



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

Consolidated Disclosure Report as of June 30, 2023

Pursuant to Part 8 of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation, CRR)

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## 1 Introduction

### 1.1 Scope of application of the CRR

The global Basel III reform agenda was introduced as a reaction to the financial crisis from 2007-2009 and has been implemented in the European Union in several steps. The first steps became effective on January 1, 2014 with the Directive 2013/36/EU<sup>1</sup> (so called “CRD IV”) as well as the Regulation EU No. 575/2013<sup>2</sup> “CRR”). Further parts of the Basel III framework have been transposed into European law by the Regulation (EU) 2019/876<sup>3</sup> published 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”). In this entire Disclosure Report, CRR and CRD refer to the legal texts according to CRR II and CRD V.

The major Pillar 3 disclosure requirements as well as the frequency and scope of the disclosure 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”). The frequency and scope of the disclosure depends on the size of the institution, if the institution is listed or not-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 92b CRR (Requirements for own funds and eligible liabilities for G-SIIs and non-EU G-SIIs). Additionally, the Commission Implementing Regulation (EU) 2021/637 („ITS 2021/637”)<sup>4</sup> defines obligatory templates for most of the quantitative disclosure requirements and specifies the content of qualitative disclosures.

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. For a detailed description of SSEHG Group we refer to the annual consolidated Disclosure Report of SSEHG Group as of December 31, 2022.

Art. 13 (1) defines that EU-parent institutions have to fulfill disclosure requirements on a consolidated basis. In this context, institutions, which are controlled by a financial holding company, according to Art 11 (2) b) CRR are also qualified as EU-parent institutions. According to this requirement, State Street Bank International GmbH, Munich (“SSBI” or “Bank”), prepares the consolidated Disclosure Report for the SSEHG Group and publishes the key metrics required by Art. 433a (2) i.c.w. Art. 447 CRR as a large institutions neither being listed on a stock exchange nor being a G-SII. This requirement is applicable on a semi-annual basis.

Based on the annual disclosure requirement for large institutions on an individual level according to Art. 4 (1) (147) CRR and for the purpose of data coherence and continuity, this Disclosure Report also contains the respective semi-annual disclosure for SSBI<sup>5</sup> on an individual level.

Additionally, disclosure requirements according to Art. 13 (1) and Art. 433a (3) CRR i.c.w. Art. 437a, 447 (h) CRR are applicable at consolidated level on a quarterly basis. Therefore the ratio of own funds and eligible liabilities (Total Loss Absorbing Capacity, “TLAC”) according to Art. 92b i.c.w. Art. 92a CRR have to be disclosed as of June 30, 2023. This is calculated based on the Total Risk Exposure Amount (“TREA”) and also based on the Leverage Ratio Exposure Measure (“LREM”). Further information can be found in section 3.2.

<sup>1</sup> Access to the activity of credit institutions, the prudential supervision of credit institutions and investment firms

<sup>2</sup> Prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

<sup>3</sup> Amending Regulation (EU) No 575/2013 regarding 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.

<sup>4</sup> Laying down implementing technical standards with regard to public disclosure by institutions of the information referred to in Part Eight, Titles II and III of the CRR

<sup>5</sup> In this respect, applicable for SSBI as a “large institution” according to Art. 4 (1) (146) CRR

To ensure a coherent and complete semi-annual disclosure for SSEHG Group and SSBI, the content of the circular of the Federal Financial Supervisory Authority (“BaFin Circular”) 2015/05 (BA), the national implementation of the European Banking Authority (“EBA”) Guidelines on Disclosure requirements (EBA/GL/2014/14)<sup>6</sup>, has also been considered for the definition of the scope of the disclosure provided it has not been already defined by the CRR. The BaFin Circular and the EBA Guidelines (EBA/GL/2014/14), which were still effective as of the reference date, define the circumstances so far which could indicate a disclosure more frequently than annually and give guidance which information may be relevant under these circumstances.

This Disclosure Report of the SSEHG Group aims to fulfill the prudential transparency rules according to Part 8 CRR to enable market participants to assess and evaluate the Group’s and Bank’s capital adequacy and risk profile.

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”).

The figures<sup>7</sup> in this report are based on the internal monthly financial statement as of June 30, 2023 and are therefore consistent with the regulatory reports for SSEHG Group as well as SSBI. Additionally, in case of any ambiguity in the descriptions contained in this report, the German version of this report is binding.

In accordance with the legal requirements, this Disclosure Report does not require a qualified audit opinion and is therefore neither audited nor reviewed by an external auditor.

According to the publication<sup>8</sup> from December 16, 2022 the EBA has decided to repeal the Guidelines on Covid-19 reporting and disclosure from January 1, 2023. During the timeframe applicable for these Guidelines, neither SSEHG Group nor SSBI did have (i) loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis<sup>9</sup> or (ii) newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to the COVID-19 crisis.

## 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 the reconciliation of the quantitative information with the relevant regulatory reports as well as an internal verification in respect of any material qualitative content to ensure that the Group’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 June 30, 2023 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 the Group. Subsequently, the Disclosure Report was submitted to the Executive Management Board (“EMB”) of SSBI for approval as well as to the managing limited partner (“MLP”) of SSEHG KG for acknowledgment and then released for publication.

<sup>6</sup> EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Art. 432(1), 432(2) and 433 CRR

<sup>7</sup> Quantitative data presented in this report may show differences due to rounding.

<sup>8</sup> <https://www.eba.europa.eu/eba-confirms-continued-application-covid-19-related-reporting-and-disclosure-requirements-until>

<sup>9</sup> 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)

## 2 General Information

### 2.1 Disclosure of key metrics (Art. 447 CRR)

This table shows all the information required by Art. 433a (2), 447 (a) – (g) and 438 (b) CRR which have to be disclosed on a semi-annual basis by large institutions, which are neither listed on a stock exchange nor qualified as G-SIIs. It shows information on available own funds, risk-weighted exposure amounts, capital ratios, combined capital buffer requirements, leverage ratios, liquidity ratios and some additional own funds requirements in detail to provide the reader with an overview on SSEHG Group and SSBI.

