be an essential and trusted partner to our clients, our regulators, and our communities
- Be a destination for the best talent in our business

There are seven key remuneration principles that align State Street's remuneration system with the business strategy:

1. We emphasize total rewards
2. We target the aggregate annual value of our Total Rewards Program to be competitive with our business peers
3. We unequivocally support equal pay for work of equal value
4. Funding for our Total Rewards Program is subject to affordability and is designed to be flexible based on corporate performance
5. We differentiate pay based on performance
6. We align employees' interests with shareholders' interests
7. Our remuneration plans are designed to comply with applicable regulations and related guidance, including aligning incentive compensation with appropriate risk management principles

The linkage between the remuneration strategy and business strategy is further elaborated below:

- **Be the leading investment servicer and provider of liquidity, financing and research products, shaping the future of the industry and driving new levels of technology-led innovation, resiliency, efficiency and growth for investors and the people they serve:** The focus lies on having a business model that can respond to a rapidly shifting operating environment in the key areas of operations, productivity, market data and controls, To support this goal, the remuneration system is also adaptable to achieve a broad and diverse remuneration mix governed by rigorously designed and implemented controls, Therefore, we differentiate pay based on

[29] "Institutsvergütungsverordnung" in its version effective since 25 September 20, 2021.

performance, focus on all elements of an employee's remuneration in order to achieve the strongest possible incentivizing effect of remuneration and apply risk adjustment mechanisms to reflect any relevant eventualities,

- **Be an essential and trusted partner to our clients, our regulators, and our communities:** The focus lies on partnering with clients across a full range of capabilities, Our compensation plans are designed to comply with applicable regulations and related guidance, including aligning incentive compensation with appropriate risk management principles. Moreover, our remuneration system is designed to appropriately mitigate against conflicts of interest. Further, funding for our Total Rewards Program is subject to affordability and is designed to be flexible based on corporate performance. Overall, this allows SSBI to grow sustainable client relationships on the basis of an appropriate risk management approach and an adequate financial foundation. Together, these elements provide assurance to clients that we have risk mitigating framework and the right incentives to deliver high quality service while prioritizing their interests in order to forge and maintain SSBI's leading client partnerships.

- **Be a destination for the best talent in our business**: The focus lies on creating an inspiring work environment to attract, engage and retain employees To ensure we can attract, motivate, and retain talent, we target the aggregate annual value of our Total Rewards Program to be competitive with our business peers. We emphasize total rewards so that remuneration is used to achieve a variety of goals, Moreover, we unequivocally support equal pay for work of equal value, as a key component of our gender neutral remuneration policy, and implement further measures to ensure equal opportunities, equal career prospects[30] and equal treatment irrespective of gender in matters of employment and occupation and to avoid discrimination within the conditions of employment based on gender. This is integral in mobilizing the whole company to deploy key talent from a diverse pool of candidates developing a culture that is fostering innovation and achieving risk excellence. This is supplemented by SSBI's duties under the German Pay Transparency Act (*Entgelttransparenzgesetz*). Our incentive compensation plans allows differentiation based on performance that is reflective of achievement of SSBI, the business unit and individual levels while adhering to robust controls and affordability metrics.

Corporate Remuneration Governance

At the global State Street Group level, the Human Resources Committee ("HRC") of SSC has ultimate oversight of the overall compensation system at State Street (the HRC's Charter is available on State Street's website) HRC members are senior professionals with strong financial/business knowledge, who are independent members of the Board of Directors of SSC (the "Board") They are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board. At December 31, 2022, there were six (6) members of the HRC. During 2022, the HRC held ten (10) meetings.

The HRC oversees all of State Street's compensation plans, policies, and programs in which senior executives participate and incentive, retirement, welfare and equity plans in which certain other employees of SSC participate. It also oversees the alignment of the incentive compensation arrangements with State Street's financial safety and soundness consistent with applicable related regulatory rules and guidance. The HRC reports or causes management to report periodically to the Board's Risk Committee any activities undertaken by the HRC involving the oversight of any SSC risks and related policies that support the Risk Committee 's overall oversight of SSC's global risk management framework. The HRC may meet in joint sessions with other committees of the Board from time to time to discuss areas of common interest and significant matters. The HRC engages Meridian Compensation Partners, a compensation consulting firm, to provide compensation consulting as part of the HRC's review of executive compensation.

The corporate Incentive Compensation Control Committee ("ICCC") consists of senior representatives of the Enterprise Risk Management ("ERM"), Compliance, Internal Audit, Finance, Legal and Global Human Resources ("GHR") departments to serve as a forum for the risk management and internal control functions to formally review and provide their assessment of incentive compensation arrangements throughout the State Street Group. This

[30] EBA/GL/2021/26

review and assessment is intended to promote the consistency of the incentive compensation ("IC") arrangements with the safety and soundness of State Street including its subsidiaries and the alignment of these arrangements with applicable regulatory guidance and regulations. The ICCC is supported by a working group comprised of GHR, Legal and other subject matter experts, which provides analytical and operational support to the ICCC. The ICCC typically meets on a regular monthly schedule and otherwise, as needed.

In addition to the integrated, systemic role the control functions have in IC practices through the ICCC, State Street's risk identification and assessment processes are managed by ERM. The HRC evaluates a corporate multi-factor risk scorecard, developed by ERM, which is used to measure firm-wide risk performance. The scorecard equally considers financial and non-financial risks, and reflects ERM's views of State Street's current risk positioning, capabilities, and remediation status for each risk The scorecard is overseen by the RC and is used by the HRC as an input into State Street's corporate IC pool size process. The scorecard allows the HRC to holistically evaluate State Street's performance against risk management, objectives, and goals. In addition, State Street Group's Audit function regularly completes an audit of GHR IC practices and compliance with regulatory guidance.

SSBI & SSHG's Remuneration System and Governance

In light of the global nature of State Street's organization, State Street's remuneration plans and programs are generally established at SSC level and tailored locally/regionally to the extent required to comply with the applicable local legal and regulatory requirements. The remuneration system is described in various documents which together describe the whole remuneration system.

In this regard, the Global Remuneration Policy, as amended and supplemented by the State Street Bank International GmbH Addendum, form the Remuneration Policy for SSBI and it, along with the relevant plan documents, Standards, Procedures, and Guidelines, comply with the relevant requirements of the IVV, the applicable remuneration requirements defined in the KWG and BT8 of MaComp II (i.,e. the German transposition of the remuneration requirements of the Markets in Financial Instruments Directive/"MiFID") and are also compliant with principles of gender neutrality and reflect climate-related, environmental, social and governance principles.

SSBI ensures compliance with the remuneration regulations at SSHG by applying the SSBI remuneration policy to SSHG (as approved by the relevant bodies). While the remuneration system at these two entities is harmonized, the governance between SSBI and SSHG differs, as set out below.

At the level of SSBI, and in accordance with German company law, SSBI has a two-tier board structure that includes the EMB and the Supervisory Board ("SB"), as an independent control and supervisory body. The EMB held eleven (11) meetings and SSBI's SB held four (4) meetings during 2022. SSBI's remuneration policy for employees and also that for EMB members were primarily designed by GHR and also include input from SSBI's Remuneration Officers, Compliance, ERM, and Legal, GHR also ensures for an appropriate alignment between the remuneration strategy and the business as well as risk strategy when considering inputs from the relevant functions, including risk-based reviews of incentive compensation arrangements and plans.

The Remuneration Officer and the Deputy Remuneration Officer were appointed by SSBI in line with the requirements of section 23 et seq. of the IVV. The EMB enables the Remuneration Officers to be involved in the processes for the employee remuneration systems with sufficient resources to ensure an appropriate, permanent and effective control of the employee remuneration systems, The EMB itself has responsibility for the remuneration policy, practices and overall system for employees whereas the Supervisory Board has responsibility for the EMB's remuneration arrangements.

At the level of SSHG, the SSHG Board of Directors has responsibility for the remuneration policy, practices and overall system for employees whereas SSHG's shareholder is responsible for the SSHG Board of Directors' remuneration arrangements. In 2022, the SSHG Board of Directors and the shareholder of SSHG did not hold physical or virtual meetings; necessary resolutions were taken as circular written resolutions.

Remuneration Committee

While SSHG does not, and is not expected to, have a Remuneration Committee ("RemCo"), SSBI has a dedicated RemCo, a sub-committee of SSBI's SB, which held five (5) meetings in 2022. The membership and duties/mandate are defined in the RemCo's "Rules of Procedure" that were approved by the SB and which are in line with the requirements of section 25d (12) KWG and section 15 of the IVV. These duties include supporting the SB in:

- The oversight of compliance with applicable regulatory remuneration requirements, including those that have implications for risk and risk management within the branches of SSBI
- To review the alignment between the organizational and risk strategy with the remuneration system of the EMB and staff at least once a year
- To assess the impact of the remuneration system on the risk, capital, and liquidity situation of SSBI
- To review and recommend to the SB the identification and remuneration of Identified Staff in SSBI

In 2022 the RemCo consisted of five (5) members who were:

- Chair of SSBI's SB
- Vice-Chair of SSBI's SB
- Chair of the SB Risk Committee
- One employee representative and
- One additional member of the SB

The Remuneration Officers and the Head of SSBI GHR also participate in the meetings of SSBI's Remuneration Committee as non-voting permanent guests.

Identified Staff Identification

SSBI applies criteria to identify staff whose professional activities have a material impact on the firm's risk profile[31]in accordance with the requirements of Articles 92(2) and 94(2) of the CRD, as amended by CRD V and the respective Regulatory Technical Standards document ("RTS") developed by the European Banking Authority ("EBA") as set out in the EU Commission Regulation (EU) No 2021/923.

SSBI annually reviews the variable pay arrangements used to compensate these employees and also annually reviews the effectiveness of the design and operation of SSBI's incentive compensation system in providing risk-taking incentives that are consistent with the organization's safety and soundness.

Identified Staff Identification Process

SSBI applies a broad interpretation when identifying the list of employees and board members who may potentially be Identified Staff going beyond the minimum.

Qualitative Identification

Requirements of qualitative identification criteria are set out in Commission Delegated Regulation (EU) 2021/923 ("RTS"). A detailed process of review is performed for each individual, considering their role, responsibility, independent authority and potential ability to impact main risks to determine if an individual should be Identified Staff, even if they did not meet a specific qualitative criterion, Decisions to assign Identified Staff status to an employee undergo a multi-layered review and approval process with business, function and country-level senior representatives including various checks and balances and documented outcome before beingpresented to the full EMB for final approval, As part of this process, a consistency review across State Street's businesses is undertaken to ensure that employees/ board members are captured even if they may not fully meet the criteria set out in the RTS. In a number of cases, employees/ board members are added to the list following this review. SSBI applies a set of its own internal criteria to identify Identified Staff beyond those specifically mentioned in the RTS. These include individuals in IT with technological responsibility and certain client facing roles.

[31] Referred to as "Identified Staff"

Quantitative Identification

The detailed qualitative identification review helps inform SSBI's quantitative identification approach for Identified Staff which is based on the requirements of the RTS. In a number of cases, the individual's role and responsibilities will already have been reviewed by the relevant business or function head and added as Identified Staff under the qualitative criteria. SSBI does not apply for exclusions from the quantitative criteria set out in the RTS.

Identification Governance

While the identification process is continuous, formal list reviews are carried out at specified intervals during the year and detailed in the Identified Staff identification procedure documentation. Various bodies are involved in the process of identifying, reviewing or approving Identified Staff. These key groups are as follows:

- Review: SSBI's SB and RemCo – The RemCo reviews the Identified Staff identification process in its oversight and monitoring capacity to evaluate its appropriateness and informs the SB
- Approve: SSBI's EMB – Once a year SSBI's EMB reviews and approves the final list of SSBI's Identified Staff and any proposed position changes from the Identified Staff Advisory Group
- Support: Identified Staff Advisory Group – The Advisory Group provides scope clarification as well as strategy and considers technical advice from the Identified Staff Working Group for the identification of Identified Staff. This Advisory Group is made up of senior stakeholders from the Control and Corporate Functions within EMEA, including SSBI. The members are from the following functions: GTR/GHR (Chair), ERM, Compliance and Legal
- Support: The Identified Staff Working Group is made up of the same functions as the Advisory Group and supports the identification process by considering new positions to be taken due to regulatory feedback and internal governance restructuring. The members of the group are selected by their support function leads from the Identified Staff Advisory Group to provide their functional expertise to the project, provide strategic insight and to develop deliverables, provide input or conduct analysis, as required, in support of the identification process

External advisors are engaged, as required, to provide practical and operational guidance on the implementation of the Identified Staff criteria and detailed insight to the regulatory implications of the decisions to be taken.

9.2 Remuneration Structure

SSBI's and SSHG's key remuneration components are as follows:

Fixed Remuneration

Base Salary and Benefits

Base Salary is one element of an employee's compensation, Employees' base salaries are determined by role, bank title and by a number of other factors such as individual performance, proficiency level, year-over-year increase guidelines, statutory requirements, budget and position to market, Employees are also entitled to various benefits (such as the company car scheme in Germany) based on their bank title/position in the hierarchical structure and their location.

Role Based Allowance

Role Based Allowance ("RBA") is an element of fixed remuneration for a very limited number of individuals and are designed to deliver compensation that is reflective of an individual's role, responsibility, experience, the competitive marketplace, and is in compliance with its regulatory obligations. The key characteristics of RBAs are:

- Determined on a non-discretionary, non-performance linked basis by pre-determined criteria
- Assessed for staff in comparable roles
- Contractual cash payment in equal monthly installments
- Not subject to deferral or performance conditions/adjustments

- Not fixed term, i.e. entitlement to payment only as long as the condition of a more demanding position, function or organizational responsibility, which forms the basis for the allowance, is met

Anyone receiving an RBA is provided with an RBA award letter outlining the reasons for receipt and the terms and conditions.

Long-Service Awards

Long-service awards rewarding loyalty to State Street are granted based on the tenure with the Company. Awards can be financial or non-financial and vary for the length of tenure and between countries.

Variable Remuneration

Variable Remuneration Plans

The Incentive Compensation Plan (“IC plan”) is an integral part of the compensation strategy as set out above, The IC Plan is the primary scheme for the provision of annual discretionary bonuses and is intended to produce superior results whilst not incentivizing inappropriate risk-taking, It is designed to provide the framework for making incentive awards for purposes of:

- Linking total compensation opportunities to organizational, business line, risk management and individual performance during the applicable performance period; and
- Attracting, retaining, rewarding and motivating professionals of the highest caliber.

Except as described below with respect to a small number of employees who participate in business unit structured incentive plans (“SIPs”), all employees are eligible to participate in the IC Plan. Employees participate in either the IC Plan or a SIP, but do not participate in both at the same time for variable pay purposes.

A small number of employees in client facing roles participate in SIPs, which aim to deliver variable remuneration to plan participants based in part on the financial results they generate. These SIPs also take into account non-financial qualitative performance indicators. In addition, all SIP participants receive sufficiently high fixed compensation in order to mitigate against potential incentives to take excessive risks. All SIPs are reviewed annually by the ICCC. An employee’s eligibility to participate in a SIP and all amounts paid under a SIP are subject to management approval.

The “Investment Services SIP” is a target-based plan with two components: a quantitative component based on financial metrics and a qualitative component based on non-financial metrics, The quantitative component is paid in cash, The qualitative component is made in the form of deferred equity granted in the first half of the following year (with a 4-year quarterly vesting). The “Global Link SIP” is made up of a discretionary component and a direct drive (or quota attainment) component. The former is based on a discretionary evaluation taking into consideration, amongst other factors, client relationship expansion, sales opportunities and success, and teamwork. The discretionary component is delivered in a mix of cash (delivered every six months) and equity (delivered annually with 4-year quarterly vesting). The direct drive component is based on financial metrics and delivered in a mix of cash (delivered quarterly) and equity (delivered annually with 4-year quarterly vesting). All awards are paid/granted provided the participant is employed by State Street in good standing on the award date. For Identified Staff, the SIP components are restructured to ensure the regulatory requirements for the delivery of the award are met.

Executive Vice Presidents (“EVPs”) and all EMB members generally have an IC target structure to provide additional structure for determining Incentive Compensation. The targets are based on each executive’s role and responsibilities, performance trend, competitive and market factors and internal equity. The payout may vary within a range of 0–200% and is determined based on corporate and individual performance.

Determination of the IC Pool and Individual Variable Remuneration

In a first step the corporate IC Program pool budget is established at the beginning of the year (during Q1) as approved by the HRC and accrued based on company performance. Throughout the year, the HRC may apply its discretion (positive or negative) based on its assessment of full-year company performance (financial, business, and risk management), market trends and other factors.

