State Street Europe Holdings Germany S.à r.l. & Co. KG Consolidated Disclosure Report as of December 31, 2021

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) 2019/876¹ 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 in the new, consolidated version if applicable as of December 31, 2021.

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 CRR² 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 capital adequacy and risk profile.

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 <u>www.statestreet.com</u>. 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 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, 2021 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. The disclosure report was submitted to the Executive Management Board ("EMB") for approval and 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, 2021 as separate appendix as the Bank is the only operating entity of SSEHG Group.

1.4 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, 2021, 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.

The disclosure index (Appendix B) included in the report provides the overview of the SSEHG Group's compliance with the CRR requirements as of December 31, 2021.

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 metric of SSEHG Group and SSBI according to Art. 447 CRR

			SSEHG Group			SSBI			
Availab	le own funds (amounts)								
1	Common Equity Tier 1 (CET1) capital	3,378	3,379	3,233	1,972	1,972	2,175		
2	Tier 1 capital	3,378	3,379	3,233	1,972	1,972	2,175		
3	Total capital	3,378	3,379	3,233	2,072	2,072	2,275		
Risk-we	eighted exposure amounts								
4	Total risk exposure amount	10,047	10,232	8,412	10,043	10,164	8,357		
Capital	ratios (as a percentage of risk-weighted exposure amo	ount)							
5	Common Equity Tier 1 ratio (%)	33.62	33.03	38.43	19.64	19.40	26.02		
6	Tier 1 ratio (%)	33.62	33.03	38.43	19.64	19.40	26.02		
7	Total capital ratio (%)	33.62	33.03	38.43	20.63	20.38	27.22		
	nal own funds requirements to address risks other tha	n the risk of e	xcessive levera	age (as a perce	entage of risk-	weighted expo	sure		
amoun	Additional own funds requirements to address risks								
EU7a	other than the risk of excessive leverage (%)	2.00	2.00	2.00	2.00	2.00	2.00		
EU7b	of which: to be made up of CET1 capital (percentage points)	1.13	1.13	1.13	1.13	1.13	1.13		
EU7c	of which: to be made up of Tier 1 capital (percentage points)	1.50	1.50	1.50	1.50	1.50	1.50		
EU7d	Total SREP own funds requirements (%)	10.00	10.00	10.00	10.00	10.00	10.00		
Combir	ned buffer and overall capital requirement (as a percei	ntage of risk-w	eighted expos	sure 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 (%)	0.15	0.10	0.05	0.15	0.11	0.05		
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 (%)	2.65	2.60	2.55	2.65	2.61	2.55		
EU11a	Overall capital requirements (%)	12.65	12.60	12.55	12.65	12.60	12.55		
12	x	23.62	23.03	28.43	10.63	10.38	17.22		
Levera	ge Ratio								
13	Total exposure measure	56,230	53,018	48,042	56,193	52,944	47,999		
14	Leverage ratio (%)	6.01	6.37	6.73	3.51	3.72	4.53		
Additio	nal own funds requirements to address the risk of exc	essive leverag	e (as a percen	tage of total ex	posure meas	ure)			
EU14a	Additional own funds requirements to address the risk of excessive leverage	-	-	-	-	-	-		
EU14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-	-		
F1111-	Total SREP leverage ratio requirements	3.00	3.00	3.00	3.00	3.00	3.00		

		SSEHG Group					
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)	35,550	34,338	31,501	35,550	34,338	31,501
EU16a	Cash outflows - Total weighted value	24,499	24,759	22,228	25,278	25,377	22,688
EU16b	Cash inflows - Total weighted value	2,501	2,728	3,091	2,473	2,701	2,986
16	Total net cash outflows (adjusted value)	21,996	22,030	19,137	22,804	22,676	19,702
17	Liquidity coverage ratio (%)	162.40	156.23	165.73	156.50	151.75	160.30
	Net Stable Funding Ratio						
18	Total available stable funding	23,903	20,760	-	21,611	18,708	-
19	Total required stable funding	7,705	8,120	-	6,470	6,974	-
20	NSFR ratio (%)	310.23	254.89	-	334.00	267.29	-

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, 2021:

- 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

As of December 31, 2021 ("reporting date") SSBI has a participation in State Street Finanz GmbH in Liquidation, Zurich, Switzerland. A request for the extinction of the company has been submitted on December 31, 2021 to the Commercial Register Office (Handelsregisteramt) of Canton Zurich. The deletion has been registered on June 14, 2022.