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

		SSEHG Group			SSBI		
		06/30/2023	12/31/2022	06/30/2022	06/30/2023	12/31/2022	06/30/2022
<b>Available own funds (amounts)</b>							
1	Common Equity Tier 1 (CET1) capital	4,256	3,786	3,781	2,852	2,829	2,448
2	Tier 1 capital	4,256	3,786	3,781	2,852	2,829	2,448
3	Total capital	4,256	3,786	3,781	2,952	2,929	2,548
<b>Risk-weighted exposure amounts</b>							
4	Total risk exposure amount	10,404	9,272	9,985	10,359	9,231	9,984
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>							
5	Common Equity Tier 1 ratio (%)	40.91	40.83	37.87	27.53	30.64	24.52
6	Tier 1 ratio (%)	40.91	40.83	37.87	27.53	30.64	24.52
7	Total capital ratio (%)	40.91	40.83	37.87	28.50	31.73	25.52
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a % of risk-weighted exposure amount)</b>							
EU7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.80	2.40	2.40	2.80	2.40	2.40
EU7b	of which: to be made up of CET1 capital (percentage points)	1.58	1.35	1.35	1.58	1.35	1.35
EU7c	of which: to be made up of Tier 1 capital (percentage points)	2.10	1.80	1.80	2.10	1.80	1.80
EU7d	Total SREP own funds requirements (%)	10.80	10.40	10.40	10.80	10.40	10.40
<b>Combined buffer and overall capital requirement (as a % of risk-weighted exposure amount)</b>							
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 (%)	0.51	0.32	0.16	0.50	0.32	0.16
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 (%)	3.01	2.82	2.66	3.00	2.82	2.66
EU11a	Overall capital requirements (%)	13.81	13.22	13.06	13.80	13.22	13.06
12	CET1 available after meeting the total SREP own funds requirements (%)	30.11	30.43	27.47	17.70	21.33	15.12
<b>Leverage Ratio</b>							
13	Total exposure measure	46,661	54,435	55,582	46,629	54,406	55,542
14	Leverage ratio (%)	9.12	6.95	6.80	6.12	5.20	4.41
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>							
EU14a	Additional own funds requirements to address the risk of excessive leverage	-	-	-	-	-	-

		SSEHG Group			SSBI		
		06/30/2023	12/31/2022	06/30/2022	06/30/2023	12/31/2022	06/30/2022
EU14b	<i>of which: to be made up of CET1 capital (percentage points)</i>	-	-	-	-	-	-
EU14c	Total SREP leverage ratio requirements	3.00	3.00	3.00	3.00	3.00	3.00
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>							
EU14d	Leverage ratio buffer requirement (%)	-	-	-	-	-	-
EU14e	Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.00	3.00	3.00
<b>Liquidity Coverage Ratio</b>							
15	Total high-quality liquid assets (HQLA) (Weighted value-average)	28,555	34,725	36,279	28,555	34,725	36,279
EU16a	Cash outflows - Total weighted value	22,443	23,008	23,158	23,552	24,103	24,133
EU16b	Cash inflows - Total weighted value	3,977	3,120	2,904	3,949	3,093	2,876
16	Total net cash outflows (adjusted value)	18,465	19,887	20,255	19,603	21,010	21,257
17	Liquidity coverage ratio (%)	154.85	174.88	179.76	145.68	165.41	171.12
<b>Net Stable Funding Ratio</b>							
18	Total available stable funding	20,525	23,411	25,750	18,427	21,756	23,517
19	Total required stable funding	7,694	7,898	6,947	6,763	6,860	5,904
20	NSFR ratio (%)	266.76	296.41	370.64	272.48	317.13	398.34

Further information on own funds and own funds requirements are disclosed in chapter 3, additional information about the Leverage Ratio can be found in chapter 4, further details to the Liquidity Coverage Ratio (“LCR”) and on the Net Stable Funding Ratio (“NSFR”) in chapter 5.

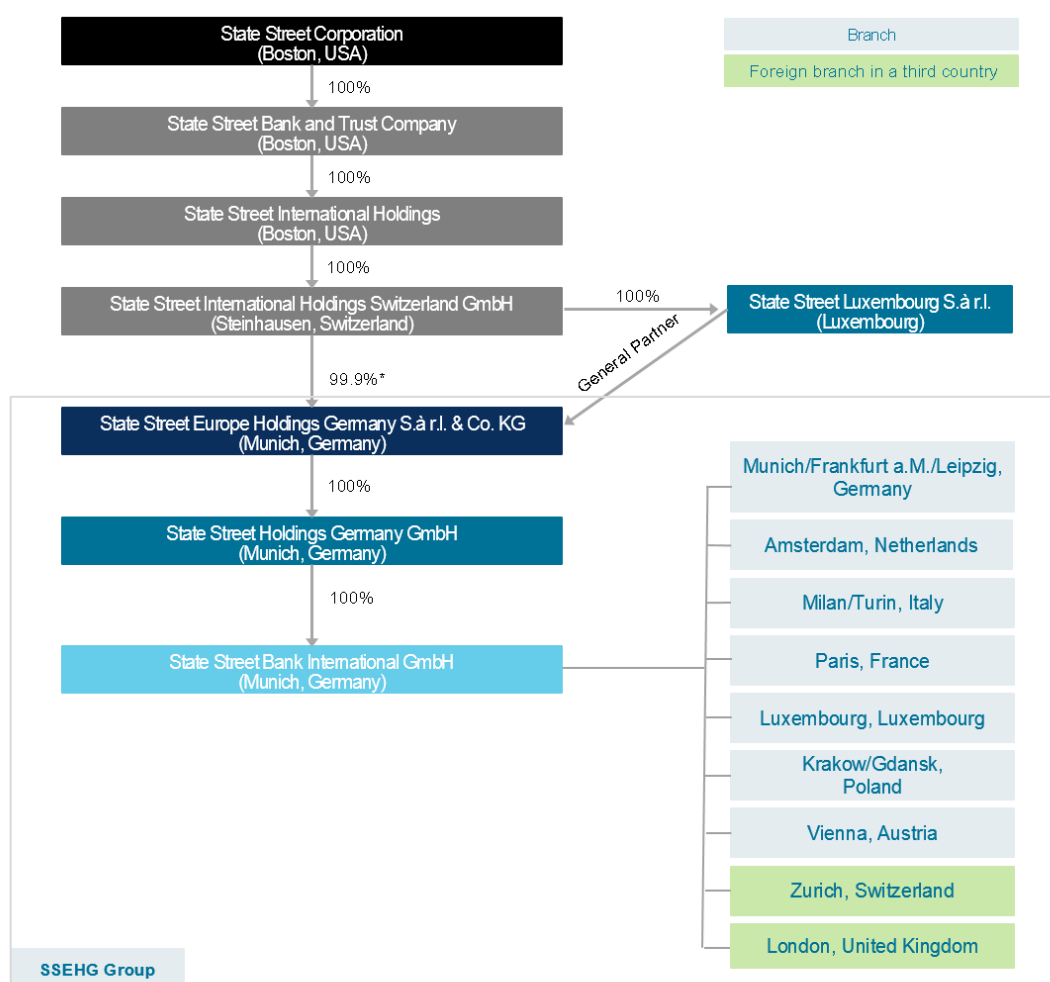
## 2.2 Group background (Art. 436 CRR)

The SSEHG Group consists of the following entities as of June 30, 2023:

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

There were no changes to the Group structure in the reporting period.