Secondly, the Chief Executive Officer (“CEO”) allocates IC pools to Executive Committee (“EC”) members for their respective business units or corporate functions based upon a variety of factors. The discretionary business unit allocation process entails the use of a business unit-level risk scorecard, which captures qualitative and quantitative data across ERM, Audit, Compliance, and Legal areas for every business unit and corporate function. Details on State Street’s Compensation Assessment Framework and Corporate Performance can be found in State Street’s 2022 Proxy Statement filed with the US Securities Exchange Commission and available publicly on its website.

Thirdly, EC members allocate sub-pools to heads of global businesses and functions while taking the overall pool for SSBI into account. Specifically, the CEO of SSBI participates in the process to provide a legal entity view. In a further step of legal entity view considerations, the CEO of SSBI provides each EMB member of SSBI with a pool guidance respective to their EMB remit.

Fourthly, the sub-allocation of the business unit bonus pool to an individual is then also further determined by an individual’s business manager with reference to the individual’s performance, which may be measured on both quantitative and qualitative criteria. At the level of SSBI, each EMB member formally signs off on all individual variable pay and salary proposals for employees working in SSBI, including all branches and subsidiaries within its remit. Afterwards, these sign offs are consolidated for the CEO of SSBI to review, challenge, and approve. The same applies for all secondees. In the same context, SSBI’s Finance Regulatory Reporting Team (with input from SSBI’s ERM, Treasury and Finance departments) analyzes the total amount of variable pay, any vesting deferred awards and severance payments from an affordability perspective against several Key Performance Indicators, in line with the requirements of section 7 of the IVV. The results of this analysis are reviewed and approved by the EMB prior to payout of variable remuneration.

Individual incentive awards are discretionary and are guided by the performance management system, as described below. In addition to the formal two-pronged risk adjustment process (ex-ante and ex-post compensation adjustments) described below, in making individual incentive awards, State Street (incl. SSBI) permits the use of discretionary adjustments to awards for both quantitative and qualitative criteria, including (but not limited to) compliance and risk performance factors, such as non-compliance with internal policies and procedures or significant audit findings, instances where there is a significant downturn in the financial performance of, or a material risk management failure in, State Street Group or a material business unit or subsidiary.

As the remuneration strategy is built on the business and risk strategies, performance goals for each employee will in their sum support the success on the achievement of the business and risk strategies.

Performance management system

SSBI’s performance management involves a collaborative planning process and ongoing assessments, enabling flexibility to account for evolving business priorities, more opportunities for professional challenge and discussions on risk excellence and better performance differentiation across the workforce Performance management at SSBI utilises a four-stage approach:

1. **Performance Priorities:** At the beginning of the year, managers and employees collaboratively set the employee’s Performance Priorities. Performance Priorities are personalized goals which are shorter term in nature and unique to the employeethat align with goals and strategy, business unit goals, and culture traits.

   Identified Staff who are not members of the management board within the meaning of section 1 (2) of the German Banking Act set their goals in accordance with applicable regulatory and internal requirements including weightings per goal; setting of both quantitative and qualitative goals; setting of goals at the level of SSBI, Identified Staff’s business unit/corporate function, and on the individual level; as well as the approximately equal weighting of goals between the different levels and between quantitative and qualitative goals. Moreover, certain Identified Staff who are seconded into SSBI apply the described goal setting process for the goals related to their secondment. Those Identified Staff who participate in a structured incentive plan (“SIP”) have pre-determined SIP goals, as specified in the plan rules, consisting of quantitative and qualitative goals. In order to align SIP goals and personal goals, SIP participants transpose their SIP goals into their personal goals.

For EMB members goals are set at the level of the legal entity, as well as at the level of the business unit/functional unit and individual level. The individual and business unit goals are both quantitative and qualitative with appropriate equal weightings. Moreover, throughout all levels both multi-year and single-year goals are established with a higher weighting put on the multi-year goals. This system of goal setting is applied to both collective EMB goals applicable to all EMB members and individual/business unit EMB goals.

EMB members and Identified Staff who are in ERM roles do not have revenue goals, but instead have goals that reflect the supervisory role they perform in managing risk.

2. **Monthly Check-Ins:** Managers are expected to have Monthly Check-Ins with each of their direct and dual reports. These coaching conversations should emphasize opportunities to review progress against existing Performance Priorities and make updates when necessary.

3. **Snapshots:** Managers evaluate employee progress against Performance Priorities and other performance components twice each year using assessments called SnapshotsSnapshot outcomes and commentary are made available to employees at the conclusion of the process.

4. **Year-End Performance Summary:** At year-end, managers assign employees a Year-End Performance Category to provide a holistic summary of the employee's performance for the year. The Performance Categories are Frequently Exceeded, Sometimes Exceeded, Achieved, Partially Achieved, Underperformed, and New Hire/Not Rated.

For the performance evaluation process for Identified Staff, the enhanced goals are taken into account relative to their weighting, but also the performance at the different levels and both qualitative as well as quantitative measurements are considered to holistically determine the final performance assessment.

Incentive Compensation

Structure of Variable Remuneration Awards under State Street's Corporate Design

For the 2022 performance year (paid in the first quarter of 2023), IC awards under State Street's corporate design consisted of deferred awards and immediate cash payments.

Under State Street's corporate design, all Deferred Awards are subject to a four-year deferral period and vest on a quarterly basis without the application of a retention period.

Deferred Equity is awarded in the form of Deferred Stock Awards ("DSAs") and Performance-Based Restricted Stock Units ("PRSUs"). DSAs are a contractual right to receive, on each vesting date, a set number of shares in the common stock of SSC, subject to affordability requirements and applicable terms, which may include malus, clawback, forfeiture, restrictive covenants and other conditions. The number of shares to be delivered on each vesting date is set at the award date but may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below. EVPs are eligible to receive PRSUs in addition to DSAs. The number of PRSUs ultimately earned is initially based on three equally-weighted financial performance metrics over a forward-looking three-year period, with a subsequent adjustment percentage applied to reflect shareholder return relative to a peer group comprised of companies contained in externally-established indices. A subsequent risk adjustment percentage is then applied to the resulting vesting results. The purpose of this risk adjustment overlay is to ensure that the calculation of PRSU vested awards includes a meaningful risk adjustment and is not based solely on financial metrics. The PRSUs may also be adjusted between the award date and vesting date through the ex-post performance measures.

In order to reduce employee concentration in State Street stock that would result from using equity instruments alone to deliver the entirety of the Deferred Award, State Street also uses a non-equity deferral vehicle, called the Deferred

Value Award ("DVA"). DVAs notionally track the value of a Money Market Fund and are delivered in cash on the vesting date. As with DSAs, DVAs may be adjusted between the award date and each vesting date through the ex-post performance adjustment measures described below.

Under State Street's corporate design, the allocation of immediate (i.e. cash) and deferred compensation (i.e. DSAs and DVAs) for employees up to EVPs is based on total value of an individual's 2022 IC. In general, the greater the amount of IC, the greater is the percentage that is paid as deferred awards. The deferred award is typically composed of equal percentages of DVAs and DSAs, resulting in employees at higher variable pay levels being awarded a higher percentage of equity, given their higher deferral percentage.

For the 2022 IC the following allocation regime has been used:

Table 46: Allocation of cash and deferred awards (in USD)

IC Min	IC Max	Allocated system for 2022	
		Non-deferred cash compensation	Deferred Compensation
0	120,000.00	100%	0%
120,000.01	150,000.00	75%	25%
150,000.01	175,000.00	70%	30%
175,000.01	200,000.00	65%	35%
200,000.01	250,000.00	60%	40%
250,000.01	500,000.00	45%	55%
500,000.01	800,000.00	40%	60%
800,000.01	1,000,000.00	30%	70%
1,000,000.01		25%	75%

Structure of IC Awards for Identified Staff[32]

For Identified Staff (including all EMB members), the IC award differs from State Street's corporate design and is based on relevant regulatory requirements. It is delivered in two separate elements, the immediate non-deferred award (an "Immediate Cash" award delivered in cash and an "Immediate Equity" award delivered in equity) and the deferred award (delivered partly in equity and partly in cash that notionally tracks a money market instrument). More significant deferral and instrument thresholds are in place for more senior staff, i.e. the higher the total amount of variable remuneration, the higher the percentage of variable remuneration that will be deferred. For 2022, 48 Identified Staff were exempt from regulatory variable remuneration payout rules. in accordance with section 18 (1) of the IVV.

Immediate Award (Immediate Cash and Immediate Equity)

The Immediate Award consists of at least 50% of Immediate Equity and of 50% or less of Immediate Cash. The Immediate Award is the portion of the IC that is delivered immediately following the date of communication of the award to the employee. This typically takes place during the first quarter following the performance year to which the award relates. An Immediate Equity award immediately vests in full upon grant but can only be sold or transferred after the retention period mentioned below under "Retention Period."

Deferred Award (DVA, DSA, and PRSU)

Identified Staff receive a Deferred Award, which is delivered partly in DVAs, DSAs, and PRSUs for EVPs.
Award Distribution for Identified Staff:

[32] Identified Staff receiving variable pay not more than 50k euros and that makes up no more than one-third of total compensation or who have been Identified Staff for less than three months are exempt from regulatory variable remuneration payout requirement (which for the time being, is deemed appropriate for the banking industry by BaFin). Instead, these Identified Staff receive their variable pay per State Street's corporate design based on variable pay amount

- Cash/Equity Split
  - At least 50% of Immediate Award delivered as Immediate Equity
  - At least 50% of Deferred Award delivered in equity (DSAs and PRSUs, if applicable)

- Deferral Amounts
  - At least 40% of IC delivered as Deferred Award
  - For EMB members and Identified Staff directly reporting to them, at least 60% of IC delivered as Deferred Award
  - For particularly high amounts, at least 60% of IC delivered as Deferred Award

- Deferral Period and Vesting Schedule
  - For EMB members and Identified Staff directly reporting to them DSAs vest on an annual pro-rata basis over five years following the award date. For all other Identified Staff DSAs vest on an annual pro-rata basis over four years following the award date. PRSUs vest annually in equal installments after the PRSU performance period for the remaining deferral period
  - For EMB members and Identified Staff directly reporting to them DVAs vest on an annual pro-rata basis over five years following the award date. For all other Identified Staff DVAs vest on an annual pro-rata basis over four years following the award date

- Retention Periods
  - All equity is subject to 12-month retention period post-vest during which the recipient is prohibited from sale or other transfer of the equity

Other Elements of Variable Pay

Guaranteed Variable Remuneration

can be made to justify such an award, this rationale will be reviewed along with the individual facts and circumstances of the award. Any such awards that are proposed must meet the following criteria:

- Awards may only be made in exceptional circumstances
- Awards must not last longer than 12 months after the start of employment (i.e., no multi-year guarantees)
- Awards are not granted if the immediately preceding activity of the staff member was in the same group
- Awards are paid only on condition that SSBI satisfies its affordability requirements at the time of grant and payout

Replacement of Previous Employer Award

Awards to new hires may be provided to compensate them for the loss of outstanding deferred awards related to previous performance years resulting from their termination of employment with their previous employer. Any such awards must meet the same criteria as the criteria for guaranteed variable remuneration mentioned above. Additionally, the quantum of such lost awards may not be exceeded. Furthermore, for Identified Staff the same requirements regarding deferral, payment in instruments, malus and clawback apply as for any variable remuneration.

Retention Awards

Additional variable remuneration may be awarded to retain staff members and forms part of the variable remuneration. Retention awards must meet the following criteria:

- Awards may only be made if there is a strong business case and its payment is aligned with the organizational and risk strategy
- Awards are subject to affordability and pay ratio requirements SSBI
- Identified Staff awards are subject to the requirements regarding deferral, payment in instruments, malus and clawback
- Awards are granted after the retention period/retention event has been achieved

Recognition awards

Certain employees are eligible for additional awards in recognition of their contributions that go beyond prescribed duties. These recognition awards form part of the variable remuneration. Identified Staff are not eligible for monetary recognition awards.

Discretionary Pension Contributions

SSBI does not operate any discretionary pension plans.

Severance

Severance payments are also considered variable pay. SSBI has established a specific severance framework with guidelines for the consideration of these types of payments in relation to the termination of an employment relationship, how severance payments should be structured and documented to comply with the IVV and the criteria for privileged severance payments which need not be considered for calculating the ratio between fixed and variable remuneration.

Maximum Pay Ratio

All individual variable pay is restricted to 2x fixed compensation in compliance with the maximum ratio permitted under Section 25a (5) KWG and Section 6 of the IVV (excluding control functions – see below). Shareholder approval has been obtained to extend the default maximum ratio from 1x fixed compensation to 2x fixed compensation according to section 25a (5) KWG and section 6 (5) of the IVV and such has been notified to BaFin and Deutsche Bundesbank.

Remuneration of Employees in Control Functions

Control Function roles are defined in section 2 (11) of the IVV as Internal Audit, ERM, Compliance and back office credit control and settlement functions. Employees in control function roles are subject to a lower, defined ratio of 0.5:1 (variable to fixed compensation) to reflect the risk control, monitoring and management functions these roles perform.

Control functions have reporting lines and performance goals which are independent from the business units which they supervise to avoid conflicts of interest and to ensure the objectivity and independence of the respective employees. The management for control functions is responsible for determining remuneration to control function staff, within overall State Street guidelines. Funding for these employees is based on overall corporate results and not by reference to the business units which individual control function employees supervise to avoid potential conflicts of interest.

Moreover, to avoid conflicts of interest in the remuneration system of employees in control functions, the performance criteria of those employees are not substantially aligned to performance criteria of organizational units overseen by them. Performance criteria may only be aligned at the level of the bank and not to a substantial amount. This is ensured via the predominant use of performance criteria specific to control functions.

Performance Adjustment Measures

Both “ex-ante” and “ex-post” adjustments are applied to the award process for Identified Staff.

Ex-ante adjustments may result from Corporate Risk scorecard outcomes, prepared by the CRO and confirmed by the RC. The Corporate Risk scorecard assesses performance against key risk areas, with significant underperformance reviewed to determine the need for adjustments for Identified Staff. The scorecard is overseen by the RC and is used by the HRC as an input into State Street’s corporate IC pool size process. The scorecard provides a composite view of State Street’s risks using a multi-factor framework that equally considers financial and non-financial risks and reflects ERM’s views of State Street’s current risk positioning, capabilities, and remediation status for each risk. The scorecard framework utilizes several different risk inputs and perspectives to assess State Street Group’s top risks and includes the financial risks, including market, credit, liquidity and capital adequacy, and non-financial risks, including operational execution, technology and operational resiliency and business conduct/ compliance.

The ex-ante adjustments would allow adjustments for the pool at Group level (based on the determination of the remuneration body that is responsible for the oversight of the remuneration of such Identified Staff) and can also reduce variable pay at the individual level. Performance against the scorecard metrics is completed using data sourced from various systems in State Street Group's control functions, including ERM, Finance and Treasury, among others. Poor risk performance, including significant or repeated compliance or risk-related violations of State Street's policies, may result in ex-ante adjustments to an individual's IC as part of a progressive discipline structure to hold individual employees accountable for risk performance.

It should be noted that it may be possible that an incident which is "material" from an SSBI perspective, may not be material enough to identify itself in the Corporate Risk Scorecard process at global level. SSBI has its own Risk Appetite metrics and, as such, there is an opportunity for SSBI to review threshold breaches, consider if they are a consequence of a remuneration design that allows excessive risk taking behavior and escalate accordingly to SSBI's responsible Remuneration bodies i.e. EMB and RemCo. SSBI's Risk Appetite metrics include relevant SSBI-specific thresholds corresponding to SSBI's risk tolerance. The captured risk categories encompass financial risks, non-financial risks, business risks, and other risks. Based on SSBI's business model and business environment, the following risk types have been identified as relevant:

- Investment portfolio mark-to-market risk
- Interest rate risk
- Pension obligation risk
- Credit risk
- Liquidity risk
- Operational risk
- Technology and resiliency risk
- Core compliance risk
- Strategic risk
- Model risk
- Reputational risk
- Market Risk
- Climate Risk

Before granting variable remuneration to Identified Staff, any negative deviations from agreed performance targets and misconduct by Identified Staff are considered in determining the grant amount (i.e., ex-ante risk adjustment). In case of negative deviations from agreed performance targets and/or misconduct, the grant amount can be reduced (and can be reduced to zero). Audit, Compliance, Legal and ERM reviews form part of possible performance adjustments for Identified Staff (internally termed the Identified Staff Red Flag Review). Aligned with the timing of Snapshots and the Year-End Summary, relevant SSBI Control Function Heads and the relevant SSBI Head of Legal jointly discuss conduct and non-conduct risk and compliance issues by Identified Staff employees. Based on the review the relevant feedback is provided to individual managers and they are asked to reflect any compliance and risk considerations in the Snapshots and/or Year-End Performance Category, including any relevant feedback from these meetings.