SSBI indirect shareholders are State Street Corporation ("SSC" or "State Street Group"), Boston, USA, State Street Bank and Trust Company ("SSBT"), Boston, USA, 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 and representative office 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.

There were no changes in the holding structure in the respective year.

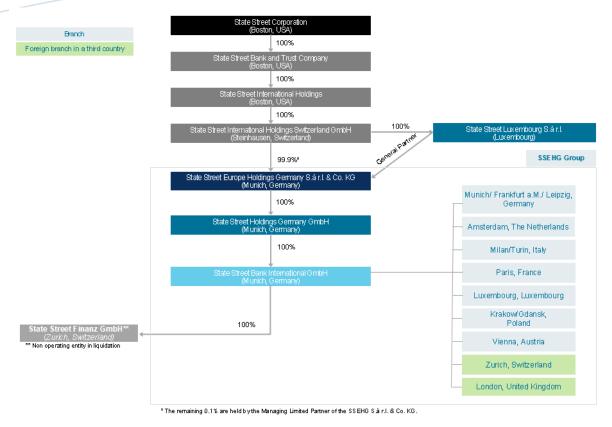


Illustration 1: Participation, subsidiaries and branches of SSBI as of December 31, 2021

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, except for State Street Finanz GmbH. There is no consolidation of State Street Finanz GmbH from a regulatory point of view due to an exemption in accordance with Art. 19 (1) CRR i.c.w. Section 31 (3) Sent. 1 and 2 KWG (old version). A consolidation of State Street Finanz GmbH with respect to HGB requirements is likewise not conducted due to materiality reasons. In this regard, there a no differences between the prudential and the commercial scope of consolidation⁴.

Both tables EU L11 and EU L12 in the appendix 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).

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 in the standard 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 is the difference between row 1 and row 2.

⁴ Illustration 1 shows the supervisory consolidation and the consolidation according to commercial law of SSEHG Group and its ownership structure.

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. Row 4 "Off-balance-sheet amounts" shows the off-balance-sheet amounts before taking into account CCFs.

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

Name of the entity

Name of the entity

Name of the entity

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

State Street Holdings Germany GmbH

Full consolidation

State Street Bank International GmbH

Full consolidation

Not included

C

d

e

f

Method of prudential consolidation

polytype

polyt

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

2.3.2 Exposures in equities not included in the trading book

Formerly, SSBI was holding 100% of the shares in State Street Finanz GmbH, Zurich, Switzerland ("SFM"). SFM was liquidated effective December 29, 2021. According to the closing balance sheet of SFM the proceeds of liquidation amount to EUR 11mn as per December 15, 2021. The deletion of SFM in the commercial register of the Canton of Zurich (Switzerland) took place on June 14, 2022.

Until liquidation the shares in affiliated companies (other participations, not listed on the stock exchange) are accounted at acquisition cost or, in case of permanent impairment, to the lower fair value at the balance sheet date⁵. If the reasons for impairment from the previous fiscal years ceased to exist, attributions up to the fair value but at maximum up to the acquisition cost were made.

There were no further cumulative values, realized profits or losses arising from sales and liquidations in the reporting period. Unrealized or deferred revaluation profits or losses have not been considered in the reporting period.

In addition, there were other, 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 2021.

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.

⁵ The balance sheet date corresponds to the reporting date (31.12.2021)

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 - adjustments due to the requirement of prudent valuation 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 (hereinafter "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.

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 in the German and European markets. Headquartered in Munich, during 2021, SSBI maintained 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 8,374 employees on average during 2021 (previous year: 8,220).

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, 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, inter alia, 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. This is a product range where lines of credit, fixed-term loans, and stand-by letters of credit are provided primarily to investment management companies of regulated, lightly regulated, and unregulated funds. 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, it offers supplementary services, such as reporting, performance evaluation, and risk analyses, which are becoming increasingly important in the market. 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 investment 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 2021 by Standard & Poor's Financial Services LLC, New York, USA.

Investment activities

In 2021, the acquisition of the Investor Services business of Brown Brothers Harriman & Co ("BBH&Co") was announced by State Street Corporation and its subsidiaries, and this will be completed in fiscal year 2022. The Investor Services business includes, among other things, the areas of custody, accounting, fund administration, global markets, and technology services. As part of this, SSBI is expected to take over the units and divisions of BBH&Co in Luxembourg and in Switzerland.