Illustration 1: Subsidiaries and branches of SSEHG Group as of June 30, 2023



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



### 2.3 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 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.

In order to enhance the Banks Interest Rate Risk management capabilities, SSBI introduced Interest Rate Swaps in 2023. In addition and to create additional assets monetization pathways, SSBI now has access to EUREX in order to conduct Repo transactions via EUREX.

The external rating of AA- issued to SSBI was confirmed in the course of fiscal year 2022 by the Standard & Poor’s Global Ratings Europe Limited, German Branch.

### 3 Own funds, eligible liabilities and own funds requirements

#### 3.1 Structure of Own funds (Art. 437 CRR)

##### Structure of the own funds of SSEHG Group

Own funds of the Group consist completely of Common Equity Tier 1 ("CET 1") items. The Group's CET1 capital is composed of the limited partnership capital and the fund for general banking risks pursuant to Section 340g HGB.

As of June 30, 2023 the CET 1 capital ratio as well as the Total Capital Ratio of the Group amount to 40.91% compared to 40.83% as of December 31, 2022. The increase in the ratio is mainly driven by the increase in own funds which is partially offset by an increase in risk weighted assets ("RWA").

Since the last disclosure of Own Funds as of December 31, 2022, the CET 1 capital of the Group increased by EUR 471mn. The increase is on the one hand connected to the approval of the Financial Statement 2022, as the loss carried forward amount decreased due to the profit earned during 2022 (EUR 331mn), an increase in funds for general banking risk (EUR 9mn) and as deduction items concerning intangible assets decreased (EUR 134mn). On the other hand, this was counterbalanced by an increase in irrevocable payment commitments ("IPC"). The other immaterial changes during the first half of 2023 that are amounting to EUR 8mn in total.

Prudential deductions according to Art. 34 CRR 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<sup>10</sup>. Deductions from the CET 1 capital, pursuant to Art. 36 (1) a), b), and e) 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, as of the reporting date IPCs of SSBI existed towards the deposit guarantee fund (Einlagensicherungsfonds) of the Federal Association of German Banks ("Bundesverband deutscher Banken", "BdB") of EUR 9.5mn (unchanged compared to December 31, 2022) which has been fully collateralized by means of cash collateral. This kind of payment commitment needs to be deducted from CET1 capital of the Group according to ECB requirements in conjunction with the EBA Guideline (EBA/GL/2015/09)<sup>11</sup>. As part of the payment contribution to the Single Resolution Fund ("SRF") SSBI has given another IPC towards the Single Resolution Board ("SRB") in May 2023 amounting to EUR 8.1mn. The entire payment commitment towards the SRB as of June 30, 2023 amounts to EUR 26.5mn (EUR 18.3mn as of December 31, 2022). The entire amount of payment commitments has been fully collateralized by means of cash collateral and needs to be deducted from CET1 capital of the Group according to ECB requirements.

##### Structure of the Own funds of SSBI

As shown in Table 1, the total capital mainly consists of CET 1 capital. Tier 2 capital components only contribute to a small extent. As of reporting date, the CET 1 capital ratio of SSBI amounts to 27.53% compared to 30.64% as of December 31, 2022 and the Total Capital Ratio to 28.50% compared to 31.73% as of December 31, 2022.

##### CET 1 Capital

The CET 1 capital of the Bank is composed of subscribed capital, other reserves as well as the funds for general banking risks in accordance with Sec. 340g HGB.

Since the last disclosure of SSBI's own funds as of December 31, 2022, the CET 1 capital increased by EUR 23mn. The increase of EUR 23mn are from the effects of adopting the 2022 financial statements, mainly due to reduction in the deduction items (majorly from other tangible assets and increase in funds for general banking risks).

<sup>10</sup> Supplementing CRR with regard to regulatory technical standards for prudent valuation under Art. 105 (14) CRR

<sup>11</sup> Guidelines on payment commitments under Directive 2014/49/EU on deposit guarantee schemes

With respect to the prudential filters according to Art. 34 CRR, we refer to the above mentioned explanation for SSEHG Group which also apply for SSBI. Deductions from CET1 capital, pursuant to Art. 36 (1) b) CRR, consist of 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. All other prudential deductions (defined-benefit pension fund assets, irrevocable payment commitments) have the same amounts on Bank level as on Group level.

Capital instruments both at SSEHG Group and SSBI level fulfil the conditions described in Art. 28 CRR with respect to the eligibility of CET 1 capital instruments.

#### 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 kEUR 100,000 and an interest rate of 7.75% p.a. granted by SSEHG KG to SSBI. The contractual term of the sub-ordinated loan ends on August 25, 2038. The conditions regarding the eligibility of Tier 2 capital instrument according to Art. 63 CRR are fulfilled at the level of the Bank.

#### Combined capital buffer and total capital requirements of SSEHG Group and SSBI

The capital conservation buffer is legally set since 2019 and unchanged to 2.5% of the total RWA according to Art. 92 (3) CRR.

The also required institution specific countercyclical buffer is calculated as the product of the total RWA according to Art. 92 (3) CRR and the weighted average of the ratios of the country specific countercyclical buffer for countries with significant credit risk positions. As of June 30, 2023, the ratio at Group level is 0.51% and at Bank level 0.50% (EUR 52.6mn for SSEHG Group and EUR 52mn for SSBI), compared to 0.32%<sup>12</sup> at both levels as of December 31, 2022. The increase is driven by higher applicable countercyclical capital buffer rates announced by relevant National Competent Authorities. Overall, the total level of the countercyclical buffer remains still insignificant. The main elements of the calculation as well as the geographical distribution of our relevant credit risk positions are disclosed once a year at the end of each year.

Both, the Group and the Bank have had a comfortable capitalization for years, which reflects the strength and solidity of SSBI. The regulatory ratios for the Group and the Bank are on an excellent level compared to national and international competitors. Subsequently, they are also well above the legal minimum requirements respectively the minimum required by the ECB.