To provide for ex-post adjustments (after grant of award), a malus-based forfeiture provision has been additionally incorporated into the deferred IC awards for all Identified Staff. The provision provides for the reduction or cancellation of the amount remaining to be paid under the relevant award as well as clawback of awards paid in the event the remuneration body responsible for the oversight of the remuneration of such Identified Staff determined that the actions of the Identified Staff exposed SSBI to inappropriate risk and that exposure has resulted or could reasonably be expected to result in a material loss or losses that are or would be substantial in relation to the revenue, capital and overall risk tolerance of SSBI or a particular business of SSBI. This forfeiture provision permits the application, as appropriate, of a risk adjustment to the compensation of the responsible Identified Staff after the compensation is awarded. There is also a specific ex-post risk adjustment policy at SSBI's level that includes entity-sensitive criteria and thresholds.

In addition, the Deferred Award agreements for all employees (incl. non-Identified Staff) include a contractual provision requiring any unvested deferred awards to be forfeited in the case of termination on account of gross misconduct. Gross misconduct could include conduct that gives rise to a significant risk management failure in respect of State Street or a material business unit, which would place State Street at legal or financial risk. The terms and conditions applicable to incentive compensation awards, including the forfeiture provisions described above are contained in the applicable plan documents and individual award agreements. By accepting an award on the website of the third-party administrator, the recipients of such award acknowledge and agree that they understand and accept those forfeiture terms and the other terms and conditions applicable to the award.

Anti-circumvention and avoiding conflicts of interest, prohibition of hedging

All State Street staff are required to certify to the Standard of Conduct which prohibits them from short selling, hedging, purchasing or selling futures and options in State Street stock. In addition, appropriate compliance structures have been established to prevent hedging or other countermeasures by Identified Staff that may undermine or circumvent the risk adjustment applied to their variable remuneration in accordance with section 8 (2) 1 and 2 of the IVV. Identified Staff are explicitly prohibited from using personal hedging strategies or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. State Street’s Personal Account Dealing team oversees and administers personal investment policies in several areas of State Street’s business conducting particular regulated business activities or where employees have access to pre-trade information. In addition, the Remuneration Officer of SSBI verifies compliance with the prohibition of personal hedging and insurance strategies, which undermine the impact of the risk adjustment embedded in the remuneration arrangements, by performing yearly spot checks and in the event of concrete indication of the existence of a personal hedging strategy ad hoc checks.

The policies contain different requirements, tailored to the specific risk within each business area. For example, all purchases and sales of State Street stock outside of the IC schemes require prior clearance for certain employees. For these employees, broker statements are submitted which are reconciled to the employee records to ensure all trades have been submitted. There are also blackout periods for relevant staff which are implemented and monitored to ensure that no relevant employees trade State Street stock during such periods. Any violations are escalated to the HRC for consideration and action to be taken.

9.3 Quantitative Information

The following tables disclose the quantitative remuneration details according to Art. 450 CRR for the performance year 2022.

Table 47: EU REM1 – Remuneration awarded for the financial year (in kEUR)

			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	9	10	53	58
2		Total fixed remuneration	420	5,351	13,329	10,154
3		Of which: cash-based	420	5,351	13,329	10,154
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	0	0	0	0
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		Of which: other instruments	0	0	0	0
6		(Not applicable in the EU)				
7		Of which: other forms	0	0	0	0
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	9	10	53	58
10		Total variable remuneration	0	5,401	8,183	6,054
11		Of which: cash-based	0	2,100	3,812	3,033
12		Of which: deferred	0	1,301	2,155	1,400
EU-13a		Of which: shares or equivalent ownership interests	0	3,301	4,371	3,021
EU-14a		Of which: deferred	0	2,024	2,520	1,539
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-14b		Of which: deferred	0	0	0	0
EU-14x		Of which: other instruments	0	0	0	0
EU-14y		Of which: deferred	0	0	0	0
15		Of which: other forms	0	0	0	0
16		Of which: deferred	0	0	0	0
17	Total remuneration (2 + 10)		420	10,752	21,512	16,208

Table 48: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in kEUR)

		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-		3	1-
2	Guaranteed variable remuneration awards -Total amount	-		568	60
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-		-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0	0	0	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	1	1
7	Severance payments awarded during the financial year - Total amount	0	0	590	147
8	Of which paid during the financial year	0	0		
9	Of which deferred	0	0		
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0		
11	Of which highest payment that has been awarded to a single person	0	0		

Table 49: EU REM3 – Deferred remuneration (in kEUR)

	Deferred and retained remuneration	a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i,e,changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	0	0	0	0	0	0	0	0
2	Cash-based	0	0	0	0	0	0	0	0
3	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
4	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5	Other instruments	0	0	0	0	0	0	0	0
6	Other forms	0	0	0	0	0	0	0	0
7	MB Management function	9,669	2,740	6,929	0	0	0	2,740	2,110
8	Cash-based	3,100	630	2,470	0	0	0	630	0
9	Shares or equivalent ownership interests	6,569	2,110	4,459	0	0	0	2,110	2,110
10	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
11	Other instruments	0	0	0	0	0	0	0	0
12	Other forms	0	0	0	0	0	0	0	0
13	Other senior management	10,461	3,725	6,735	0	0	0	3,725	2,884
14	Cash-based	3,680	841	2,838	0	0	0	841	0
15	Shares or equivalent ownership interests	6,781	2,884	3,897	0	0	0	2,884	2,884
16	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
17	Other instruments	0	0	0	0	0	0	0	0
18	Other forms	0	0	0	0	0	0	0	0
19	Other identified staff	6,586	2,840	3,746	0	0	0	2,840	2,271
20	Cash-based	2,457	569	1,888	0	0	0	569	0
21	Shares or equivalent ownership interests	4,129	2,271	1,858	0	0	0	2,271	2,271
22	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
23	Other instruments	0	0	0	0	0	0	0	0
24	Other forms	0	0	0	0	0	0	0	0
25	Total amount	26,716	9,305	17,410	0	0	0	9,305	7,265

Table 50: EU REM4 – Remuneration of 1 million EUR or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	2
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	1
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

Table 51: EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in kEUR)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										130
2	*Of which: members of the MB*	9	10	19							
3	*Of which: other senior management*				4	0	0	16	9	24	
4	*Of which: other identified staff*				10	0	0	8	25	15	
5	**Total remuneration of identified staff**	**420**	**10,752**	**11,172**	**7,073**	**-**	**-**	**7,702**	**5,713**	**17,231**	
6	*Of which: variable remuneration*	-	5,401	5,401	3,131	-	-	2,762	1,048	7,296	
7	*Of which: fixed remuneration*	420	5,351	5,771	3,942	-	-	4,940	4,665	9,935	

The Supervisory Board received a remuneration with the amount of kEUR 420 in 2022 (previous year: kEUR 360).

10 Glossary

ABS	Asset-backed security
acc.	according
ALCO	GmbH Asset & Liability Committee
Art.	Article
AT	Allgemeiner Teil (General Part) der MaRisk
AT1	Additional Tier 1 Capital
BA	Bankenaufsicht (Banking Supervision)
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BCRC	Business Conduct Risk Committee
BetrAVG	Betriebsrentengesetz
bps	Basis point
CCB	Capital Conservation Buffer
CCF	Credit conversion factor
CCyB	Countercyclical Capital buffer
CECL	Current Expected Credit Loss
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CFP	Contingency Funding Plan
CLO	Collateralized Loan Obligations
CMRC	Credit and Market Risk Committee
Co.	Company
CRD IV	Capital Requirements Directive IV (Directive 2013/36/EU)
CRM	Credit risk mitigation
CRMT	Credit risk mitigation techniques
CRR	Capital Requirements Regulation (EU No. 575/2013)
CRR II	Capital Requirements Regulation (EU No. 648/2012)
CRSA	Credit risk standardised approach
CVA	Credit valuation adjustment
DMC	Development and Modification Committee
DSA	Deferred Stock Award
DVA	Deferred Value Award
e.g.	exempli gratia (for example)
EaD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
EDMC	Eterprise Data Management Committee
EHQLA	Extremely High Liquidity and Credit Quality Assets
EMB	Executive Management Board of SSB Intl GmbHSSBI
EMEA	Europe, Middle East and Africa
ERM	Enterprise Risk Management
ESMA	European Securities and Markets Authority
et seq.	and what follows
etc.	et cetera
EU	European Union
EUIS	EU Identified Staff
EUR	Euro
EVP	Executive Vice President
ff.	and the following
FINREP	Financial Reporting
FLoD	First Line of Defense

FX	Foreign Exchange
German GAAP	German Generally Accepted Accounting Principles (HGB)
GHR	Global Human Resources
GL	Guideline
GmbH	Gesellschaft mit beschränkter Haftung (Limited)
G-SII	Global systematically important institutions
GTRA	Global Transition Risk Assessment
HGB	Handelsgesetzbuch (German Commercial Code)
HQLA	High-Quality Liquid Assets
HRC	Human Resources Committee
i.c.w.	in conjunction with
i.e.	id est, that is
IC	Incentive Compensation
ICAAP	Internal Capital Adequacy Assessment Process
ICCC	Incentive Compensation Control Committee of SSC
ICS	Internal Control System
IDW RS BFA 3	Institute of Public Auditors in Germany, Incorporated Association, loss-free valuation of interest-related transactions in the banking book (interest book)
IFRS9	International Financial Reporting Standards 9
ILAAP	Internal Liquidity Adequacy Assessment Process
iMREL	Internal MREL
incl.	including
InstitutsVergV	Institutsvergütungsverordnung (German Remuneration Code)
InsO	Insolvency code (Insolvenzordnung)
IPC	Irrevocable payment commitment
IT	Information Technology
ITS	Implementing Technical Standard
kEUR	Thousand Euro
KG	Kommanditgesellschaft (Limited partnership)
KPI	Key Performance Indicator
KWG	Kreditwesengesetz (German Banking Act)
LCR	Liquidity Coverage Ratio
LGBTQ	Lesbian, Gay, Bisexual, Transgender and Queer
LLC	Limited Liability Company
LREM	Leverage Ratio Exposure Measure
MaComp	Minimum Requirements for the Compliance Function
MAFC	Model Assumptions and Forecast Committee
MaRisk	Minimum Requirements for Risk Management
MiFID	Markets in financial instruments Directive
MIS	Management Information System
MLP	Managing Limited Partner of SSEHG KG
mn.	Million
MRAC	Management Risk and Capital Committee
MREL	Minimum Required Eligible Liabilities
N/A	not available
NBPRA	New Business and Product Review and Approval
No.	Number
NPE	Non-Performing Exposures
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
NYSE	New York Stock Exchange
OCR	Overall Capital Requirement
P&L	Profit and Loss
p.a.	per annum

P2R	Pillar 2 requirement (Säule-2-Anforderungen)
PRSU	Performance Restricted Stock Unit
QRM	Quantitative Risk Management
RAS	Risk Appetite Statement
RBA	Role Based Allowance
RemCo	Remuneration Committee
RRP	Recovery & Resolution Plan
RTS	Regulatory Technical Standard
RWA	Risk-weighted assets
S&P	Standard & Poor's Rating Services
S.à r.l.	Société à responsabilité limitée (Luxembourgian limited company)
S.A.	Société Anonyme (Luxembourgian corporation)
S.p.A.	Società per Azioni (Corporation)
SA	Standardised Approach
SAG	Sanierungs- und Abwicklungsgesetz (German Act on the Recovery and Resolution of Credit Institutions)
SB	Supervisory Board
SEC-ERBA	Securitisation External Ratings Based Approach
Sent.	Sentence
SFM	State Street Finanz GmbH, Zurich, Switzerland
SFT	Securities Financing Transactions
SIP	Structured Incentive Plan
SLoD	Second Line of Defense
SME	Small and Medium-Sized Enterprise
SolvV	Solvabilitätsverordnung (German Solvency Regulation)
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SSAE 16	Statement on Standards for Attestation Engagements No. 16
SSBI	State Street Bank International GmbH
SSBL	State Street Bank Luxembourg S.C.A.
SSBT	State Street Bank & Trust Company
SSC	State Street Corporation
SSEHG Group	State Street Europe Holdings Germany Group
SSEHG KG	State Street Europe Holdings Germany S.à r.l. & Co. KG
SSEHL	State Street Europe Holdings Luxembourg S.à r.l
SSGA	State Street Global Advisors
SSHG	State Street Holdings Germany GmbH
SSIH	State Street International Holdings
STC	Supervisory Stress Test Committee
STS	Simple, transparent and standardised
SWIFT	Society for Worldwide Interbank Financial Telecommunications
T1	Tier 1 Capital
T2	Tier 2 Capital
TC	Total Capital
TCR	Total Capital Ratio
TEM	Total exposure measure
TLAC	Total Loss-Absorbing Capacity
TLoD	Third Line of Defense
TORC	Technology and Operational Risk Committee
TREA	Total Risk Exposure Amount
TSCR	Total SREP Capital Requirement
U.S.	United States
USA	United States of America
USD	US-Dollar

WWR	Wrong-way risk

11 Annex A – Supplementary disclosure tables

This appendix contains further disclsoure tables which have to be published as of December 31, 2022 and are included in the following for reasons of clarity and better readability

Table 52: EU LI1 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

		a	b	c	d	e	f	g
				Carrying values of items				
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published consolidated financial statements								
1	Cash reserves	1,694	1,694	1,694	0	0	1,320	0
3	Loans and advances to banks	35,290	35,290	35,262	0	0	13,909	28
4	Loans and advances to customers	4,476	4,476	3,202	0	1,274	1,555	0
5	Debt securities and other fixed-income securities	9,958	9,958	8,010	0	1,947	2,814	0
6	Equities and other variable yield securities	4	4	4	0	0	0	0
6a	Trading portfolio	623	623	0	327	0	623	0
9	Trust assets	58	58	0	0	0	0	58
11	Intangible assets	1,152	1,152	0	0	0	0	1,152
12	Property and equipment	31	31	31	0	0	0	0
14	Other assets	477	477	477	0	0	80	0
15	Prepaid Expenses	9	9	9	0	0	0	0
Total assets		**53,772**	**53,772**	**48,689**	**327**	**3,221**	**20,301**	**1,239**
Breakdown by asset classes according to the balance sheet in the published consolidated financial statements								
1	Liabilities to banks	747	747	0	0	0	468	279
2	Liabilities to customers	44,550	44,550	0	0	0	18,024	26,526
3a	Trading portfolio	622	622	0	326	0	622	0
4	Trust liabilities	58	58	0	0	0	0	58
5	Other liabilities	804	804	0	0	0	112	692
6	Deferred income	2	2	0	0	0	0	2
6a	Deferred tax liabilities	31	31	0	0	0	0	31
7	Provisions	385	385	0	0	0	0	385
8	Subordinated liabilities	1,136	1,136	0	0	0	1,136	0
10	Fund for general banking risks	91	91	0	0	0	0	91
11	Equity	5,322	5,322	0	0	0	0	5,322
12	Negative difference arising from capital consolidation	24	24					24
Total liabilities		**53,772**	**53,772**	**0**	**326**	**0**	**20,362**	**33,410**

Table 53: EU LI2 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	52,534	48,689	3,221	327	20,301
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	20,362	0	0	326	20,362
3	Total net amount under the scope of prudential consolidation	32,172	48,689	3,221	1	-61
4	Off-balance-sheet amounts	2,818	2,818	0	0	
5	Differences in valuations	0	-1	0	0	
6	Differences due to different netting rules, other than those already included in row 2	0	0	0	462	
7	Differences due to consideration of provisions	0	13	0	0	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	0	-7,580	0	0	
9	Differences due to credit conversion factors	0	-1,383	0	0	
10	Differences due to securitisation with risk transfer	0	0	0	0	
11	Other differences	0	-107	0	0	
12	Exposure amounts considered for regulatory purposes	46,197	42,449	3,221	464	63

Table 54: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of March 31, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	4,811	-	-	-	4,811
2	*Own funds*	4,811	-	-	-	4,811
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		46,670	-	1,082	20,347
8	*Operational deposits*		38,416	-	-	19,208
9	*Other wholesale funding*		8,254	-	1,082	1,139
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		895	186	402	495
12	*NSFR derivative liabilities*		-	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		895	186	402	495
14	**Total available stable funding (ASF)**					**25,653**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					324
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		9	-	-	4
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		13,329	65	5,045	5,203
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		5,026	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		8,032	-	520	1,181
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		44	-	1,306	1,132
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		227	65	3,219	2,890
25	Interdependent assets		-	-	-	-
26	Other assets:		1,282	5	1,505	1,744
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		28			28
30	*NSFR derivative liabilities before deduction of variation margin posted*		140			7
31	*All other assets not included in the above categories*		1,114	5	1,505	1,709
32	Off-balance sheet items		2,890	929	877	138
33	**Total RSF**					**7,413**
34	**Net Stable Funding Ratio (%)**					**346.04**