In this context, the SSBI branch in Luxembourg will acquire the shares in Brown Brothers Harriman (Luxembourg) Holdings S.à r.l. from BBH Luxembourg LLC (USA) as part of a share deal, and so indirectly also its subsidiaries Brothers Harriman (Luxembourg) S.à r.l. and Brown Brothers Harriman (Luxembourg) SCA. In addition, SSBI will take over certain assets and employees of Brown Brothers Harriman Services AG through its Swiss subsidiary as part of an asset deal.

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"): control functions independent of the FLoD, such as Enterprise Risk Management, and Corporate Compliance, operate as the SLoD. The SLoD is responsible for either setting the Corporate Risk Appetite or recommending the Compliance Risk Tolerance limits; developing policies and procedures to evaluate whether risks are contained within the appropriate limits; monitoring risk-taking; monitoring and testing compliance with laws independently of the FLoD; and providing credible review and challenge to the FLoD risk management practices.
- 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

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 committees⁶.

SSBI Supervisory Board Cuarterly SSBI Executive Management Board Monthly SSBI Executive Management Board Monthly Business Conduct Rek Cormittee Quarter Rick and Operational Risk Committee Quarter Management Committee Quarter Monthly Development and Modification Modification Committee Quarter Monthly Monthly

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 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.

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.

⁶ Please note, that the illustration provides an simplified overview of all regular committees that focus on discussing the risk situation without ad-hoc committees

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 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.

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) to d) CRR)

The most significant types of risk for the SSEHG Group and SSBI as of December 31, 2021, 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 2^7 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.

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	Internal treatment
	Investment portfolio Mark-to-Market risks8	significant	significant
	Interest rate risks	significant	significant
Financial risks	Credit risks	significant	significant
	Liquidity risks	significant	significant
	Pension obligations risk	n/a	significant
	Operational risks	significant	significant
Non-financial risks	Technology and resiliency risk	n/a	significant
	Core compliance risk	n/a	significant
Business risks	Strategic Risk	n/a	significant
Dusiliess (15K5	Model risk	n/a	significant
Reputational risk		n/a	significant

⁷ Pillar 2 describes the economic perspective of the ICAAP, also referred to as economic capital adequacy

⁸ Analogue to the CRR and the MaRisk the terms "market risk" and "mark-to-market risk" are used as synonyms

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. In general the Group faces the following market 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 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 undercollateralization.

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 group's ICAAP and risk appetite.

The Group's 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 decreased slightly due to macroeconomic developments whereby the group has increased its investment in USD denominated 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 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. 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 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 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.

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 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, 2021 all-risk metrics stayed within limits and the value at risk metric (RAS metric MTM Investment Portfolio, one month holding period, 99% confidence level) was quantified at EUR 77m, while potential economic value change of interest rate sensitive positions (+/-200bps parallel shock of the yield curve as per BaFin circular 06/2019) was -6.68% of the regulatory own funds. Compared to prior year the group is facing an increased interest rate risk and was facing limit breaches of two EBA early warning indicators at the bank level during Q1 and Q2 Those were driven by changed yield curves, a restructuring of the Investment portfolio as well as a temporary decrease in regulatory capital. Prior year's IP MTM VaR was EUR 138.2m and it improved mainly driven by a decreased investment portfolio volume.

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 2021 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, 2021 are shown in the following table:

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

		Risk weighted exposure	amounts (RWEAs)
		SSEHG Group	SSBI
	Outright products		
1	Interest rate risk (general and specific)	0	0
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	-	45
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	Total	0	45

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	С	d
	Changes of the econo	Changes of the economic value of equity		t interest income
Supervisory shock scenarios	Current period (12/31/2021)	Last period (12/31/2020)	Current period (12/31/2021)	Last period (12/31/2020)
1 Parallel up	6.46%	-2.03%	55.66%	20.46%
2 Parallel down	-6.67%	-3.80%	-12.30%	-0.45%
3 Steepener	5.72%	6.41%		
4 Flattener	-5.44%	-7.05%		
5 Short rates up	-1.97%	-7.21%		
6 Short rates down	1.61%	1.96%		

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.