Since SSEHG Group does not publish any interim or half-yearly financial reports according to HGB during the year, there is no disclosure requirement of the reconciliation statement during the year in accordance with Art. 437 (1) (a) CRR. With regard to the disclosure of the full conditions for all instruments of Common Equity Tier 1 and Tier 2 capital (cf. Art. 437 (1) (c) CRR), reference is made to the Disclosure Report of SSEHG Group as of December 31, 2022 (Section 4 "Own funds and own funds requirements").

### 3.2 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 as of June 27, 2019. The standard applies to resolution entities which are either themselves global systemically 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 (SSBI) are not in scope for the EU-TLAC requirements.

<sup>12</sup> EUR 30.02mn (SSEHG Group) and EUR 30.1mn (SSBI)

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 entities 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").

To strengthen the loss absorbing capacity of the Group, SSEHG Group received a subordinated loan (MREL-Loan) from State Street International Holdings, Boston, USA amounting to nominal USD 1,200mn (EUR 1,104mn) effective since December 28, 2021. In general terms, the loan was extended to the parent company SSEHG KG for the same amount, and finally given to the operating company SSBI via SSHG. The loan has a rolling term (with possibility of extension) and is charged with an interest rate at 0.287% above the 3-month Secured Overnight Financing Rate ("3M-SOFR"). The change in the EUR value of the MREL loan considered is a result of exchange rate fluctuations.<sup>13</sup> Additionally, there exist no further eligible liabilities, which are considered as eligible liabilities with the limits defined by Art. 72b (3) and (4) CRR.

Based on the TLAC ratios as of June 30, 2023 for SSEHG Group with 51.52% (TREA) and 11.49% (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 2 in accordance with Art. 12 (1) of the Commission Implementing Regulation (EU) 2021/763<sup>14</sup> in conjunction with Art. 437a CRR, Art. 447 lit. (h) CRR and Art. 51 (3) of the German Recovery and Resolution Act ("SAG")<sup>15</sup>.

On SSBI stand-alone level the iMREL leverage-based requirement will phase in with a requirement of 5.66% applicable in 2023 and a fully phased in requirement of 6.0%<sup>16</sup> 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<sup>17</sup> to disclose the relevant information within Table 3.

<sup>13</sup> For a detailed description of own funds and eligible liabilities, their composition and features, we refer to the appendix of this report

<sup>14</sup> Laying down 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

<sup>15</sup> Gesetz zur Sanierung und Abwicklung von Kreditinstituten („SAG“)

<sup>16</sup> The requirement is reflected according to the last calibration results provided by BaFin in 2022 and might be subject to change.

<sup>17</sup> 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 2: 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	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	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)	4,256	4,256	
EU-4	Eligible Additional Tier 1 capital	-	-	
EU-5	Eligible Tier 2 capital	-	-	
EU-6	Eligible own funds	4,256	4,256	
EU-7	Eligible liabilities	1,104	1,104	
EU-8	of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	5,360	5,360	
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	10,404	10,404	
EU-11	Total exposure measure (TEM)	46,661	46,661	
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA) in %	51.52	51.52	
EU-13	of which permitted guarantees	-		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure) in %	11.49	11.49	
EU-15	of which permitted guarantees	-		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements in %	16.43	16.43	
EU-17	Institution-specific combined buffer requirement in %		3.01	
Requirements				
EU-18	Requirement expressed as a percentage of the TREA in %	21.93	16.20	
EU-19	of which may be met with guarantees	-		
EU-20	Requirement expressed as a percentage of the TEM in %	6.00	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		49,434	

**Table 3: 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	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	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)	2,852		
EU-4	Eligible Additional Tier 1 capital	-		
EU-5	Eligible Tier 2 capital	100		
EU-6	Eligible own funds	2,952		
EU-7	Eligible liabilities	1,104		
EU-8	of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	4,056		
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	10,359		
EU-11	Total exposure measure (TEM)	46,629		
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA) in %	39.16		
EU-13	of which permitted guarantees	-		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure) in %	8.70		
EU-15	of which permitted guarantees	-		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements in %	3.05		
EU-17	Institution-specific combined buffer requirement in %			
Requirements				
EU-18	Requirement expressed as a percentage of the TREA in %	21.93		
EU-19	of which may be met with guarantees	-		
EU-20	Requirement expressed as a percentage of the TEM in %	5.66		
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			

### 3.3 Own funds requirements (Art. 438 CRR)

For the determination of the regulatory capital requirements at the level of the SSEHG Group and SSBI, the Bank uses in accordance with the CRR the respective standardized approaches since January 1, 2008, i.e. the Credit Risk Standardized Approach, the Standardized Approach for Market and Settlement Risks, the Standardized Approach for Operational Risks as well as the Standardized Approach for Credit Valuation Adjustment risks (“CVA risk”) according to CRR. Additionally, SSBI uses the Standardised Approach for Measuring Counterparty Credit Risk Exposure (“SA-CCR”).

The following table presents the Group’s and the Bank’s risk weighted exposure amounts for all the risk types mentioned above as of June 30, 2023 and December 31, 2022 as well as the own funds requirements as of June 30, 2023 as defined in Art. 1 of ITS 2021/637.

**Table 4: EU OV1 – Overview of risk weighted exposure amounts of SSEHG Group and SSBI**

		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
		06/30/2023	12/31/2022	06/30/2023	06/30/2023	12/31/2022	06/30/2023
1	Credit risk (excluding CCR)	6,784	5,640	542	6,753	5,613	540
2	Of which the standardised approach	6,784	5,640	542	6,753	5,613	540
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	383	412	31	383	412	31
7	Of which the standardised approach	296	343	23	296	343	23
8	Of which internal model method (IMM)	-	-	-	-	-	-
EU 8a	Of which exposures to a CCP	13	-	1	13	-	1
EU 8b	Of which credit valuation adjustment - CVA	74	69	6	74	69	6
9	Of which other CCR	-	-	-	-	-	-
15	Settlement risk	-	-	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	668	651	54	668	651	54
17	Of which SEC-IRBA approach	-	-	-	-	-	-
18	Of which SEC-ERBA (including IAA)	668	651	54	668	651	54
19	Of which SEC-SA approach	-	-	-	-	-	-
EU 19a	Of which 1,250% deduction	-	-	-	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1	1	0	1	1	0
21	Of which the standardised approach	1	1	0	1	1	0
22	Of which IMA	-	-	-	-	-	-
EU 22a	Large exposures	-	-	-	-	-	-
23	Operational risk	2,568	2,568	205	2,554	2,554	204
EU 23a	Of which basic indicator approach	-	-	-	-	-	-
EU 23b	Of which standardised approach	2,568	2,568	205	2,554	2,554	204
EU 23c	Of which advanced measurement approach	-	-	-	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-	-	-	-
29	<b>Total</b>	<b>10,404</b>	<b>9,272</b>	<b>832</b>	<b>10,359</b>	<b>9,231</b>	<b>829</b>

The RWA increased in the first half of 2023 by EUR 1,132mn (12.20% respectively) for the Group and by EUR 1,128mn (12.22% respectively) for the Bank compared to December 31, 2022. This increase both for SSEHG Group and SSBI resulted mainly from increased credit risk in the exposure class "Corporates" due to an increase in European Fund Finance and nostros balances in exposure class "Institutions".