Table 55: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of June 30, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	5,074	-	-	-	5,074
2	*Own funds*	5,074	-	-	-	5,074
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		47,606	4	1,155	20,440
8	*Operational deposits*		38,480	-	-	19,240
9	*Other wholesale funding*		9,126	4	1,155	1,200
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		890	281	95	236
12	*NSFR derivative liabilities*		-	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		890	281	95	236
14	**Total available stable funding (ASF)**					**25,750**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					244
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		1	-	-	-
17	Performing loans and securities:		11,327	82	4,954	4,944
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		4,137	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		7,097	-	430	1,005
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		62	-	1,246	1,090
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		31	82	3,278	2,849
25	Interdependent assets		-	-	-	-
26	Other assets:		1,484	11	1,314	1,621
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		56			56
30	*NSFR derivative liabilities before deduction of variation margin posted*		257			13
31	*All other assets not included in the above categories*		1,171	11	1,314	1,552
32	Off-balance sheet items		2,924	698	881	138
33	**Total RSF**					**6,947**
34	**Net Stable Funding Ratio (%)**					**370.64**

Table 56: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of September 30, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	5,074	-	-	-	5,074
2	*Own funds*	5,074	-	-	-	5,074
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		48,075	-	1,227	19,543
8	*Operational deposits*		35,875	-	-	17,938
9	*Other wholesale funding*		12,200	-	1,227	1,605
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		1,109	117	143	201
12	*NSFR derivative liabilities*		-	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		1,109	117	143	201
14	**Total available stable funding (ASF)**					**24,818**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					148
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		12,062	122	4,528	4,788
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		2,378	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		9,523	-	422	1,128
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		71	-	1,265	1,111
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		90	122	2,841	2,549
25	Interdependent assets					
26	Other assets:		2,108	6	1,349	1,824
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		225			225
30	*NSFR derivative liabilities before deduction of variation margin posted*		568			28
31	*All other assets not included in the above categories*		1,315	6	1,349	1,571
32	Off-balance sheet items		2,005	1,052	1,025	112
33	**Total RSF**					**6,873**
34	**Net Stable Funding Ratio (%)**					**361.10**

Table 57: EU LIQ2 – Net Stable Funding Ratio of SSBI as of March 31, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	2,709	-	-	100	2,809
2	*Own funds*	2,709	-	-	100	2,809
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		47,546	-	1,082	20,347
8	*Operational deposits*		38,416	-	-	19,208
9	*Other wholesale funding*		9,130	-	1,082	1,139
10	Interdependent liabilities					
11	Other liabilities:		1,213	216	138	246
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		1,213	216	138	246
14	**Total available stable funding (ASF)**					**23,403**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					324
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		9			4
17	Performing loans and securities:		13,334	65	5,045	5,203
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		5,026	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		8,037	-	520	1,181
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		44	-	1,306	1,132
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		227	65	3,219	2,890
25	Interdependent assets					
26	Other assets:		1,253	10	368	595
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		28			28
30	*NSFR derivative liabilities before deduction of variation margin posted*		140			7
31	*All other assets not included in the above categories*		1,085	10	368	560
32	Off-balance sheet items		2,890	929	877	138
33	**Total RSF**					**6,264**
34	**Net Stable Funding Ratio (%)**					**373.59**

Table 58: EU LIQ2 – Net Stable Funding Ratio of SSBI as of June 30, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	2,709	-	-	100	2,809
2	*Own funds*	2,709	-	-	100	2,809
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		48,821	4	1,158	20,443
8	*Operational deposits*		38,480	-	-	19,240
9	*Other wholesale funding*		10,341	4	1,158	1,203
10	Interdependent liabilities					
11	Other liabilities:		832	338	95	265
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		832	338	95	265
14	**Total available stable funding (ASF)**					**23,517**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					426
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		1	-	-	-
17	Performing loans and securities:		11,325	82	4,954	4,943
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		4,137	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		7,095	-	430	1,004
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		62	-	1,246	1,090
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		31	82	3,278	2,849
25	Interdependent assets		-	-	-	-
26	Other assets:		1,425	15	298	577
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		56			56
30	*NSFR derivative liabilities before deduction of variation margin posted*		257			13
31	*All other assets not included in the above categories*		1,112	15	298	508
32	Off-balance sheet items		2,924	698	881	138
33	**Total RSF**					**5,904**
34	**Net Stable Funding Ratio (%)**					**398.34**

Table 59: EU LIQ2 – Net Stable Funding Ratio of SSBI as of September 30, 2022

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	2,709	-	-	100	2,809
2	*Own funds*	2,709	-	-	100	2,809
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		49,280	-	1,238	19,554
8	*Operational deposits*		35,875	-		17,938
9	*Other wholesale funding*		13,405	-	1,238	1,616
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	1,153	111	131	187
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		1,153	111	131	187
14	**Total available stable funding (ASF)**					**22,550**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					148
EU-15a	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		12,058	122	4,528	4,788
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		2,378	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		9,519	-	422	1,128
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		71	-	1,265	1,111
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		90	122	2,841	2,549
25	Interdependent assets		-	-	-	-
26	Other assets:		2,038	6	345	785
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*			-		-
29	*NSFR derivative assets*		225			225
30	*NSFR derivative liabilities before deduction of variation margin posted*		568			28
31	*All other assets not included in the above categories*		1,245	6	345	532
32	Off-balance sheet items		2,005	1,052	1,025	112
33	**Total RSF**					**5,834**
34	**Net Stable Funding Ratio (%)**					**386.54**

Table 60: EU CC1 – Composition of regulatory own funds

		SSEHG Group		SSBI	
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	1		109	
	of which: Instrument type 1	1	*F*	109	*P*
	of which: Instrument type 2				
	of which: Instrument type 3				
2	Retained earnings	-		462	
3	Accumulated other comprehensive income (and other reserves)	5,330	*G*	2,431	*Q, R*
EU-3a	Funds for general banking risk	82	*H*	82	*O*
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-		-	
5	Minority interests (amount allowed in consolidated CET1)	-		-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-		-	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**5,413**		**3,084**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(1)		(1)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,260)	*A, B, C*	(227)	*K, L*
9	Not applicable				
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-		-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-		-	
12	Negative amounts resulting from the calculation of expected loss amounts	-		-	
13	Any increase in equity that results from securitised assets (negative amount)	-		-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		-	
15	Defined-benefit pension fund assets (negative amount)	-		-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-		-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		-	
20	Not applicable				
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-		-	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-		-	
EU-20c	*of which: securitisation positions (negative amount)*	-		-	

		SSEHG Group		SSBI	
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-20d	*of which: free deliveries (negative amount)*	-		-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-		-	
22	Amount exceeding the 17,65% threshold (negative amount)	-		-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-		-	
24	Not applicable				
25	*of which: deferred tax assets arising from temporary differences*	-		-	
EU-25a	Losses for the current financial year (negative amount)	(340)	H, I	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-		-	
26	Not applicable				
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-		-	
27a	Other regulatory adjustments to T2 capital	(28)		(28)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,600)		(228)	
29	Common Equity Tier 1 (CET1) capital	3,786		2,829	
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts				
31	*of which: classified as equity under applicable accounting standards*				
32	*of which: classified as liabilities under applicable accounting standards*				
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1				
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1				
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1				
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties				
35	*of which: instruments issued by subsidiaries subject to phase out*				
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**				
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)				
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)				
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)				
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)				
41	Not applicable				
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)				
42a	Other regulatory adjustments to AT1 capital				
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital				
44	Additional Tier 1 (AT1) capital				

		SSEHG Group		SSBI	
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,786**		**2,829**	
	Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts			100	N
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR				
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2				
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2				
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties				
49	*of which: instruments issued by subsidiaries subject to phase out*				
50	Credit risk adjustments				
51	**Tier 2 (T2) capital before regulatory adjustments**			**100**	
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)				
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)				
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)				
54a	Not applicable				
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)				
56	Not applicable				
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)				
56b	Other regulatory adjustments to T2 capital				
57	**Total regulatory adjustments to Tier 2 (T2) capital**				
58	**Tier 2 (T2) capital**			**100**	
59	**Total capital (TC = T1 + T2)**	**3,786**		**2,929**	
60	**Total risk exposure amount**	**9,218**		**9,176**	
Capital ratios and requirements including buffers					
61	Common Equity Tier 1	41.07		30.82	
62	Tier 1	41.07		30.82	
63	Total capital	41.07		31.91	
64	Institution CET1 overall capital requirements	8.68		8.68	
65	of which: Capital conservation buffer requirement	2.50		2.50	
66	of which: Countercyclical capital buffer requirement	0.33		0.33	
67	of which: Systemic risk buffer requirement	-		-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-		-	
EU-67b	of which: Additional own funds requirements to address the risks other than the risk of excessive leverage	5.81		5.81	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**30.67**		**21.51**	

		SSEHG Group		SSBI	
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	4		4	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)				
74	Not applicable				
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)				
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)				
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	75		74	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)				
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach				
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements				
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)				
82	Current cap on AT1 instruments subject to phase out arrangements				
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)				
84	Current cap on T2 instruments subject to phase out arrangements				
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)				

Table 61: EU CCA – Main features of regulatory own funds instruments[33]

		Regulatory own funds instruments		
		SSEHG Group	SSBI	
		a	a	a
No.	Main features	Common Equity Tier 1 Capital Instruments: Subscribed Capital	Common Equity Tier 1 Capital Instruments: Subscribed Capital	Tier 2 Capital Instruments: Subordinated Loan
1	Issuer	State Street Europe Holdings Germany S.à r.l. & Co. KG	State Street Bank International GmbH	State Street Bank International GmbH
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
2a	Public or private placement	Private	Private	Private
3	Governing law(s) of the instrument	German law	German law	German law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	No
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-) consolidated	Consolidated	Solo and consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Limited partners' share in paid-up capital of a limited partnership as per Art. 28 CRR	GmbH share capital as per Art. 28 CRR	Subordinated loan as per Art. 63 CRR
8	Amount recognised in regulatory capital or eligible liabilities (currency in million, as of most recent reporting date)	1	109	100
9	Nominal amount of instrument	1	109	100
9a	Issue price	N/A	N/A	100
9b	Redemption price	N/A	N/A	100
10	Accounting classification	Limited partners' share in paid-up capital	Share capital	Subordinated debt
11	Original date of issuance	October 18, 2013	September 25, 1970 (foundation of the GmbH)	August 25, 2009
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	N/A	N/A	August 25, 2038
14	Issuer call subject to prior supervisory approval	No	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	The issuer may terminate the subordinated loan on any interest payment date by giving 30 calendar days' notice (such interest payment date is generally the 10th of January of each year) following a Tax Event or a Gross-Up Event.
16	Subsequent call dates, if applicable	N/A	N/A	N/A

[33] Items, which are not applicable for disclosure purposes are marked with "N/A" according to Annex II of ITS 2021/637

		Regulatory own funds instruments		
		SSEHG Group	SSBI	
		a	a	a
No.	Main features	Common Equity Tier 1 Capital Instruments: Subscribed Capital	Common Equity Tier 1 Capital Instruments: Subscribed Capital	Tier 2 Capital Instruments: Subordinated Loan
		Coupons / dividends		
17	Fixed or floating dividend/coupon	N/A	N/A	Fixed
18	Coupon rate and any related index	N/A	N/A	7.75% p.a.
19	Existence of a dividend stopper	N/A	N/A	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	N/A	N/A	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Convertible
24	If convertible, conversion trigger(s)	N/A	N/A	Convertible based on statutory rules only[34]
25	If convertible, fully or partially	N/A	N/A	Fully or partially[34]
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Write-down based on statutory rules only[34]	Write-down based on statutory rules only[34]	Write-down based on statutory rules only[34]
32	If write-down, full or partial	Fully or partially[34]	Fully or partially[34]	Fully or partially[34]
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1[35]	1[35]	3[36]
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to creditors of the insolvency proceedings	Subordinated to Tier 2 capital instruments	Subordinated to creditors of the insolvency proceedings
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	Table 63

[34] In case of statutory conversion or write-down rights the competent resolution authorities (Single Resolution Board, BaFin) decide based on the statutory rules regarding the application, scope and further features. Information for the rows below cannot reasonably be provided in advance.

[35] Common equity Tier 1 instruments, Section 199 of the Insolvency Code

[36] Tier 2 instruments, Section 39 (2) of the Insolvency Code

Table 62: EU CCA – Main features of eligible liabilities instruments

		Eligible liabilities instrument	
		SSBI	SSEHG Group
		a	a
1	Issuer	State Street Bank International GmbH	State Street Europe Holdings Germany S.à r.l & Co. KG
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	German law	German law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Eligible Liabilities	Eligible Liabilities
5	Post-transitional CRR rules	Eligible Liabilities	Eligible Liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Eligible Liabilities Instrument (Articles 72a (1) (a), 72b, 92b (1) CRR)	Eligible Liabilities Instrument (Articles 72a (1) (a), 72b, 92b (1) CRR)
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 1,060mn	EUR 1,060mn
9	Nominal amount of instrument	USD 1,200mn	USD 1,200mn
EU-9a	Issue price	1	1
EU-9b	Redemption price	100%	100%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	12/28/2021	12/28/2021
12	Perpetual or dated	Dated	Dated
13	Original maturity date	3/27/2024	3/27/2024
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	The Issuer may at its sole discretion terminate the loan (in whole but not in part) on any business day following a tax event or a regulatory event.	The Issuer may at its sole discretion terminate the Loan (in whole but not in part) on any business say following a tax event or a regulatory event.
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	SOFR + 0.287% per annum (payable quarterly)	SOFR + 0.287% per annum (payable quarterly)
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory in terms of timing (reasons for discretion	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Convertible	Convertible

		Eligible liabilities instrument	
		SSBI	SSEHG Group
		a	a
24	If convertible, conversion trigger(s)	Convertible based on statutory rules only[37]	Convertible based on statutory rules only[37]
25	If convertible, fully or partially	Fully or partially[37]	Fully or partially[37]
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger(s)	Write-down based on statutory rules only[37]	Write-down based on statutory rules only[37]
32	If write-down, full or partial	Fully or partially[37]	Fully or partially[37]
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	4[38]	4[38]
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior to Tier 2 instruments, AT1 instruments, CET1 instruments, and junior to any other claims	Senior to Tier 2 instruments, AT1 instruments, CET1 instruments, and junior to any other claims
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A

[37] In case of statutory conversion or write-down rights the competent resolution authorities (Single Resolution Board, BaFin) decide based on the statutory rules regarding the application, scope and further features. Information for the rows below cannot reasonably be provided in advance

[38] Claims subordinated by virtue of a contractual subordination clause not specifying the pertinent rank (other than Additional Tier 1 or Tier 2 instruments) acc. to section 39 (2) InsO

Table 63: Additional Terms and Conditions of the subordinated loan of the SSBI according to Art. 437 c) CRR