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 manages 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 the Bank 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 overall credit risk strategy and credit policy of the Bank, including the credit risk tolerance/appetite and the credit risk framework, which establishes among others the delegation of authority and the credit internal limits structure. 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. 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.

Credit Risk is responsible for managing and monitoring credit risk on an ongoing basis, at the individual credit counterparty, counterparty group and portfolio level, all exposures and limits to ensure they are in line with the Bank's overall credit risk appetite/ risk tolerance. Individual counterparty limits are established using a "bottom up" approach by setting product limits in accordance with the counterparty risk appetite guidelines and by considering country and portfolio specific risk appetites as well as considering regulatory requirements, where applicable.

The risk strategy of SSBI provides for daily monitoring of counterparty risks, including default risk using a comprehensive system of limits. 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 custody activities which can be canceled 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
- 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 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
- Unsecured deposit transactions (unsecured placements) with SSBT

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 'European Fund Finance' 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 loans 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 impairments'. 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 54.7bn) is 0.15% as of December 31, 2021 (previous year: 0.20%). This corresponds to an average rating of SSC3, which represents an external rating of A+/A (S&P) and BAA3 (Moody's).

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, 2021, the expected value was EUR 45.1mn (previous year: EUR 45.9mn).

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 a 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.

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° 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

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⁹ Annexes XIII and XIV

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.

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, approximately half of these on-balance-sheet assets consisted mainly 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 16.3bn and EUR 16.2bn respectively as of December 31, 2021.

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.

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 projected to remain relatively stable over the forecast horizon and remains within targeted levels in baseline and adverse scenarios.

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 2022 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 166.10% and the LCR of SSBI (individual) was 160.15%.

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. Existing credit lines exist amount to a low three-digit million amount, with regular draws only taking place for Leveraged 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) 2017/2089¹⁰. 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, 2021, the LCR (in US dollars) was 213.24% 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.

¹⁰ 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 6: EU LIQ1 – Quantitative information of LCR for SSEHG Group

			b	C			†		
FIL 12	Quarter anding on (2021)		unweighted					value (ave	
	Quarter ending on (2021)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	UALITY LIQUID ASSETS					35,550	34,345	34,338	32,385
1	Total high-quality liquid assets (HQLA)					33,330	34,343	24,236	32,303
CASH - (OUTFLOWS Retail denosits and denosits from small business								
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	44,518	43,551	43,663	42,147	20,023	20,060	21,076	20,274
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	32,467	31,070	29,814	28,828	8,117	7,768	7,454	7,207
7	Non-operational deposits (all counterparties)	12,051	12,481	13,849	13,319	11,906	12,292	13,622	13,067
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					172	107	2	7
10	Additional requirements	3,011	2,772	2,195	1,562	2,804	2,579	2,033	1,444
11	Outflows related to derivative exposures and other collateral requirements	424	431	449	454	422	431	449	454
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2,587	2,341	1,746	1,108	2,382	2,148	1,584	990
14	Other contractual funding obligations	86	82	81	75	26	20	17	13
15	Other contingent funding obligations	44,085	44,064	44,101	44,118	1,474	1,605	1,631	1,536
16	TOTAL CASH OUTFLOWS					24,499	24,371	24,759	23,274
CASH - I	NFLOWS								
17	Secured lending (e.g. reverse repos)	2,910	3,392	3,896	4,479	717	1,226	1,681	1,964
18	Inflows from fully performing exposures	1,558	1,266	837	876	1,535	1,249	824	859
19	Other cash inflows	774	641	657	757	249	208	223	249
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	5,242	5,299	5,390	6,112	2,501	2,683	2,728	3,072
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	
EU-20c	Inflows subject to 75% cap	5,242	5,072	4,880	5,329	2,502	2,684	2,728	3,072
TOTAL A	ADJUSTED VALUE								
21	LIQUIDITY BUFFER					35,550	34,345	34,338	32,385
22	TOTAL NET CASH OUTFLOWS					21,996	21,686	22,030	20,201
23	LIQUIDITY COVERAGE RATIO					162.40	159.21	156.23	161.48