The volume of the investment portfolio of the Group increased in the first half-year of 2023 from EUR 9,956mn by EUR 2,731mn to EUR 12,687mn.

The amount of securitizations increased from EUR 3,221mn by EUR 55mn to EUR 3,276mn and contains to a very large amount of AAA rated securitisation positions. The average risk-weight slightly increased (20.20% as of December 31, 2022 and 20.38% as of June 30, 2023).

#### 4 Leverage Ratio (Art. 451 CRR)

The Leverage Ratio is defined as the "capital measure" divided by the "exposure measure" and is expressed as a percentage (Art. 429 (2) CRR). The capital measure is currently defined as Tier 1 capital. CRR II took effect on June 28, 2021<sup>18</sup> and from this date institutions shall at all times satisfy under the own funds requirements a Leverage Ratio of 3% according to Art. 92 (1) (d) CRR.

The calculation of the Leverage Ratio for SSEHG Group and SSBI is based on the Art. 429 CRR i.c.w. Art. 500b CRR (if applicable to the respective date).

For further details we refer to the annual Disclosure Report as of December 31, 2022 (Chapter 7 – Leverage Ratio).

##### Development of the Leverage Ratio

As of June 30, 2023, the Leverage Ratio of SSEHG Group increased from 6.95% to 9.12% and at SSBI level from 5.20% to 6.12% compared to December 31, 2022.

**Table 5: Leverage Ratio of SSEHG Group and SSBI**

		SSEHG Group		SSBI	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
23	Tier 1 capital	4,256	3,786	2,852	2,829
24	Leverage ratio total exposures	46,661	54,435	46,629	54,406
25	Leverage ratio (in %)	9.12	6.95	6.12	5.20

The increase of the Leverage Ratio is mainly driven by the increase of the Tier 1 capital at consolidated level (from EUR 3,786mn to EUR 4,256mn) and individual level (from EUR 2.829mn to EUR 2.852mn) as well as by the decrease in Leverage Ratio exposures both at consolidated (from EUR 54,435mn to EUR 46,661mn) and stand-alone level (from EUR 54,406mn to EUR 46,629mn) compared to December 31, 2022. The background of this increase in Tier 1 capital is described section 3.1. No other notable changes occurred in regard to the composition of the Leverage Ratio exposure on both levels in the first half of 2023.

For further information to the non-risk based TLAC-Quote (based on the Leverage Ratio) please refer to the section 3.2.

<sup>18</sup> With the exceptions listed in paragraphs 3 to 8



## 5 Liquidity Ratios (Art. 451a CRR)

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<sup>19</sup> of ITS 2021/637. Further detailed Information regarding liquidity risks and the liquidity risk management according to Art. 435 (1) CRR can be found in chapter 3 (“Risk Management”) of the annual Disclosure Report as of December 31, 2022.

### Liquidity Coverage Ratio (LCR) – General information

As of June 30, 2023, the LCR of the SSEHG Group increased from 146.03% to 171.96% and the LCR of SSBI increased from 140.15% to 157.55% compared to December 31, 2022. This increase results mainly from a decrease in excess operational deposits.

The Group calculates the LCR in significant foreign currencies in accordance with Art. 415 (2) CRR when the corresponding 5% threshold<sup>20</sup> is exceeded. At the disclosure date and still unchanged, the US Dollar was as the only significant currency.

In addition, there are no material items for the liquidity risk profile of the SSEHG Group and SSBI that are not described in this Disclosure Report or any other significant changes compared to December 31, 2022.

### Liquidity Coverage Ratio (LCR) – Quantitative information

The following information, for the Group and the Bank will be published in accordance with Art. 435 CRR and the presentation of Annex II of EBA/GL/2017/01 in the form of simplified disclosure of the LCR<sup>21</sup>. The values presented are calculated as the average of the last twelve month end values in relation to the end of the quarter to be published.

**Table 6: LCR-Disclosure of SSEHG Group<sup>22</sup>**

	Total weighted value			
	06/30/2023	03/31/2023	12/31/2022	09/30/2022
Number of data points used in the calculation of averages	12	12	12	12
15 Liquidity Buffer	28,555	31,535	34,725	36,271
16 Total net cash outflow	18,465	19,157	19,887	20,468
17 Liquidity Coverage Ratio (%)	154.85	164.19	174.88	177.87

**Table 7: LCR-Disclosure of SSBI <sup>22</sup>**

	Total weighted value			
	06/30/2023	03/31/2023	12/31/2022	09/30/2022
Number of data points used in the calculation of averages	12	12	12	12
15 Liquidity Buffer	28,555	31,535	34,725	36,271
16 Total net cash outflow	19,603	20,280	21,010	21,563
17 Liquidity Coverage Ratio (%)	145.68	154.98	165.41	168.67

The LCR of the Group and the Bank prove that the liquidity buffer and the available funds for refinancing are at any time sufficient over the required period of time to execute customer orders and to meet its payment obligations.

<sup>19</sup> Annexes XIII and XIV

<sup>20</sup> An LCR-report in respective foreign currency must be made in case the aggregated liabilities in a foreign currency different from the reporting currency amount to or exceed 5% of the institution's or the consolidated liquidity subgroup's total liabilities

<sup>21</sup> As the requirements according to section 14 of EBA/GL/2017/01 are fulfilled both for SSEHG Group and SSBI

<sup>22</sup> The tables above are included for overview purposes and not to any disclosure obligations

**Net Stable Funding Ratio (“NSFR”) – Qualitative and Quantitative information**

Both SSEHG Group and SSBI are required to hold an NSFR ratio of 100% as a binding requirement since June 28, 2021 followed the implementation of CRR II. 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, both SSEHG Group and SSBI has to comply with reporting requirements to the full extent (i.e. “fully fledged”). Both the SSEHG Group with 266.76% and SSBI with 272.48% hold as of June 30, 2023 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”).

The following tables show the figures at the end of the quarter for the SSEHG Group and for the Bank.