Terms of the Contract	Details of the respective term
Interest Payment Date	"Interest Payment Date" means with respect to each Interest Period 10 January of the year following such Interest Period, with the first Interest Payment Date being 10 January 2010. If the audited unconsolidated annual financial statements of the Bank for the financial year immediately preceding such 10 January are, however, not available on such date, the Interest Payment Date shall be the third Business Day following the day on which the audited unconsolidated financial statements of the Bank regarding the financial year immediately preceding such 10 January are approved by the shareholders meeting. If, however, any Interest Payment Date is not a Business Day, the Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not). "Business Day" means any day on which banks are open for general business in Germany (Clause 2.1).
Day Count Convention	Act/360
Interest Payments	Interest accrued during an Interest Period shall be payable on the related Interest Payment Date in accordance with Clause 2.1 only to the extent that the annual result, not taking into account the impact of any profit and loss transfer agreement in place, plus interest expenses on the loan documented by the Agreement which have been charged to the profit and loss statement, result in a positive amount.
Arrear of Interest Payments	The Bank must pay outstanding Arrear if Interest (in whole or in case of (i) below in whole or in part), on the earlier of: (i) the next Interest Payment Date on which and to the extent the Unconsolidated Financial Statements for the year immediately preceding such Interest Payment Date show an annual profit that exceeds the amount of Interest payable on such Interest Payment Date (ii) the Early Repayment Date, and (iii) the Maturity Date.
Subordination	The Lender irrevocably subordinates all its claims under this Agreement, including (without limitation) for repayment of principal and payment of Interest, (hereinafter, the "Claims" and each a "Claim") to the claims of all other present and future unsubordinated creditors and the claims of all other present and future subordinated creditors of the Bank. The Claims shall rank prior to any claims or rights of the shareholders of the Bank for liquidation proceeds or repayment of share capital. In the event of the dissolution, liquidation, insolvency or any proceeding for the avoidance of insolvency of the Bank, no amounts shall be payable under this Agreement until the claims against the Bank arising from the unsubordinated obligations and other subordinated obligations shall first have been satisfied in full. Any Claim shall only become payable if and to the extent the payment of such Claim would not result in an insolvency of the Bank. The Lender may not set off any claim arising under the Loan against any claims that the Bank may have against the Lender and may not exercise any retention right in respect thereof. The rights of the Lender are not secured by any form of security provided by the Bank or third person, and such security will not be provided at any time during the term of this Agreement. This Agreement shall not constitute a profit participation right of the Lender in respect of the Bank or a silent partnership of the Lender in the Bank or a profit participating loan between the Lender and the Bank.
Limited Recourse	So long as a support agreement by and among State Street Corporation, State Street Bank and Trust Company and other parties within the State Street group is in effect, then for a period of 180 days following the occurrence of a recapitalization event, or such longer period as the Bank and the Lender shall agree upon in writing (such period of time, the "Limited Recourse Period"), no Claim shall be paid from funds, cash or other assets provided, directly or indirectly and in any form (including as equity, debt or otherwise), to the Bank by any of its affiliates (such funds, cash or assets and any proceeds thereof, the "Affiliate Financial Support"), for purposes of providing capital and/or liquidity support to the Bank as contemplated under the support agreement. During the Limited Recourse Period, the Lender shall not look to the Affiliate Financial Support to satisfy any Claim, shall not take any enforcement action with respect to the Affiliate Financial Support, and shall deliver to the Bank all of the Affiliate Financial Support, if any, which comes into the Lender's possession. The foregoing limitation on the Lender's recourse to the Affiliate Financial Support shall continue to be in effect in the event of dissolution, liquidation or insolvency of the Bank during the Limited Recourse Period. The Limited Recourse Period shall go into effect immediately, automatically and without the need for any action (including any notice to the Lender) by the Bank, upon the occurrence of a recapitalization event. The Bank may, but is not obligated to, notify the Lender of (i) the start of the Limited Recourse Period, and (ii) the funds, cash, assets and proceeds thereof which constitute Affiliate Financial Support; and each such notice shall be conclusive and binding on the Lender absent manifest error.
Termination of the Loan Agreement by Lender	Termination of this Loan Agreement by the Lender shall be excluded.
Regulatory Notice	Following the conclusion of this Agreement (i) the subordination described above cannot be subsequently restricted and (ii) the term or notice periods cannot be subsequently shortened. The amount of an early repayment, if any, is to be repaid to the Bank - notwithstanding any agreement to the contrary - unless the competent authority has given its prior permission to the early repayment.
Transfer Rights	Any assignment or other disposal (e.g. by way of a pledge) of claims of the Lender under this Loan Agreement requires the prior written consent of the Bank. The assignment or other disposal must not result in the Lender incurring additional charges such as investment income tax or other withholding taxes, any estate tax, trade tax or other income tax.
Taxation	All payments due under this Agreement will be made without deduction or withholding for or on account of current of future taxes, duties or charges levied or collected by or on behalf of the Federal Republic of Germany, or by or on behalf of any political subdivision or authority therein or thereof having the power to tax, unless such deduction or withholding is required by law.

Table 64: Description of policies for securing collateral and establishing credit reserves (Art. 439 b) CRR)

Notes to the consolidated financial statements	Description
Accounting and Valuation methods	Derivative financial instruments are used by SSBI to hedge currency risks of individual underlying transactions, to manage the balance sheet structure, and to streamline management of collateral and they are also used in the trading portfolio. • Derivatives that are assigned to the Global Markets area comprise FX forwards, FX spots, FX swaps, and non-deliverable forwards (NDFs). These derivatives may be concluded backto-back with State Street Bank & Trust Company, Boston, USA (SSBT), or with external counterparties. Derivatives in the Global Markets area are allocated exclusively to the trading portfolio. • Derivatives that are assigned to the Global Treasury area comprise FX swaps and are concluded with SSBT in order to swap two currencies (normally USD and EUR) using FXs pot transactions as part of the management of the balance sheet structure. These will be reversed using FX forward transactions at a later date that was set upon entering into the swap. Financial instruments (including both positive and negative market values of derivative financial instruments) in the trading portfolio are valued at fair value minus a value-at-(VAR) discount. Any changes in fair value are recorded in the net income or net expenses of the trading portfolio, and reported accordingly on the asset or liabilities side of the balance sheet. The VaR is applied as a deduction from the trading portfolio on the asset side, in order to account for any profit realization risks. The risk discount is calculated based on a ten-day holding period and a 99% confidence level. In addition to the risk discount relating to the fair value valuation, there is a de facto distribution block applied to the net income from the trading portfolio, given that a certain proportion of the net income from the trading portfolio must be added to the fund for general banking risks each year. This amount represents at least 10% of the net income of the trading portfolio (after the risk discount is applied) and must not exceed the total net income of the trading portfolio for the fiscal year. The allocation continues to be applied until this special item reaches the level of 50% of the average net income of the trading portfolio for the last five years after the risk discount. The item may be reversed to offset a net expense in the trading portfolio, or once the 50% limit is exceeded. The FX swaps used by Global Treasury to manage the balance sheet structure serve to hedge the foreign currency risk in the banking book resulting from different asset and foreign currency positions in the same currency. They are taken into consideration when determining the special cover (see also below for foreign currency conversion) The business activities of SSBI generally do not allow a direct allocation between individual interest based financial assets and liabilities. Regardless of this, there is a recognized economic relationship (refinancing) in case law between these transactions, on account of the business objectives (to generate a margin from the interest business). The imparity principle enshrined in German commercial law is applied to all financial instruments in the banking book by recognizing, for a net liability that arises from the valuation of the entire banking book, a provision pursuant to Sec. 340a in conjunction with Sec. 249 (1) Sentence 1, Alt. 2 HGB. The bank applies the net present value method to calculate the provision for onerous contracts. For this the Group uses the Quantitative Risk Management (QRM) model, which is used across the whole of the State Street Corporation group. This model simulates both the financial services regulatory interest shock scenarios for the banking book (required by BaFin), and additional scenarios for changes in the net present value of the balance sheet. In accordance with circular 3 of the IDW BFA (Technical Banking Committee), as amended, a provision for onerous contracts is recorded if the net present value of the entire banking book is lower than the carrying amount of the banking book, meaning that there are net unrealized losses in the banking book. The future discounted cash flows expected from the banking book based on current agreements is compared to the net carrying amount of interest-bearing assets and liabilities. Any risk and administrative costs that are incurred need to be considered as well. There was no lack of cover as of the December 31, 2022, balance sheet date.

Table 65: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of countercyclical buffer of SSEHG Group

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010 **Breakdown by country**													
001 United Arab Emirates	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
002 Republic of Albania	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
003 Republic of Austria	68	-	-	-	-	68	2	-	-	2	-	0.40	0.00
004 Australia	23	-	-	-	-	23	2	-	-	2	-	0.38	0.00
005 Kingdom of Belgium	27	-	-	-	-	27	2	-	-	2	-	0.43	0.00
006 Bermuda	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
007 Canada	55	-	-	-	-	55	4	-	-	4	1	0.88	0.00
008 Swiss Confederation	70	-	-	-	-	70	6	-	-	6	1	1.13	0.00
009 People's Republic of China	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
010 Federal Republic of Germany	690	-	-	-	-	690	55	-	-	55	7	11.10	0.00
011 Kingdom of Denmark	8	-	-	-	-	8	1	-	-	1	-	0.13	2.00
012 Republic of Estonia	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
013 Kingdom of Spain	111	-	-	-	101	212	1	-	1	3	-	0.57	0.00
014 Republic of Finland	88	-	-	-	-	88	1	-	-	1	-	0.14	0.00
015 French Republic	199	-	-	-	213	411	16	-	2	18	2	3.66	0.00
016 Great Britain and Northern Ireland	1,011	-	-	-	-	1,011	81	-	-	81	10	16.26	1.00
017 Guernsey	28	-	-	-	-	28	2	-	-	2	-	0.45	0.00
018 Gibraltar	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
019 Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
020 Ireland	188	-	-	-	1,877	2,065	15	-	30	45	6	9.02	0.00
021 State of Israel	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
022 Italian Republic	194	-	-	-	216	410	15	-	5	20	2	3.93	0.00
023 Jersey	47	-	-	-	-	47	4	-	-	4	-	0.76	0.00
024 Japan	5	-	-	-	-	5	-	-	-	-	-	0.07	0.00
025 Korea, Republic of	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
026 Cayman Islands	5	-	-	-	95	99	-	-	2	2	-	0.38	0.00

027	Principality of Liechtenstein	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
028	Grand Duchy of Luxembourg	1,777	-	-	-	172	1,948	144	-	1	146	18	29.25	0.50
029	Republic of Malta	2	-	-	-	-	2	-	-	-	-	-	0.04	0.00
030	Kingdom of Netherlands	131	-	-	-	496	626	10	-	6	16	2	3.24	0.00
031	Kingdom of Norway	32	-	-	-	-	32	3	-	-	3	-	0.51	2.00
032	Portuguese Republic	-	-	-	-	11	11	-	-	-	-	-	0.04	0.00
033	Russian Federation	6	-	-	-	-	6	1	-	-	1	-	0.13	0.00
034	Kingdom of Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
035	Kingdom of Sweden	25	-	-	-	-	25	2	-	-	2	-	0.40	1.00
036	Republic of Singapore	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
037	Kingdom of Thailand	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
038	Taiwan, Province of China	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
039	United States of America	3,384	-	-	-	41	3,425	80	-	1	81	10	16.25	0.00
040	Other Countries	28	-	-	-	-	28	2	-	-	2	-	0.45	0.00
041	Republic of South Africa	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
020	Total	8,201	-	-	-	3,221	11,422	450	-	48	498	62	100.00	

Table 66: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of countercyclical buffer of SSBI

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	Breakdown by country													
001	United Arab Emirates	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
002	Republic of Albania	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
003	Republic of Austria	68	-	-	-	-	68	2	-	-	2	-	0.41	0.00
004	Australia	23	-	-	-	-	23	2	-	-	2	-	0.38	0.00
005	Kingdom of Belgium	27	-	-	-	-	27	2	-	-	2	-	0.44	0.00
006	Bermuda	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
007	Canada	55	-	-	-	-	55	4	-	-	4	1	0.88	0.00
008	Swiss Confederation	70	-	-	-	-	70	6	-	-	6	1	1.14	0.00
009	People's Republic of China	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
010	Federal Republic of Germany	690	-	-	-	-	690	55	-	-	55	7	11.15	0.00
011	Kingdom of Denmark	8	-	-	-	-	8	1	-	-	1	-	0.13	2.00
012	Republic of Estonia	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
013	Kingdom of Spain	111	-	-	-	101	212	1	-	1	3	-	0.57	0.00
014	Republic of Finland	88	-	-	-	-	88	1	-	-	1	-	0.14	0.00
015	French Republic	199	-	-	-	213	411	16	-	2	18	2	3.67	0.00
016	Great Britain and Northern Ireland	1,011	-	-	-	-	1,011	81	-	-	81	10	16.33	1.00
017	Guernsey	28	-	-	-	-	28	2	-	-	2	-	0.45	0.00
018	Gibraltar	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
019	Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
020	Ireland	188	-	-	-	1,877	2,065	15	-	30	45	6	9.06	0.00
021	State of Israel	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
022	Italian Republic	194	-	-	-	216	410	15	-	5	20	2	3.95	0.00
023	Jersey	47	-	-	-	-	47	4	-	-	4	-	0.76	0.00
024	Japan	5	-	-	-	-	5	-	-	-	-	-	0.07	0.00
025	Korea, Republic of	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
026	Cayman Islands	5	-	-	-	95	99	-	-	2	2	-	0.38	0.00
027	Principality of Liechtenstein	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
028	Grand Duchy of Luxembourg	1,777	-	-	-	172	1,948	144	-	1	146	18	29.38	0.50

029	Republic of Malta	2	-	-	-	-	2	-	-	-	-	-	0.04	0.00
030	Kingdom of Netherlands	131	-	-	-	496	626	10	-	6	16	2	3.25	0.00
031	Kingdom of Norway	32	-	-	-	-	32	3	-	-	3	-	0.52	2.00
032	Portuguese Republic	-	-	-	-	11	11	-	-	-	-	-	0.04	0.00
033	Russian Federation	6	-	-	-	-	6	1	-	-	1	-	0.13	0.00
034	Kingdom of Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
035	Kingdom of Sweden	25	-	-	-	-	25	2	-	-	2	-	0.40	1.00
036	Republic of Singapore	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
037	Kingdom of Thailand	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
038	Taiwan, Province of China	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
039	United States of America	3,384	-	-	-	41	3,425	80	-	1	81	10	16.32	0.00
040	Other Countries	2	-	-	-	-	2	-	-	-	-	-	0.03	0.00
041	Republic of South Africa	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
020	Total	8,174	-	-	-	3,221	11,395	448	-	48	495	62	100.00	

Table 67: EU CR1 – Performing and non-performing exposures and related provisions for SSEHG Group

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2			
005	Cash balances at central banks and other demand deposits	32,990	-	-	5	-	-	-	-	-	-	-	-	-	4,306	-
010	Loans and advances	8,415	-	-	73	-	-	-20	-	-	-3	-	-	-	3,256	-
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	3,989	-	-	-	-	-	-	-	-	-	-	-	-	3,256	-
050	*Other financial corporations*	3,106	-	-	0	-	-	-5	-	-	0	-	-	-	-	-
060	*Non-financial corporations*	1,320	-	-	73	-	-	-15	-	-	-3	-	-	-	-	-
070	*Of which SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	*Households*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	9,958	-	-	-	-	-	-	-	-	-	-	-	-	179	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	4,261	-	-	-	-	-	-	-	-	-	-	-	-	20	-
120	*Credit institutions*	459	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	5,126	-	-	-	-	-	-	-	-	-	-	-	-	136	-
140	*Non-financial corporations*	95	-	-	-	-	-	-	-	-	-	-	-		22	-
150	Off-balance-sheet exposures	4,640	-	-	-	-	-	2	-	-	-	-	-		-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
180	*Credit institutions*	-	-	-		-	-	-	-	-	-	-	-		-	-
190	*Other financial corporations*	4,547	-	-	-	-	-	1	-	-	-	-	-		-	-
200	*Non-financial corporations*	87	-	-	-	-	-	1	-	-	-	-	-		-	-
210	*Households*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
220	Total	14,597	-	-	78	-	-	-18	-	-	-3	-	-	-	7,741	-

Table 68: EU CR1 – Performing and non-performing exposures and related provisions for SSBI

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	Performing exposures	Non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 2			Performing exposures – accumulated impairment and provisions
005	Cash balances at central banks and other demand deposits	32,986	-	-	5	-	-	-	-	-	-	-	-	-	4,306	-
010	Loans and advances	8,415	-	-	73	-	-	-20	-	-	-3	-	-	-	3,256	-
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	3,989	-	-	-	-	-	-	-	-	-	-	-	-	3,256	-
050	*Other financial corporations*	3,106	-	-	0	-	-	-5	-	-	0	-	-	-	-	-
060	*Non-financial corporations*	1,320	-	-	73	-	-	-15	-	-	-3	-	-	-	-	-
070	*Of which SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
080	*Households*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	9,958	-	-	-	-	-	-	-	-	-	-	-	-	214	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	4,261	-	-	-	-	-	-	-	-	-	-	-	-	20	-
120	*Credit institutions*	459	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	5,143	-	-	-	-	-	-	-	-	-	-	-	-	172	-
140	*Non-financial corporations*	95	-	-	-	-	-	-	-	-	-	-	-		22	-
150	Off-balance-sheet exposures	4,641	-	-	-	-	-	2	-	-	-	-	-		-	-
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
180	*Credit institutions*	-	-	-		-	-	-	-	-	-	-	-		-	-
190	*Other financial corporations*	4,547	-	-	-	-	-	1	-	-	-	-	-		-	-
200	*Non-financial corporations*	87	-	-	-	-	-	1	-	-	-	-	-		-	-
210	*Households*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
220	Total	23,012	-	-	73	-	-	-18	-	-	-3	-	-	-	7,777	-

Table 69: EU CQ3 – Credit quality of performing and non-performing exposures by past due days SSEHG Group

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or Past due < 30 days	Past due >30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	32,990	32,990	-	5	5	-	-	-	-	-	-	5
010	Loans and advances	8,415	8,413	2	73	73	0	0	0	0	0	0	0
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	0	0	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	3,989	3,989	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	3,106	3,105	2	0	-	0	0	0	0	0	0	0
060	Non-financial corporations	1,320	1,320	-	73	73	-	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
080	Households	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt Securities	9,958	9,958	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	4,261	4,261	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	459	459	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	5,143	5,143	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	95	95	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	4,640	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	5	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	4,547	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	87	-	-	-	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	56,002	51,361	2	78	78	0	0	0	0	0	0	5

Table 70: EU CQ3 – Credit quality of performing and non-performing exposures by past due days SSBI

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or Past due < 30 days	Past due >30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	32,986	32,986	-	5	5	-	-	-	-	-	-	5
010	Loans and advances	8,414	8,413	2	73	73	0	0	0	0	0	0	0
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	0	0	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	3,989	3,989	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	3,106	3,105	2	0	-	0	0	0	0	0	0	0
060	Non-financial corporations	1,320	1,320	-	73	73	-	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
080	Households	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt Securities	9,958	9,958	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	4,261	4,261	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	459	459	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	5,143	5,143	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	95	95	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	4,640	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	5	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	4,547	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	87	-	-	-	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	55,998	51,357	2	78	78	0	0	0	0	0	0	5

Table 71: EU CR5 – Standardised approach – Risk exposure amounts after CRM broken down by risk weights and exposure classes SSEHG Group

	Exposure classes	Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	of which unrated
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	33,989	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,989	33,989
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	460	460
4	Multilateral development banks	269	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269	269
5	International organisations	286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286	286
6	Institutions	-	-	-	-	1,873	-	-	-	-	-	-	-	-	-	-	1,873	1,873
7	Corporates	-	-	-	-	416	-	-	-	-	4,810	-	-	-	-	-	5,226	5,226
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	5	-	-	-	-	5	5
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	1	-	-	-	-	-	-	-	-	-	-	-	-	2	-	3	3
15	Equity	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	1
16	Other items	-	-	-	-	-	-	-	-	-	336	-	-	-	-	-	336	336
17	**Total**	**35,005**	**-**	**-**	**-**	**2,289**	**-**	**-**	**-**	**-**	**5,147**	**5**	**-**	**-**	**2**	**-**	**42,449**	**42,449**

Table 72: EU CR5 – Standardised approach – Risk exposure amounts after CRM broken down by risk weights and exposure classes SSBI

		Risk weight																
	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	of which unrated
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	33,989	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,989	33,989
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	460	460
4	Multilateral development banks	269	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269	269
5	International organisations	286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286	286
6	Institutions	-	-	-	-	1,870	-	-	-	-	-	-	-	-	-	-	1,870	1,870
7	Corporates	-	-	-	-	416	-	-	-	-	4,810	-	-	-	-	-	5,226	5,226
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	5	-	-	-	-	5	5
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	1	-	-	-	-	-	-	-	-	-	-	-	-	2	-	3	3
15	Equity	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	1
16	Other items	-	-	-	-	-	-	-	-	-	310	-	-	-	-	-	310	310
17	Total	35,005	-	-	-	2,287	-	-	-	-	5,121	5	-	-	2	-	42,420	42,420

Table 73: EU SEC1 – Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Subtotal	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	**Total exposures**	-	-	-	-	-	-	-	-	-	-	-	**881**	**2,340**	-	**3,221**
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	436	52	-	489
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	314	37	-	351
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	123	15	-	138
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	445	2,287	-	2,733
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	2,255	-	2,255
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	445	32	-	477
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 74: EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	1250% RW / deductions
1	**Total exposures**	**3,041**	**180**	**-**	**-**	**-**	**-**	**3,221**	**-**	**-**	**-**	**596**	**-**	**-**	**-**	**48**	**-**	**-**
2	Traditional) securitisation	3,041	180	-	-	-	-	3,221	-	-	-	596	-	-	-	48	-	-
3	Securitisation	3,041	180	-	-	-	-	3,221	-	-	-	596	-	-	-	48	-	-
4	Retail underlying	341	148	-	-	-	-	489	-	-	-	79	-	-	-	6	-	-
5	Of which STS	312	124	-	-	-	-	436	-	-	-	63	-	-	-	5	-	-
6	Wholesale	2,700	32	-	-	-	-	2,733	-	-	-	517	-	-	-	41	-	-
7	Of which STS	445	-	-	-	-	-	445	-	-	-	54	-	-	-	4	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

12 Annex B – Disclosure index

Table 75: CRR Requirements – Disclosure index

CRR Article	Regulatory Requirements (Brief Description)	Chapter No. in the report	Table No. in the report	Not relevant tables
431 (1) –(5)	Disclosure requirements and policies	Chapter 1.1 Chapter 1.2	-	-
432 (1) – (3)	Non-material, proprietary or confidential information	Chapter 1.1 Chapter 1.2 Chapter 1.4	-	-
433 i.V.m. 433a (1) – (3)	Frequency and scope of disclosures; Disclosures by large institutions	Chapter 1.1 Chapter 4.2	-	-
433b (1) – (2)	Disclosures by small and non-complex institutions	n/a	-	-
433c (1) – (2)	Disclosures by other institutions	n/a	-	-
434 (1) –(2)	Means of disclosures	Chapter 1.1	-	-
434a	Uniform disclosure formats	Chapter 1.1	-	-
435 (1), a), c), d)	Disclosure of risk management objectives and policies	Chapter 3.3	Table 3	-
435 (1) b)	Structure and organisation of the relevant risk management function	Chapter 3.1	-	-
435 (1) e)	Declaration approved by the management body on the adequacy of the risk management arrangements	Chapter 3.6	-	-
435 (1) f)	Concise risk statement approved by the management body	Chapter 3.7	Table 13	-
435 (2) a) - c)	Governance arrangements	Chapter 3.8	Table 14 Table 15 Table 16	-
435 (2) d) – e)	Governance Bodies and Committees	Chapter 3.2	-	-
436 a)	The name of the institution to which this Regulation applies	Chapter 1.1	-	-
436 b) -d)	Disclosure of the scope of application	Chapter 2.3.1 Annex A	EU LI1 EU LI2 EU LI3	-
436 e); g) – h)	Disclosure of the scope of application	n/a	-	EU PV1
436 f)	Impediment to the prompt transfer of own funds	Chapter 2.3.3	-	-
437 a) – f)	Disclosure of own funds	Chapter 4.1 Annex A	EU CC1 EU CC2 i.c.w. Table 19 EU CCA EU CCA Table 63	-
437a a) -d)	Own funds and eligible liabilities	Chapter 4.2	EU ILAC	EU KM2 EU TLAC1 EU TLAC2a/ EU TLAC2b EU TLAC3a/ EU TLAC3b
438 a) – d)	Disclosure of own funds requirements and risk-weighted exposure amounts	Chapter 4.3	EU KM1 EU OV1	-
438 e) – h)	Disclosure of own funds requirements and risk-weighted exposure amounts	n/a	-	EU INS1 EU INS2 EU CR10
439 a) - i), l) – m)	Disclosure of exposures to counterparty credit risk	Chapter 5.5 Annex A	EU CCR1 EU CCR2 EU CCR3 EU CCR5 Table 64	EU CCR4 EU CCR6 EU CCR7 EU CCR8
439 i) - k)	Disclosure of exposures to counterparty credit risk	n/a	-	-
440 a) -b)	Disclosure of countercyclical capital buffers	Chapter 4.5 Annex A	EU CCyB1 EU CCyB2	-
441	Disclosure of indicators of global systemic importance	n/a	-	-
442 a) – b)	Disclosure of exposures to credit risk and dilution risk	Chapter 5.1	-	-
442 c) – g)	Disclosure of non-performing and forborne exposures	Chapter 5.2 Annex A	Table 25 EU CQ3 EU CQ4 EU CQ5 EU CR1-A EU CR1 EU CR2	EU CQ1 EU CQ7 EU CR2a EU CQ2 EU CQ6 EU CQ8

CRR Article	Regulatory Requirements (Brief Description)	Chapter No. in the report	Table No. in the report	Not relevant tables
443	Disclosure of encumbered and unencumbered assets	Chapter 6	EU AE1 EU AE2 EU AE3	-
444 a) – b)	Disclosure of the use of the Standardised Approach	Chapter 5.3	Table 31	-
444 c) – d)	Disclosure of the use of the Standardised Approach	n/a	-	-
444 e)	Exposure values after credit risk mitigation	Chapter 5.4 Annex A	EU CR4 EU CR5	-
445	Disclosure of exposure to market risk	Chapter 3.3.1	EU MR1	-
446 a) – c)	Disclosure of operational risk management	Chapter 3.3.5	EU OR1	-
447 a) – g)	Disclosure of key metrics	Chapter 2.1	EU KM1	-
447 h)	Disclosure of key metrics in accordance with Articles 92a and 92b	Chapter 4.2	EU ILAC	-
448 (1) a) -g)	Disclosure of exposures to interest rate risk on positions not held in the trading book	Chapter 3.3.1	EU IRRBB1 EU IRRBBA	-
448 (2)	Disclosure of exposures to interest rate risk on positions not held in the trading book	n/a	-	-
449 a)-c),g)- h), j), k) ii	Disclosure of exposures to securitisation positions	Chapter 8 Annex A	EU SEC1 EU SEC4	-
449 d)-f), i), k) i, l)	Disclosure of exposures to securitisation positions	n/a	-	EU SEC2 EU SEC3 EU SEC5
449a	Disclosure of environmental, social and governance risks (ESG risks)	n/a	-	-
450 (1) a) - f), j) – k)	Disclosure of remuneration policy	Chapter 9.1 Chapter 9.2	Table 46	-
450 g) – i)	Quantitative Information on remuneration	Chapter 9.3	EU REM1 EU REM2 EU REM3 EU REM4 EU REM5	-
450 (2)	Disclosure of remuneration policy (large institutions)	n/a	-	-
451 (1), (3)	Disclosure of the leverage ratio	Chapter 7	EU LR1 EU LR2 EU LR3	-
451 (2)	Disclosure of the leverage ratio	n/a	-	-
451a (1) – (4)	Disclosure of liquidity requirements	Chapter 3.3.3 Annex A	EU LIQ1 EU LIQ2	-
452 a) – h)	Disclosure of the use of the IRB Approach to credit risk	n/a	-	EU CR6 – A EU CR6 EU CR7-A EU CR7 EU CR8 EU CR9 EU CR9.1
453 a) – i)	Disclosure of the use of credit risk mitigation techniques	Chapter 5.4	EU CR3 EU CR4	-
453 j)	under the IRB Approach	n/a	-	-
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	n/a	-	-
455 a) – g)	Use of internal market risk models	n/a	-	EU MR2-A EU MR2-B EU MR3 EU MR4
Additional disclosure requirements				
Section 25 KWG	Disclosure requirements according to Section 26a German Banking Act (“KWG”)	Chapter 1.3	-	-
-	SREP minimum capital requirements and buffers	Chapter 4.4	Table 23	-
Non-relevant disclosure requirements				
Section 35 SAG	Group financial support agreements according to Section 22 German Act on the Recovery and Resolution of Credit Institutions ("SAG")	-	-	-

13 Annex C – Non-financial performance indicators

13.1 Approach

As the Group is exempted from preparing a non-financial statement in accordance with Section 315b (2) sentence 2 German Commercial Code (HGB), reference is made to the global "ESG Report 2022" [39] of the SSC, the parent company of SSEHG KG and SSBI. ESG-related information is hence published within the SSC report on the website of State Street under "www.statestreet.com/cr". Beside the disclosure on SSC level in regards to Section 315c HGB, in the following section 13.3.2 specific information on SSEHG Group level in regards to employee-related aspects are reflected.

In the following, the Group and SSBI reflect disclosure requirements as defined by the ECB guide on climate-related and environmental risks[40]. Moreover, the Group discloses the mandatory information in accordance with Article 8 of the EU Taxonomy Regulation[41] (Taxonomy Regulation) in section 13.3.1.

Given that SSBI is the only operating entity within the Group, the information provided in this chapter partially make reference to the bank level only.

13.2 Climate-related and Environmental Risks

13.2.1 Business Strategy

As part of its considerations regarding relevant Climate-related & environmental (C&E) risk aspects, SSBI has made progress in embedding these risks into its business model and strategy. In addition, the SSBI business strategy contains several 'sub-strategies', e.g. on business continuity, outsourcing and IT. As part of the development of these sub-strategies, C&E risks have been considered and incorporated. Similar to the other elements of the SSBI business strategy, C&E risk is being considered as part of the organizations KPIs that are being tracked and reported on a regular basis to SSBI's EMB.

13.2.2 Governance

Over the course of 2022, SSBI has undertaken various measures and steps to strengthen its governance around C&E risks. Responsibilities for C&E risks have been assigned to members of the SSBI EMB, as well as to the First and Second Line of Defense and as the organisation structure evolves, SSBI will continuously review how C&E risks responsibilities are assigned to ensure adequacy and relevance. Furthermore the bank appointed a Head of ESG to establish a dedicated ESG Function for SSBI. Current focus of this function is the oversight of the delivery of SSBI's C&E risk program implementation and more broader the development and implementation of an ESG framework. Additionally, SSBI broadened its governance by establishing two dedicated Sustainability Committees which commenced their work in 2023:

- SSBI Sustainability Committee (SSBI SC): An executive committee that acts as the main and primary committee for any SSBI sustainability-related matters requiring attention. It assists the SSBI EMB in delivering its execution, oversight and advisory duties in relation to the SSBIs sustainability strategy and risk management framework, e.g. monitoring of key risks and opportunities SSBI faces in relation to ESG and sustainability matters. The SSBI SC consists of at least 3 members from the SSBI EMB and can escalate decisions of strategic importance to the SSBI EMB.
- SSBI Sustainability Oversight Committee (SSBI SOC): A Supervisory Board committee dedicated to sustainability across SSBI. It assists the SSBI Supervisory Board in delivering its oversight and execution duties in relation to the SSBI sustainability agenda. Additionally, the SSBI SOC's responsibilities include advising on sustainability metrics as well as tracking and monitoring progress, and bringing in external expertise, so as to provide a critical outside view across a variety of sustainability topics as necessary.

This structure is underpinned by a revised EMB Schedule of Responsibility which assigns clear C&E risks responsibilities amongst the members of the management board. Furthermore, Committees within SSBI's formal governance structure

[39] Environmental, Social, and Governance (ESG) Report
[40] https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf
[41] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

have updated and amended their charters to ensure that C&E risks are adequately reflected and considered as part of the Committees' normal procedures. Also, roles and responsibilities have been defined and relevant elements and aspects have been incorporated as part of the Three Lines of Defense model.

In addition to the two SSBI dedicated Sustainability Committees established as described above, the SSBI CEO is a member of the SSC ESG Committee since March 2023. The attendance and contribution of the SSBI CEO in this committee ensures SSBI is adequately represented.

As the understanding, requirements and expectations around C&E risks evolve, SSBI will continuously review its governance to ensure that the way to address and manage C&E risks remains appropriate and effective.

13.2.3 Risk Management

SSBI´s management of C&E risks is part of its broader risk management framework. For a general description of the organization and structure of Risk Management please refer to the section 3.2 (Structure and Organization of Risk Management).

Risk Management Framework

SSBI´s Risk Management Framework has various key elements: risk identification and materiality assessment; integration into risk type frameworks and processes; scenario analysis and stress testing; and integration into risk appetite via utilization of a range of risk metrics and targets. The bank's development of tools, methodologies, and metrics for integrating C&E risks into risk management frameworks, policies, and processes, has significantly progressed in 2022. This includes the bank's ability to identify, assess, and monitor climate risks included in its balance sheet and operations. The progress has been formalized and documented in 2022, with the bank´s most relevant strategies and organizational guidelines to risk management, applicable to the Bank and the Group, namely the:

- Risk Strategy
- Risk Taxonomy
- Material Risk Inventory including a materiality assessment of C&E risks, and the
- Risk Appetite Framework

updated to include, assess and reflect C&E risks.

Risk Appetite Statements

In the 2022 Risk Taxonomy update, C&E risk was assessed as a new material risk category. C&E risks were also considered as a driver for all material risk categories within SSBI's Material Risk Inventory/ materiality assessment process. The methodologies applied are summarized in the following section 13.2.4. As a result, the updated Risk Appetite Framework now includes a dedicated Risk Appetite Statement on C&E risks. In addition, the Risk Appetite Statements for other material risk types identified were updated with qualitative climate-related and environmental statements where necessary, including:

- Credit risks
- Investment portfolio mark-to-market risks and interest rate risks
- Operational risks
- Business risks
- Liquidity risks
- Reputational risks

The qualitative statements are outlined in section 3.3. In a next step planned for 2023, the Risk Appetite Statements will be complemented with suitable Risk Appetite Statements metrics (RAS metrics) to measure C&E risks to provide a clear target setting to support management of C&E risks taking in the execution of SSBI's business strategy. A first step towards the development of these RAS metrics has been achieved in 2022 through the development and definition of C&E risks relevant KRIs, described in section 13.3.1.