**Table 8: NSFR-Disclosure of SSEHG Group<sup>23</sup>**

		06/30/2023	03/31/2023	12/31/2022	09/30/2022
18	Total available stable funding	20,525	21,286	23,411	24,818
19	Total required stable funding	7,694	7,974	7,898	6,873
20	NSFR ratio (%)	266.76	266.93	296.41	361.10

**Table 9: NSFR-Disclosure of SSBI <sup>23</sup>**

		06/30/2023	03/31/2023	12/31/2022	09/30/2022
18	Total available stable funding	18,427	19,406	21,756	22,550
19	Total required stable funding	6,763	6,926	6,860	5,834
20	NSFR ratio (%)	272.48	280.17	317.13	386.54

<sup>23</sup> The tables above are included for overview purposes and not to any disclosure obligations

## 6 Other Information

The following section reflects further quantitative and qualitative information on other items prone to rapid changes and on those items covered by Part 8 CRR that have experienced significant changes during the reporting period.

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

The following personnel and organizational changes occurred regarding the Executive Management Board (“EMB”) and Supervisory Board of SSBI:

- Mr. Stefan Gmür left the EMB as of December 31, 2022.
- Mr. Andreas Niklaus left the EMB as of December 31, 2022.
- Dr. Andreas Przewloka joined the EMB as of January 1, 2023 as Chief Executive Officer and speaker of the EMB.
- Ms. Nadine Chakar retired from the Supervisory Board as of December 31, 2022.
- Ms. Ann Fogarty joined the Supervisory Board as of June 1, 2023.

**Table 10: Number of management and directorships held by SSBI EMB members according to Art. 435 (2) a) CRR**

	Number of the Directorships	Number of the Directorships after consideration of exemptions
Dr. Andreas Przewloka, nominated as of January 1, 2023	2	1
Dennis Dollaku	1	1
James K Fagan	1	1
Dr. Dagmar Kamber Borens	4	2
Riccardo Lamanna	3	2
Annette Rosenkranz	1	1
Simona Stoytchkova	1	1
Kris Wulteputte	1	1

**Table 11: Number of management and directorships held by the Supervisory Board members of SSBI according to Art. 435 (2) a) CRR**

	Number of the Directorships	Number of the Directorships after consideration of exemptions
Jörg Ambrosius (Chair of the Supervisory Board)	2	1
Elizabeth Nolan	2	2
Frank Annuscheit	5	4
David Suetens	4	3
Ann Fogarty, nominated as of June 1, 2023	5	4
Ian William Appleyard	2	1
Marlena Ludian	1	1
Hartmut Popp	1	1
Tomasz Salamon	1	1

The committee structure of the Supervisory Board sub committees, including membership, remains unchanged. Further details regarding governance bodies and committees can be found in the Disclosure Report as of December 31, 2022.

## 6.2 Risk Management (Art. 435 CRR)

The overall economic development in the first half of 2023 is showing signs of improvement but the upturn remains weak, amid significant downside risks. Lower energy prices are helping to bring down headline inflation and ease strains on household budgets, and the earlier-than-expected reopening of China has provided a boost to global activity. However, core inflation is proving persistent and the impact of higher interest rates is increasingly being felt across the economy. The ongoing central bank responses with the resulting significant upward changes in the interest rate environment have led to both the Group and SSBI reviewing and adjusting their multi-year financial planning (2023-2025) during the first half of 2023. It is now expected that the net interest income will improve noticeably, in particular due to the changed global interest rate environment. However, unfavorable developments, e.g., from increased inflation, partially offset these positive developments. Due to higher interest rates the Group is now facing increased sensitivity to downside shock scenarios and keeping eye on its liquidity position.

Despite rapid interest rate hikes of US Federal Reserve Board and ECB, the corporate sector performed better than expected so far driven by fading supply shocks, moderating raw material cost, and pricing activities coupled with relatively resilient demand. However, given inflationary pressures expected to remain sticky, the restrictive policy stance from major central banks would create tighter credit conditions, gradually dragging down economic growth. Surveillance activities remain an essential component of the credit review and monitoring process to closely monitor the credit quality of the portfolio, to account for enhanced recession risk and to identify a possible degradation in credit quality at an early stage. So far, no material deterioration in asset quality of the credit portfolio is recognized.

Irrespective of the developments mentioned above, the statements on the risk definitions used, the risk strategy and the risk situation as well as the risk quantification and risk management as such remain valid and appropriate for all risk types mentioned in the Disclosure Report as of December 2022. The declaration on the appropriateness of the risk management process pursuant to Art. 435 (1) e) CRR and the concise risk statement pursuant to Art. 435 (1) f) CRR are still valid.

In the first quarter of 2023, the results of the annual Internal Capital Adequacy Assessment Process (“ICAAP”) cycle have been finalized. Based on the results, no significant changes have been determined in the risk profile of the Group.

The multiannual capital planning based on the Business Strategy confirmed the comfortable capitalization of the Group and the Bank also under consideration of the stress test results. The Bank maintains a comfortable buffer of available capital.

During the first half of 2023, capital adequacy in the economic perspective of the SSEHG Group and the Bank has been ensured at all time. The Bank is currently revising its economic capital models in order to better align to regulatory expectations. In anticipation of these model changes, the economic capital need for both and the Group and the Bank contain overlays / add-ons since May 2023.

Starting March 2023, the ICAAP Team conducts the assessment in the economic perspective both including and excluding year-to-date net income. For SSBI this is done via the pre-PLTA and post-PLTA views to account for the mechanics of the Profit & Loss Transfer Agreement (“PLTA”) with State Street Holdings Germany GmbH. While such agreement does not exist for the SSEHG Group, its earnings might be subject to dividend payments at year-end, and thus the metrics differentiate between pre-dividend and post-dividend views.

At Group level, pre-dividend Internal Capital Ratio (calculated as internal capital incl. Year-to-date net income over economic capital) was at 243.92% as of June 30, 2023, with internal capital at EUR 4,072mn and an economic capital need (total risks) at EUR 1,669mn. Since December 2022, the Group’s pre-dividend internal capital has increased by EUR 306mn due to both consideration of year-to-date net income and the attestation of 2022 earnings - leading to retention of 2022 earnings as well as reduction of CET1 deduction items (goodwill and other intangible assets) from depreciation. Post-dividend Internal Capital Ratio was at 233.15% as of June 30, 2023, with internal capital (excl. Year-to-date net income) at EUR 3,892mn.