Sustainability considerations as part of the Credit Process

Climate-related criteria have been implemented for consideration in the Banks's credit risk process for its Leveraged Loan Portfolio as well as for some investments held within the Investment Portfolio. The purpose of these criteria is to enhance awareness and governance around business activities and exposure to sectors with a heightened exposure to climate-related risks.

Capital & Liquidity Adequacy & Stress Testing

In parallel C&E risks have been considered and assessed as a driver in most of the Bank's Stress Testing exercises in 2022, including the ECB Climate Risk Stress Test, as well as the annual Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP)[42].

The Group's ILAAP, one of the instruments to oversee the adequacy of current and future liquidity positions under business as usual and stressed conditions, is a process to ensure the prudent management of liquidity risk and documents the internal assessment of liquidity risk practices. For the first time, the identified C&E risk drivers for the different risk types as described above were considered from a liquidity perspective in the 2022 annual ILAAP. The impacts of climate risk drivers assessed on liquidity risk were quantified, including the use of liquidity stress testing, which was adjusted to consider scientific scenarios, developed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS). Following this, the 2022 ILAAP qualitative statement was updated accordingly with relevant climate-related risks identified. In addition, the work completed for and the result of the ILAAP Stress Test supported the development of a relevant liquidity risk KRI, the "Stressed Liquid Asset Buffer – climate risk scenarios". Section 13.3.1 summarizes the development and underlying methodologies applied.

The Group's ICAAP is used to substantiate the capital adequacy by demonstrating the appropriateness of its risk management practices, which are employed to manage all risks that may impede the achievement of the business objectives. Hence, the ICAAP aims to lend strong confidence about the sound business, risk management and capital base to the EMB. The annual Group ICAAP and Capital Adequacy Statement (CAS) identified C&E risk drivers for the different risk types in the ICAAP perspectives and primarily in stress testing. The stress scenario design process particularly incorporated climate considerations, with a specific scenario around a climate-aggravated global recession. The scenario analyzed, beyond severe macroeconomic assumptions, a climate-related event in the form of physical risk materializing through significant operational losses and quantified the capital impact of the stress scenario.

13.2.4 Overview C&E risks materiality assessment

In 2022 SSBI completed its materiality assessment of C&E risks considering supervisory expectations and covering all of its business areas in the short, medium and long term under various scenarios.

The underlying analyses were aimed to be tailored to the Bank's business model and risk profile as well as to take in due consideration the vulnerabilities, the economic (sub-)sectors, operations and physical locations of the Bank, its service providers and its counterparties.

Identification of C&E risk drivers and transmission channels

The first step of the materiality assessment was focused on identifying key C&E risks drivers and relevant transmission channels through which C&E risk-drivers could affect the prudential risks the Bank is exposed to. This identification was performed by relying on internal and external sources of knowledge. Physical and transition risk drivers to be potentially considered included a set of both climate-related (heat waves and wildfires, cold wave, droughts, rising sea levels, environmental taxation and subsidies, regulatory requirements, behavioral changes of consumers, suppliers, employees, behavioral changes of investors etc.) and other environmental (earthquakes, volcanos, water stress and pollution, biodiversity loss, ban of certain environmentally damaging materials/ chemicals, etc.) risk drivers.

Based on the risk identification process, the following key potential impacts on prudential risks driven by C&E risk and evidencing relevant transmission channels have been identified.

- With regard to technology and resiliency risks, C&E risk drivers can potentially impact business disruption and technology resiliency risk or third party management risk (e.g. natural disasters leading to damage to physical assets or adversely affecting business continuity and disaster recovery effectiveness or putting the third party's continuity at risk). Operational/ execution incidents deriving from acute physical events have been considered within the assessment of the above resiliency risks.

[42] The annual Group ICAAP was based on 2022 financials and submitted to the regulator in March 2023.

- With reference to core compliance risks, C&E risk drivers can potentially trigger violations Bank's regulated core entity practices (including regulatory obligations associated with C&E risk) or regulated core business and fiduciary practices (e.g. alleged "greenwashing" due to inadequate or inaccurate climate risk disclosures in product documentation), or potentially exacerbate the risk of financial crimes. Climate-related liabilities or litigation may also increase in light of growing investment compliance obligations/ requirements, as well as obligations around disclosures, physical risk events, and market impacts.
- With regard to credit risk, C&E risks may affect the risk of financial loss through the risk of lower creditworthiness of counterparties within sectors or geographies vulnerable to climate risks.
- When leading to increases in credit spreads, C&E risk drivers may also generate impacts on the investment portfolio's mark-to-market risk in case large price adjustments are triggered where climate risk is not yet incorporated into prices.
- From a liquidity risk perspective, C&E risks events with significant impact or reputational damage to mutual fund clients related to ESG factors could for example, lead to deposit withdrawals in response to potential redemptions from fund clients, or counterparties impacted by C&E risks may draw on lines to fund costs or redemptions. Additionally, physical or transition C&E risk-driven risk events may impact the value of SSBI's investment portfolio and therefore its monetization value.
- C&E risk drivers may potentially impact the Bank's interest rate risk in case its profitability, its capital adequacy and the economic value of its assets and liabilities is indirectly affected by interest rate trends due to a negative impact of physical climate risk drivers and transition climate risk drivers on local and regional economies.
- SSBI presently assumes trading risk[43] in the execution of FX trading activities within State Street Global Markets: both physical and transition risk drivers can affect local and regional economies and indirectly the corresponding FX rates. Furthermore, repricing of C&E risks may lead to changes in the valuation of the assets, potentially impacting collateralization levels.
- C&E risks may potentially impact model risk, and model usage risk in particular, leading to adverse consequences from decisions based on incorrect or misused models through lack of historical experience with climate change risks and lack of data that may result in greater model uncertainty or mispricing of climate risk impacts.
- With regard to strategic risks, C&E risks may affect SSBI's financial performance goals through the impact of climate risks on the strategy (including its ability to create new products/ business), evolving climate regulations, unexpected political instability or crisis or reductions in the value of assets under administration or custody, reducing fee revenue.
- C&E risk drivers can potentially generate reputational risk impacts including, for example, those stemming from the direct involvement of the Bank in social or environmental controversies or the association of the Bank's brand to clients or other third parties involved in social or environmental controversies. C&E risk drivers can also affect other risk types that represent a source for reputational impacts, such as the technology and resiliency risk or strategic risk.

Materiality Assessment overarching methodology

Through a second step the Bank assessed which C&E risks drivers are likely to have a material impact on its risk profile and operations (for example, in terms of financial losses, business disruptions or legal claims and reputational damages).

To determine materiality, the Bank leveraged qualitative and quantitative approaches to assess the level of risk against predetermined materiality thresholds.

Potential C&E risk-driven exposures associated with the prudential risks the Bank is exposed to were measured against four quantitative buckets (from low to severe) by considering impacts on the following dimensions: net income, capital and/ or liquidity. A risk was assessed as material, if its stressed impact on net income, capital and/or liquidity exceeded the respective materiality threshold (medium or higher), either in the normative or the economic perspective.

[43] Trading risk not reported in section 3.3 since assessed as not material.

Additionally, the assessment was performed by considering two different scenarios in terms of business/ operational conditions (baseline[44] and stressed[45] conditions), three different time horizons (short, medium and long term) and finally three different assumptions relating to climate paths[46] (orderly[47]; disorderly[48]; hot house world[49]).

Results of Materiality Assessment

Based on the performed analyses, the Bank has assessed the C&E risks as "material" with particular reference to technology and resiliency risk, core compliance risk, credit risk, strategic risk and reputational risk. More in detail:

- Technology and resiliency risk, core compliance risk and reputational risk has been assessed as material in all scenarios under stressed conditions
- Credit risk has been assessed as material in the medium and long terms and in relation to the disorderly climate scenario under stressed conditions
- Strategic risk has been assessed as material in the medium and long terms and in relation to both disorderly and hot house world climate scenarios under stressed conditions

The potential impacts from C&E risks on the following risks have been assessed as "not material" in any of the considered scenarios: investment portfolio mark-to-market risk; interest rate risk; liquidity risk; trading risk; model risk.

Assessment approaches and key rationales

- The quantification of potential C&E risk-driven impacts on non-financial risks (technology and resiliency risk and core compliance risk) in the short term leveraged on results from the scenario analysis for operational risk[50] and 2022 Target Scenario Analysis on Climate risk, by focusing on worst case severity estimates. The potential impacts in medium and long terms were qualitatively assessed by first and second line of defense subject matter experts (SMEs) through ad hoc meeting/ workshop.
- Potential C&E risk-driven impacts on credit risk leveraged the outcomes of the C&E risk-adjusted probability of default (PD) analysis developed for the C&E risks reporting, with all sovereign and supranational exposures as well as exposures to corporate counterparties including leveraged loans in scope. Leveraged data/ information coming from external providers include: NGFS Scenario Data, Climate Action Tracker Ratings as well as ECB scenario data provided in the course of 2022 Climate Risk Stress Test Exercise. The capital impact in the short term in baseline and stressed conditions is considered immaterial. For the medium term scenario applying 2040 results under the disorderly transition path and considering the stressed macroeconomic environment, the capital impact is assessed as "material". Same applies to the long term scenario applying 2050 results.
- Potential C&E risk-driven impacts on investment portfolio mark-to-market risk were assessed by leveraging the climate risk adjusted PDs determined through the credit risk workstream and quantifying the implied impact of various climate scenarios on credit spreads in the investment portfolio plus some additional climate risk sensitive loan exposures. The following asset classes were considered: corporates, government bonds, and leveraged loans. To quantify the investment portfolio mark-to-market risk specific calculations including parameters like PDs, recovery rate and spread BPV have been performed resulting in a risk assessment of "not material".

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[44] Under the baseline exposure assessment (used in relation to the short term only), the risk was evaluated based on the residual exposure in "business as usual" operations and normal market/ business conditions, assuming that designed controls/ mitigation strategies are effective as expected.

[45] The stressed exposure considered key risk drivers and the sensitivity of those drivers to volatile market based events (e.g. severe equity decline, significant counterparty default, higher volumes, higher market volatility, etc.) or severe operational events that may be caused by major control failures.

[46] The considered climate scenarios are aligned with those developed by the Network for Greening the Financial System (NGSF).

[47] Orderly path assumes climate policies are introduced early and become gradually more stringent. Net zero CO2 emissions are achieved before 2070 (the assumption of a Net Zero 2050 pathway was in particular used for the purpose of the Bank's Materiality Assessment), giving a 67% chance of limiting global warming to below 2°C. Physical and transition risks are both relatively low.

[48] Disorderly path assumes climate policies are not introduced until 2030. Since actions are taken relatively late and limited by available technologies, emissions reductions need to be sharper than in the orderly scenario to limit warming to the same target. The result is higher transition risk.

[49] Hot house world assumes that only currently implemented policies are preserved. Nationally Determined Contributions are not met. Emissions grow until 2080 leading to 3°C+ of warming and severe physical risks. This includes irreversible changes like higher sea-level rise.

[50] Workshop-based methodology used to estimate, through a statical model, the economic capital for operational risk within the ICAAP process.

- Potential C&E risk-driven impacts on liquidity risk were quantified by focusing on the implied impact of various climate scenarios (changes in market values) on the Bank's Liquid Asset Buffer (LAB) considering the output from the credit risk and subsequently market risk quantification. Asset class considered were Government Bonds and Corporates. The change in market values on Bank's LAB against thresholds resulted in a low risk assessment (Not Material).
- Potential C&E risk-driven impacts on interest rate risk were assessed through a SME-driven C&E risks scenario analysis in line with the assumptions used for the ECB climate risk stress test. More in details, in 2022 the Bank assessed the potential impact stemming from climate risk on market wide interest rates as small and therefore as immaterial. The credit risk assessment also did not result in an extensive default risk leading to the assessment that the amount of non-performing exposures is not going to increase significantly. In a similar way the Bank does not yet see a material impact on its customer deposit base and assumes the balance sheet to stay rather stable[51].
- Potential C&E risk-driven impacts on trading risk were assessed by applying shocks to FX rates and estimating the impact on net income, capital and liquidity against the materiality thresholds (in the case of both physical and transition risk driver categories, the risk is transmitted primarily through higher volatility of FX rates, and in line with NGFS framework a repricing of assets including FX). Based on this first analysis, trading risk has been assessed as "not material", and consistently with that the impact of the above NGFS scenarios are all low and deemed as immaterial.
- C&E risk adds complexity to the modeling environment, as it represents an additional risk factor that potentially needs to be incorporated in several risk models. A methodology to quantify C&E risk-driven impacts on model risk is under development at the Bank. As a consequence, in 2022 potential C&E-risk driven impacts were qualitatively assessed and quantified as an additional percentage of the overall model risk dedicated amount identified via SME assessment. This led the model risk to be assessed as "not material".
- Potential C&E risk-driven impacts on strategic risk were assessed on a qualitative basis in December 2022. The relevant outcome resulted anyway in line with the outcome of the enhanced quantification approach implemented in January 2023. When applying this enhanced approach, the C&E risk-driven strategic risk has been assessed and quantified by incorporating it into the model used to estimate the economic capital of the Strategic Risk[52].
- Potential C&E risk-driven impacts on reputational risk were quantified in the short term mainly leveraging ICAAP stress testing and, in particular, the quantification of a specific climate risk related scenario assuming a major business disruption driven by an extreme weather event at a critical service provider's location. Based on the above, the C&E risk driven reputational risk is assessed as "material" in a stressed environment under the short term horizon (medium impact). Potential C&E risk-driven impacts in medium and long term were qualitatively assessed by first and second line of defense SMEs. The above outcome resulted eventually in line with the enhanced quantification approach implemented in Q1 2023 through which the reputational risk, including the C&E risk-driven component, was more comprehensively assessed and quantified through an ad hoc workshop-based assessment.

Outlook

In a perspective of continuous improving and evolution of C&E risk materiality assessment practices, a number of enhancements have been already adopted or are planned to be developed over the 2023 year.

13.2.5 Impacts of physical risk on the Business Model

Section 25a (1) KWG in conjunction with AT 7.3 Minimum Requirements for Risk Management[53] (MaRisk) require that the institution need to define business continuity management objectives and establish a business continuity management process. As such SSBI has a Business Continuity Organisation in place to be prepared for any business interruption and to ensure a quick recovery in case of major incidents and/or a crisis.

[51] Overall from a value-based as well as earnings-based perspective the assessment is that C&E risk-related events are currently covered by interest rate shocks scenarios already applied by the Bank.

[52] The model consists of two steps. First a workshop with experts and second a statistical model based upon the outcomes of the workshops.

[53] Rundschreiben 10/2021 (BA) - Mindestanforderungen an das Risikomanagement

As part of the impact assessment of physical risks on operations, C&E risk drivers were summarised within a scenario library under the definition “extreme weather events”. This scenario library was reviewed and updated to include C&E risks and was improved by naming the relevant climate risk drivers for SSBI. The analysis showed that new scenarios are not needed for the time being, as C&E risks were already covered in the scenario library with appropriate mitigation measures in place.

Furthermore, a geolocation risk assessment for all SSBI locations was performed with the support of external data suppliers. The results of the geolocated risk assessment showed that most SSBI locations are located in urban areas with limited exposure to extreme weather events such as flooding, storm, wildfire, rising sea level, etc. The existing mitigation measure for loss of facility are covering extreme weather events such as a loss of building due to a flooding or similar events. The assessment confirmed that SSBI´s existing mitigation measures are adequate and cover the identified potential C&E risks.

SSBI also conducted an assessment to determine the potential impact of extreme weather events and on environmental vulnerabilities that would affect SSBI. Fall-back options which are available for energy supply as well as internet and telecommunication connectivity are reducing the risk for loss of energy and increase the ability to access the internet and telecommunication to support the resilience of the organisation.

13.3 Sustainability performance indicators

13.3.1 Environmental indicators

Key Metrics

For the development of the first KRIs the Group’s initial focus was on credit risk as one of its most important risk drivers and subsequently on market risk and liquidity risk, aligning with ECB´s focus of risk-specific modules in its 2022 Thematic Review on C&E risks. To approach the topic, a series of cross-functional workshops was held.

The following initial steps were followed to quantify climate impacts on PDs and applying climate adjustments to PDs for stress testing from a credit risk perspective:

1. Agree on conceptual risk assessment framework and exposures in scope for initial assessment
2. Identify relative and absolute climate risk vulnerabilities
3. Agree on scientific risk assessment scenarios and perform scenario analysis
4. Validation of resulting notch downgrades based on quantitative benchmark methodologies
5. Convert notch downgrades into C&E risks adjusted PDs and subsequently translate those into (financial risk) KRIs.

Ultimately and as one of the goals, KRIs were identified that are appropriate for the Group´s and SSBI´s business model, risk profile and size. The scientific scenarios considered were those developed by the NGFS, which are widely used by banks, agencies and regulators, namely the Orderly, Disorderly & Hot House World Scenarios. The pathway selection was driven by conservatism and alignment with ECB Climate Risk Stress Test exercise. Further details are described in Section 13.2 (Climate-related and Environmental Risks).

Selected KRIs

Four climate-related and environmental KRIs were developed and approved for credit risk, market risk and liquidity risk. Additional KRIs - which are addressing further risk types - have been under development in 2022 and will be finally implemented in 2023 followed by respective disclosure.

Table 76: Key Risk Indicators for C&E risks defined in 2022

	Risk type	Metric	Description
Financial Risks	Credit Risk	Stressed climate risk Expected Losses	The change in expected credit losses over various time horizons under early, late and no additional policy action scenarios – aligned with the ECB Climate Stress Test ("CST") and the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") scenarios
		Change in implied rating distribution of Credit Exposures by rating bucket under alternative climate scenarios	Comparing the current distribution of Credit Exposures by rating bucket to the implied rating distribution under alternative climate scenarios
	Market Risk	Climate stressed Investment Portfolio Credit Spread Risk Metric	Comparing the current distribution of Credit Exposures by rating bucket to the implied rating distribution under alternative climate scenarios
	Liquidity Risk	Stressed Liquid Asset Buffer – climate risk scenarios	The implied impact of various climate scenarios on SSBI's Liquid Asset Buffer

The KRI metrics are quantified on the level of SSBI as the only operating entity in the Group. The results are transferable and applicable on Group level, as the Investment Portfolio is held by SSBI and differences between the Bank and the Group from a credit perspective, if any, are negligible.

Methodology overview

The selected metrics are forward-looking, scenario-based financial impact metrics; the consideration of different time horizons and warning trajectories were key factors in the development of these metrics. The result of the scenario analysis and translation into C&E risks-adjusted/-stressed PDs was used to calculate related C&E risks KRIs for credit risk. The result of the credit risk analysis (C&E risks adjusted / stressed PDs) was also transferred to assess and quantify the C&E risks impact on market risk (C&E risks adjusted credit spreads and impact on SSBI's investment portfolio) and to calculate the related C&E risks KRIs for market risk and liquidity risk and the related risks listed above. Thereby, the correlation of the four KRIs and the underlying methodology is as follows:

- The notch downgrades led to increased, C&E risk-adjusted PDs (credit risk KRIs),
- which would result in higher / stressed credit spreads, and consequently decreased / stressed market values of the bank`s Investment portfolio (market risk KRI) and ultimately
- lower/ stressed Investment Portfolio market values impact the Stressed Liquid Asset Buffer – climate risk scenarios (liquidity risk KRI)

Outlook

A quarterly KRI reporting to the SSBI Management Risk and Capital (MRAC) Committee and SSBI SC and SSBI SOC will be phased in over the year of 2023 and further review and threshold calibration planned for later in 2023.

Mandatory information according to Article 8 of the EU Taxonomy Regulation

Art. 8 of the Taxonomy Regulation requires undertakings in scope to disclose KPIs or taxonomy ratios in their non-financial statements for the first time at the end of 2021. These KPIs are intended to provide information on how and to what extent the economic activities of undertakings in scope are linked to economic activities that can be classified as environmentally sustainable. The Group implemented the disclosure requirements of the Taxonomy Regulation accordingly starting as per year-end 2021.

Until the full requirements of the Taxonomy Regulation come into force for the reporting year 2023, only a reduced scope of disclosure is required (seven KPIs, see Table 7 below). As per the reporting years 2021 and 2022, the affected assets must be assessed for their "taxonomy-eligibility". In contrast, the assessment to be conducted starting as per year-end 2023, will be widened to also reflect the "taxonomy-alignment" of relevant assets and the final determination of the so called "Green Asset Ratio" (GAR).

The GAR will indicate the ratio of the assets in taxonomy-aligned activities to the total consolidated assets. It is intended to provide information on the degree to which taxonomy-aligned activities are financed by banks. The GAR therefore relates to the main business of the credit institutions, e.g. the lending and investment business, including loans and advances, securities and their equity interests.

In order to classify the total assets as per year-end 2022 according to Delegated Act (EU) 2021/2178[54] Art. 10 (3), the proportion of taxonomy-eligible and non-taxonomy-eligible assets under the Taxonomy Regulation (eligible asset ratios, indicators no. 1 and no. 2) and additional KPIs (no. 3 to no. 7) are disclosed in the following table and explained thereafter.

Table 77: Mandatory information according to Articles 8 and 10 Taxonomy Regulation

KPI		12/31/2022	Share of total assets
		EUR mn	%
	Consolidated total assets	**53,772**	**100**
1	thereof: Taxonomy-eligible assets	39	0.1
2	thereof: Non-taxonomy-eligible assets	6,352	11.8
3	Assets to central governments, central banks and supranational issuers	32,308	60.1
	of which: Central governments	3,975	7.4
	of which: Central banks	27,778	51.7
	of which: Supranational issuers	555	1.0
4	On-balance sheet derivatives[55]	623	1.2[55]
5	Exposures to companies which are not subject to the EU Non-Financial Reporting Directive (NFRD)	9,233	17.2
6	Trading portfolio[55]	623	1.2[55]
7	Short-term interbank loans (without central banks)	5,217	9.7

The assets are allocated in line with the definition for KPI no. 3 to 7 first. As a next step, the taxonomy-eligibility assessment of the remaining volume is conducted. This eligibility assessment is based on latest-available public disclosures of the counterparties.

In order to better operationalize the calculation of the relevant KPIs, the Group has classified the regulatory exposure classes of 'International Organizations' (e.g. European Union, European Stability Mechanism) and 'Multilateral Development Banks' (e.g. European Investment Bank, Nordic Investment Bank) under the supranational issuers.

Although disclosure pursuant to Article 8 of the Taxonomy Regulation was mandatory since December 31, 2021, there is partially no or only limited information on the relevant counterparties available. For this reason, the taxonomy-eligibility of these specific volumes cannot be conclusively determined at present. The Group has therefore decided to classify these taxonomy-relevant assets as non-taxonomy-eligible and to assign them to KPI no. 2. Thus, KPI no. 1 represents a lower limit for the proportion of taxonomy-eligible assets.

It should be noted for the current disclosure that the Taxonomy Regulation and the related delegated legal acts contain terms that are still subject to uncertainties of interpretation and for which clarifications have not yet been published in every case.

It can be concluded that approx. 88% of SSEHG Groups' assets are not in scope of the Taxonomy-eligibility analysis as they are covered by the scope of assets to be reflected under KPIs no 3 -7. The KPI results hence reflect the specific business model and resulting asset structure of the Group in terms of asset instruments and counterparty locations.

In comparison to last years' approach the Group refrains from disclosing eligibility information additionally analyzed by codes according to the statistical classification of economic activities in the European Community[56] (NACE). This information was assessed and disclosed voluntarily for the financial year 2021.

[54] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
[55] Given that the trading portfolio reflects the on-balance sheet derivatives position, both KPIs show the same result. Therefore, the share of the total assets should only be considered once when determining the consolidated total assets.
[56] Nomenclature Générale des Activités Économiques dans les Communautés Européennes

Scope 3 financed emissions disclosures based on STE

Based on the approach as defined by the ECBs' Short Term Exercise (STE) Climate Risk template, SSEHG Group in the following discloses greenhouse gas (GHG) financed emissions. Following the specific scope of this reporting, the financed instruments covered reflect lending and investment activities with non-financial corporates. Within this counterparty type, GHG financed emissions have been analyzed for sectors that highly contribute to climate change based on the STE Climate Risk template definition[57]. Therefore, the sectors were identified through the use of the NACE code classification, which is also relevant for prudential reporting purposes, e.g. Financial Reporting (FINREP). This approach was applied in general, with the exception of re-mappings performed for holding companies in line with the EBA reporting instructions on Pillar 3 disclosures on ESG risks. The Scope 3 financed emissions for the relevant NACE codes were determined based on the latest available actuals (estimates were not used) which were sourced from the relevant counterparty disclosures. To derive the specifically financed emissions, the data was weighted by SSEHG Group's exposure as per the reference date December 31, 2022 based on FINREP in relation to the counterparties total liabilities.

The following table summarizes the STE Climate Risk template results for Scope 3 GHG financed emissions.

Table 78: Scope 3 GHG financed emissions resulting from lending to and investment activities with non-financial corporates

GHG financed Scope 3 emissions per defined sector		12/31/2022	Share of total Scope 3 emissions
		in tons of CO_2 equivalent	%
	Total	**616,164**	**100**
A	Agriculture, forestry and fishing	-	-
B	Mining and quarrying	163,243	26.5
C	Manufacturing	370,378	60.1
D	Electricity, gas, steam and air conditioning supply	753	0.1
E	Water supply; sewerage, waste management and remediation activities	-	-
F	Construction	-	-
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	69,396	11.3
H	Transportation and storage	-	-
I	Accommodation and food service activities	12,381	2.0
L	Real estate activities	13	0.0

13.3.2 Other non-financial performance indicators

Employees

The Group employs staff in Germany at its locations in Munich, Frankfurt am Main, and Leipzig, at its foreign branches in Amsterdam, Milan (with an additional office in Turin), London, Vienna, Luxembourg, Paris, Krakow (with an additional office in Gdansk), and Zurich. Year-on-year, the average headcount rose from 8,376 to 8,533. As of December 31, 2022, the Bank had 807 employees in Germany, 184 in France, 3 in the United Kingdom, 540 in Italy, 547 in Luxembourg, 46 in the Netherlands, 18 in Austria, 6,419 in Poland, and 85 in Switzerland. Out of the 807 employees in Germany, 804 were employed by SSBI and 3 work for SSHG.

The average age of the workforce of the Group is 35.0 years. The average length of service is 6.5 years. The workforce is composed of employees from a large number of different countries, which underscores the international character of the Company.

As required by the German Act on the Equal Representation of Women and Men in Management Positions in the Private Economy and the Public Sector, the Supervisory Board and the EMB of the operating entity SSBI have defined targets for the representation of women in senior management positions.

The desired percentage of women and the actual percentage of women in the respective senior management levels can be taken from the Table 14: Target values for the ratio of female employees in leadership positions as of December 31, 2022).

[57] In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

A sustained improvement in female representation in management positions remains a high priority for the management at all levels, including the EMB (Managing Directors) and the Supervisory Board. The targets for the representation of women in leadership were set for a further two years in July 2021 and now also include dedicated targets for the Managing Director, Senior Vice President, and Executive Vice President. The targets for the levels of Assistant Vice President and Vice President were increased by four percent. The targets for the Supervisory Board and the EMB were also aligned and raised. In 2022, the Group made significant progress at the level of the Senior Vice Presidents and Executive Vice Presidents and increased the proportion of women from 20% to 29.7%. While the percentage of women at the level of the Managing Directors and Vice Presidents declined slightly, the goal at the level of the Assistant Vice Presidents was exceeded at 44.5%.

The compensation of all employees is essentially composed of a fixed component and a performance-based, profit-oriented variable component. Bonus payments, which make up a significant portion of the variable compensation component, are determined during an annual compensation review and depend on the achievement of qualitative and quantitative targets. As a subsidiary of SSC, the compensation paid at SSBI and SSHG is subject to the requirements imposed by US regulators, while at the national level, it is primarily the relevant EU regulations, as well as the requirements of the KWG and the requirements of the German Remuneration Regulation for Institutions (InstitutsVergV) for major institutions under Section 1 (3c) KWG, that apply to the Company. Moreover, the Group is subject to direct supervision by the ECB.

SSBI and SSHG identify those employees whose professional activities materially affect the risk profile of the Bank or the Group (so-called “risk takers,” internally referred to as “SSBI Identified Staff”), see Section 2 (8) InstitutsVergV). The compensation structure of SSBI Identified Staff is largely defined by the requirements of the InstitutsVergV for major institutions significant banks and is described in detail in the consolidated Disclosure Report[58] as required by Section 26a KWG in conjunction with Part 8 CRR and Section 16 InstitutsVergV for SSEHG KG.

Training

Employees have a wide variety of training opportunities open to them. These occur online via the internal learning management system, in person (currently being held as webinars given the present COVID situation), or in an integrated learning format. Training is split into two areas: Soft skills training, which covers personal development, language training, or an introduction to management and leadership positions. As well as technical training, which concentrates on professional skill development, the optimum use of available systems, the avoidance of business risks, and the requirements of the constantly shifting market environment. Furthermore, there is also a basic induction training for new employees that provides them with an overview of the structures and system landscapes at the Company.

To complement this, employees also attend external professional training and seminars as required.

SSBI is registered as a training company for apprentices learning the profession of investment fund trader and, at the end of the fiscal year, employed a total of 2 apprentices at its location in Frankfurt.

Global Inclusion and Diversity

The Group-wide Global Inclusion and Diversity initiative is aimed at fostering a sense of belonging among employees and appreciation for their individual talents and skills. Different backgrounds and opinions are respected in order to foster a culture of active contribution, constructive debate, and an openness to innovation. This can be achieved, for example, by means of events and activities that aim to bring together employees from different functions and divisions, as well as internal networks, such as the Professional Women’s Network, Disability, PRIDE and Race & Ethnicity.

In addition to the Group-wide programs, SSBI offers a local mentoring program at its locations in Munich, Frankfurt, and Leipzig in the context of its “Global Inclusion & Diversity” initiative.
In 2020, State Street launched the global Self-ID “Count Me In” campaign, where employees can voluntarily disclose diversity traits such as ethnicity, gender identity, disability, preferred pronouns, and LGBTQ status. The objective is to gain an understanding of the diversity of the workforce and to ensure that necessary support, policies, and programs are in place and implemented. We consider this to be crucial for an inclusive workplace.

[58] published at https://www.statestreet.com/disclosures-and-disclaimers/de/disclosure-report

State Street also launched a 10-step action plan to combat racism and inequality. These measures include setting the goal to increase the presence of cultural and ethnic minorities at the board and management levels, improving development programs for black and ethnic minority employees, introducing training and raising awareness about origin and inequality issues, and reviewing SSBI's supplier strategy for diversity. In 2022, SSBI introduced a Managers Pledge Program, which encourages all HR Managers to commit to conducting empathic discussions and active listening sessions on racism and inequality with their direct employees. This addresses the issues of inequality within State Street and the community and creates a safe and nonjudgmental discussion space to ensure employees can share their experiences and concerns without hesitation.

Corporate citizenship

SSBI takes its corporate citizenship duties seriously. As a successful enterprise, SSBI believes that it should assume corporate social responsibility at its respective locations. This is ensured by programs that encourage staff to perform voluntary social work or make donations. As a result, local charitable initiatives and organizations are supported on-site by voluntary labor and financial contributions.

The various social programs are run under the motto "GIVE" (Give Your Talent, Invest in the Cause, Volunteer Your Time, and Employee Engagement Opportunities), based entirely on voluntary employee participation:

Give Your Talent

Through the local Community Support Program Committees (CSPs), employees assist with the implementation of the strategic State Street Foundation support program, making a contribution to a sustainable improvement in the social environment in places where the State Street Group has a business presence. This is accomplished first and foremost through targeted financial investments in training and continuing education programs and programs for the reintegration of socially disadvantaged persons into professional life, for example, by actively supporting the Transitional Employment Program (TEP) of a social institution.

Invest in the Cause

A program that matches employee donations, converts community service hours into their cash equivalent, and engages in fundraising activities for the benefit of charitable organizations.

Volunteer Your Time

The paid leave per year and per employee for volunteer work in the form of special leave was increased from 36 to 72 hours in 2022 for employees in the region Europe, Middle East and Africa (EMEA) to meet the requirements.

Employee Engagement Opportunities

Corporate Citizenship supports employees in their social commitment. Corporate Responsibility stands for the SSBI focus on economic development, social engagement, and ecological sustainability for all stakeholders – employees, customers, shareholders, and society. The State Street Group publishes an annual corporate responsibility report.

Environmental sustainability is supported by an environmental sustainability network.

SSBI looks back on a long tradition of actively supporting charity projects; there are also a number of cooperations in place with other socially engaged companies and charitable organizations.

13.4 Outlook

The Group and SSBI are fully committed to further embedding sustainability across its business model and operations. Within forthcoming disclosures, the Group and SSBI intend to successively expand and specify their disclosures regarding C&E risks in the categories of governance, strategy, risk management, as well as key metrics and targets.

State Street Corporation (NYSE: STT) is one of the world's leading providers of financial services to institutional investors including investment servicing, investment management and investment research and trading. With $36.7 trillion in assets under custody and/or administration and $3.5 trillion* in assets under management as of December 31, 2022. State Street operates globally in more than 100 geographic markets and employs approximately 42,000 worldwide. For more information, visit State Street's website at www.statestreet.com.

* Assets under management as of December 31, 2022 includes approximately $59 billion of assets with respect to SPDR® products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.