For the Bank, pre-PLTA Internal Capital Ratio was at 157.65% with internal capital at EUR 2,666mn and an economic capital need at EUR 1,691mn. Post-PLTA Internal Capital Ratio was at 143.67% as of June 30, 2023, with internal capital at EUR 2,430mn. It is to be noted that increase in the post-PLTA view (by EUR 68mn) is solely driven by the attestation of 2022 earnings (mainly leading to a reduction of CET1 deduction items), whereas pre-PLTA additionally considers the year-to-date net income from the first half of 2023. The following table shows the detailed economic capital need as well as the internal capital as of June 30, 2023:

**Table 12: Economic capital amounts and internal capital in the economic perspective for SSEHG Group and SSBI**

	SSEHG Group		SSBI	
Material risk types	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Investment Portfolio MtM	306	303	306	303
Interest Rate Risk	278	47	299	49
Credit Risk	459	346	459	347
Pension Obligation Risk	54	10	54	10
Operational Risk	182	169	182	169
Technology and Resiliency Risk	103	99	103	99
Core Compliance Risk	94	91	94	91
Strategic Risk	109	91	109	91
Model Risk	22	22	22	22
Reputational Risk	25	25	25	25
Immaterial Risk Buffer	37	n/a	37	n/a
Climate and Environmental Risk	Assessed through all other risk subcategories where applicable			
Capital Ratios <sup>24</sup>				
Internal Capital Ratio (in %), pre-PLTA/dividend	243.92	312.96	157.65	195.71
Internal Capital, pre-PLTA/dividend	4,072	3,766	2,666	2,362
Internal Capital Ratio (in %), post-PLTA/dividend	233.15	312.96	143.67	195.71
Internal Capital, post-PLTA/dividend	3,892	3,766	2,430	2,362
Economic Capital	1,669	1,203	1,691	1,207

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

As of June 30, 2023 Stage 1/ Stage 2 Reserve for the leveraged loans portfolio stood at EUR 17.9mn (versus EUR 20.3mn as of December 31, 2022). Additionally, Stage 1 Reserve were built for exposures stemming from the European Fund Finance (“EFF”) business amounting to EUR 0.05mn as per reporting date (EUR 0.09mn as of December 31, 2022). The decrease in total risk provisioning reflects the economic impact, leveraged loan de-risking activities and rating upgrades overweighting rating downgrades. The Stage 1/ Stage 2 Reserve has been deducted on the asset side from loans and advances to customers.<sup>25</sup>

In addition, SSBI entered into leveraged loans with a volume of EUR 34.3mn (EUR 68.4mn as of December 31, 2022), which have not been settled as of the reporting date. Those items are recognized off-balance sheet as at June 30, 2023. Off-balance sheet items for the EFF business amounted to EUR 3,191.3mn (nominal value) as of reporting date (EUR 2,721.9mn as of December 31, 2022). As of June 30, 2023, a Reserve for those leveraged loan off-balance sheet positions have been recognized in the amount of EUR 0.2mn (EUR 1mn as of December 31, 2022)

<sup>24</sup> The differentiation of the assessments in the economic perspective for pre-PLTA/Dividend and post-PLTA/Dividend views were implemented in March 2023.

<sup>25</sup> The amount of credit value adjustments and provisions is equal both on the level of SSEHG Group and SSBI. They are classified as Specific Credit Risk Adjustments according to Commission Delegated Regulation (EU) No. 183/2014 for specifying the calculation of specific and general credit risk adjustments. There are still no general credit risk adjustments. Regarding additional comments, especially for the identification of the amounts of the specific credit risk adjustments and their inclusion on Group and Bank level, in particular for the purpose of Art. 111 CRR, we refer to the Disclosure Report of the SSEHG Group as of December 31, 2022 (Chapter 5.1: “Credit Risk Adjustments (Art. 442 CRR)”).

and for the EFF portfolio in the amount of EUR 0.2mn as of June 30, 2023 (EUR 0.9mn as of December 31, 2022) according to Section 249 (1) HGB.

As of June 30, 2023, the specific reserve added up to EUR 0.5mn (please refer to the next chapter for additional details “Non-performing and forborne exposures”) compared to EUR 3.3mn as of December 31, 2022.

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

Considering the disclosure requirements for non-performing<sup>26</sup> and forborne<sup>27</sup> exposures according to Art. 8 (1) of the ITS 2021/637 SSEHG Group and SSBI reported non-performing exposure from the general service business with the amount of EUR 0.2mn as of June 30, 2023 that is almost unchanged to December 31st, 2022. Specific loan loss provision in the amount of EUR 0.2mn have been built accordingly.

Additionally, non-performing exposures regarding the leveraged loan portfolio amounted to EUR 22.6mn (EUR 72,8mn as of December 31, 2022) for which specific loan loss provision in the amount of EUR 0.3mn (EUR 3.1mn as of December 31, 2022) have been built accordingly. No forborne exposures are reported as of June 30, 2023.<sup>28</sup>

The gross NPE (“non-performing exposure”) ratio as of June 30, 2023 was 0.09% (0.31% as of December 31, 2022) both on Group and Bank level. It 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 NPL (“non-performing loan”) ratio, each of which amounted to 0.25% as of June 30, 2023, 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). The NPL ratio remained almost unchanged and amounted to 0.86% as of December 31, 2022.

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.

#### 6.5 Encumbered and unencumbered assets (Art. 443 CRR)

The encumbrance ratio of SSEHG Group’s assets increased from 0.9% as of December 31, 2022 to 5.0% as of June 30, 2023 and therefore remains on a low level. The increase is mainly due to Repurchase Agreements entered into.

The median encumbrance ratio was 0.9% in December 2022 and 4.1% in June 2023. The values are determined by interpolation using the rolling quarterly medians over the previous 12 months.

For further information we refer to the Disclosure Report of the SSEHG Group as of December 31, 2022 (Chapter 6 “Unencumbered assets (Art. 443 CRR)”).

#### 6.6 Securitisations (Art. 449 CRR)

During the first half-year of 2023, there were no material changes to securitisations. For further information please refer to the Disclosure Report of SSEHG Group as of December 31, 2022.

#### 6.7 Remuneration (Art. 450 CRR and Section 16 InstitutsVergV)

During the first half-year of 2023, there were no material changes to remuneration. For further information please refer to the Disclosure Report of SSEHG Group as of December 31, 2022.

<sup>26</sup> So called „Non-Performing Exposures“ (NPE) or „Non-Performing Loans“ (NPL) respectively

<sup>27</sup> So called „Forborne Exposure“ (FBE)

<sup>28</sup> For further information we refer to the Disclosure report as of December 31, 2022 (Section 5.2 “Disclosure of non-performing and forborne exposures”).

## 7 Glossary

acc.	according
Art.	Article
AT1	Additional Tier 1 Capital
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BdB	Bundesverband deutscher Banken (Association of German banks)
bn	Billion
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CET 1	Common Equity Tier 1
CFO	Chief Financial Officer
cf.	confer/conferatur (compare)
Co.	Company
CRD IV	Capital Requirements Directive IV (Directive 2013/36/EU)
CRD V	Capital Requirements Directive V (Directive 2019/878/EU)
CRR	Capital Requirements Regulation (EU) 575/2013
CRR II	Capital Requirements Regulation (EU) 2019/876 amending the CRR and Regulation (EU) 648/2012
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECB	European Central Bank
EFF	European Fund Finance
EU	European Union
EMB	Executive Management Board
EUR	Euro
GmbH	Limited under German law
GL	Guideline
G-SII	Global systemically important institution
GLLP	General loan loss provisions
HGB	Handelsgesetzbuch (German Commercial Code)
HQLA	High Quality Liquid Assets
i.c.w.	in conjunction with
i.e.	id est (that is)
ICAAP	Internal Capital Adequacy Assessment Process
InstitutsVergV	Institutsvergütungsverordnung (German Remuneration Code)
iMREL	Internal MREL
incl.	including
IPC	Irrevocable payment commitments
ITS	Implementing Technical Standard
KEUR	Thousand Euro
KG	Limited partnership (Kommanditgesellschaft)
KWG	German Banking Act (Kreditwesengesetz)
LCR	Liquidity Coverage Ratio
LREM	Leverage Ratio Exposure Measure
MLP	Managing limited partner

mn	Million
MREL	Minimum requirement for own funds and eligible liabilities
n/a	Not applicable
No.	Number
NPE	Non-performing exposure
NPL	Non-performing loan
NSFR	Net Stable Funding Ratio
NYSE: STT	New York Stock Exchange: State Street Corporation
p.a.	per annum
PLTA	Profit & Loss Transfer Agreement
RWA	Risk Weighted Assets
S.A.	Société Anonyme (Luxembourgian corporation)
SA-CCR	Standardised Approach for Measuring Counterparty Credit Risk Exposure
S.à r.l.	Société à responsabilité limitée (Luxembourgian limited company)
SAG	German Recovery and Resolution Act (Gesetz zur Sanierung und Abwicklung von Kreditinstituten)
Sent.	Sentence
SOFR	Secured Overnight Financing Rate
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SSB S.A.	State Street Banque S.A.
SRF	Single Resolution Funds
SSBI	State Street Bank International GmbH
SSBL	State Street Bank Luxembourg S.C.A.
SSEHG Group	State Street Europe Holdings Germany Group
SSEHG KG	State Street Europe Holdings Germany S.à r.l. & Co. KG
TEM	Total exposure measure
SSHG	State Street Holdings Germany GmbH
TLAC	Total loss-absorbing capacity
TORC	Technology and Operational Risk Committee
TREA	Total Risk Exposure Amount (RWA)
US	United States
USD	United States Dollar



## 8 Annex A – Supplementary disclosure tables

**Table 13: EU CCA – Main features of regulatory own funds instruments<sup>29</sup>**

No.	Main features	Regulatory own funds instruments		
		SSEHG Group a	SSBI a	SSBI a
		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
<b>Regulatory treatment</b>				
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

<sup>29</sup> Items, which are not applicable for disclosure purposes are marked with "N/A" according to Annex II of ITS 2021/637

No.	Main features	SSEHG Group		Regulatory own funds instruments		SSBI	
		Common Equity	Tier 1 Capital Instruments:	Common Equity	Tier 1 Capital Instruments:	Tier 2 Capital Instruments:	Subordinated Loan
		Subscribed Capital	Subscribed Capital	Subscribed Capital	Subscribed Capital		Event.
16	Subsequent call dates, if applicable		N/A		N/A		N/A
	<b>Coupons / dividends</b>						
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 <sup>30</sup>
25	If convertible, fully or partially		N/A		N/A		Fully or partially <sup>30</sup>
26	If convertible, conversion rate		N/A		N/A		N/A
727	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		Write-down based on statutory rules only <sup>30</sup>		Write-down based on statutory rules only <sup>30</sup>	
32	If write-down, full or partial	Fully or partially <sup>30</sup>		Fully or partially <sup>30</sup>		Fully or partially <sup>30</sup>	
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 <sup>31</sup>		1 <sup>31</sup>		3 <sup>32</sup>
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

<sup>30</sup> 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.

<sup>31</sup> Common equity Tier 1 instruments, Section 199 of the Insolvency Code

<sup>32</sup> Tier 2 instruments, Section 39 (2) of the Insolvency Code

No.	Main features	SSEHG Group		Regulatory own funds instruments		SSBI	
		Common Equity	Tier 1 Capital Instruments: Subscribed Capital	Common Equity	Tier 1 Capital Instruments: Subscribed Capital	Tier 2 Capital Instruments: Subordinated Loan	Subordinated Loan
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 of the Disclosure Report as of December 31, 2022	

Table 14: EU CCA – Main features of eligible liabilities instruments

		Eligible liabilities instrument	
		SSBI a	SSEHG Group a
1	Issuer	State Street Bank International GmbH	State Street Europe Holdings Germany S.à r.l & Co. KG
2	Unique identifier (e.g. 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
<b>Regulatory treatment</b>			
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 1,104mn	EUR 1,104mn
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	12/31/2025	12/31/2025
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 day following a tax event or a regulatory event
16	Subsequent call dates, if applicable	N/A	N/A
<b>Coupons / dividends</b>			
17	Fixed or floating dividend/coupon	Floating	Floating

		SSBI a	Eligible liabilities instrument	SSEHG Group a
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
24	If convertible, conversion trigger(s)	Convertible based on statutory rules only <sup>33</sup>		Convertible based on statutory rules only <sup>33</sup>
25	If convertible, fully or partially	Fully or partially <sup>33</sup>		Fully or partially <sup>33</sup>
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 <sup>33</sup>		Write-down based on statutory rules only <sup>33</sup>
32	If write-down, full or partial	Fully or partially <sup>33</sup>		Fully or partially <sup>33</sup>
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 <sup>34</sup>		4 <sup>34</sup>
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

<sup>33</sup> 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

<sup>34</sup> Claims subordinated by virtue of a contractual subordination clause not specifying the pertinent rank (other than Additional Tier 1 or Tier 2 instruments), Section 39 (2) of the Insolvency Code

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