Table 7: EU LIQ1 – Quantitative information of LCR for SSBI

		a	b	С	d	е	f	g	h
			unweighted					value (aver	
	Quarter ending on (in 2021)	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-Q	UALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					35,550	34,345	34,338	32,385
CASH - 0	DUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	45,255	44,203	44,232	42,661	20,760	20,712	21,645	20,788
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	32,467	31,070	29,814	28,828	8,117	7,768	7,454	7,207
7	Non-operational deposits (all counterparties)	12,788	13,133	14,418	13,833	12,643	12,944	14,191	13,581
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					172	107	2	7
10	Additional requirements	3,011	2,772	2,195	1,562	2,804	2,579	2,033	1,444
11	Outflows related to derivative exposures and other collateral requirements	424	431	449	454	422	431	449	454
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2,587	2,341	1,746	1,108	2,382	2,148	1,584	990
14	Other contractual funding obligations	128	128	130	100	68	66	66	38
15	Other contingent funding obligations	44,085	44,064	44,101	44,118	1,474	1,605	1,631	1,536
16	TOTAL CASH OUTFLOWS					25,278	25,069	25,377	23,813
CASH - I	NFLOWS								
17	Secured lending (e.g. reverse repos)	2,910	3,392	3,896	4,479	717	1,226	1,681	1,964
18	Inflows from fully performing exposures	1,531	1,238	809	851	1,508	1,222	797	835
19	Other cash inflows	771	639	654	756	248	207	223	249
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) (Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	5,212	5,269	5,359	6,086	2,473	2,655	2,701	3,048
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	5,212	5,042	4,850	5,303	2,474	2,656	2,700	3,047
	ADJUSTED VALUE								
21	LIQUIDITY BUFFER					35,550	34,345	34,338	32,385
22	TOTAL NET CASH OUTFLOWS					22,804	22,411	22,676	20,765
23	LIQUIDITY COVERAGE RATIO					156.50	153.90	151.75	156.98

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 310.23% and SSBI with 334.00% hold as of December 31, 2021 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").

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 Notes). Since the NSFR did not enter into force until 28 June 2021, only a disclosure for June and September will be made for 2021.

Table 8: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of December 31, 2021

		Unweig	hted value	by residual m	aturity	Weighted
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	value
Availabl	e 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:		48,430	-	1,060	18,617
8	Operational deposits		35,036	-	-	17,518
9	Other wholesale funding		13,406	-	1,060	1,099
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		935	102	424	475
12	NSFR derivative liabilities		-	-	-	-
13	All other liabilities and capital instruments not included in the above categories		935	102	424	475
14	Total available stable funding (ASF)					23,903
	d stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					344
	Assets encumbered for more than 12m in cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		- 	-		
17	Performing loans and securities:		10,374	70	5,324	5,379
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		4,160	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,727	-	-	136
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		64	-	1,340	1,172
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		12	-	-	6
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		3,410	70	3,984	4,064
25	exchange-traded equities and trade finance on-balance sheet products Interdependent assets					
26	Other assets:		1,569	8	1,453	1,805
27	Physical traded commodities		1,505	O	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					-
29	NSFR derivative assets			43		_
30	NSFR derivative liabilities before deduction of variation margin posted			80		_
31	All other assets not included in the above categories		_	-	_	
32	Off-balance sheet items		2,859	1,076	746	131
33	Total RSF		2,000	1,070	, 40	7,705
						. ,,

Table 9: EU LIQ2 – Net Stable Funding Ratio of SSBI as of December 31, 2021

		a	b	С	d	е
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available	stable funding (ASF) Items			to v Tyl		
1	Capital items and instruments	-	-	-	2,346	2,346
2	Own funds	-	-	-	2,246	2,246
3	Other capital instruments		-	-	100	100
4	Retail deposits		-	-	-	-
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		49,307	-	1,060	18,617
8	Operational deposits		35,036	-		17,518
9	Other wholesale funding		14,283	-	1,060	1,099
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		1,279	102	596	647
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		1,279	102	596	647
14	Total available stable funding (ASF)					21,611
Required	stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					344
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:		10,581	70	5,324	5,399
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		4,160	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,727	-	-	136
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		64	-	1,340	1,172
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		12	-	-	6
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		3,617	70	3,984	4,085
25	Interdependent assets					
26	Other assets:		1,348	13	306	550
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			-		-
29	NSFR derivative assets			43		-
30	NSFR derivative liabilities before deduction of variation margin posted			80		-
31	All other assets not included in the above categories		-	-	-	-
32	Off-balance sheet items		2,859	1,076	746	131
33	Total RSF					6,470
34	Net Stable Funding Ratio (%)					334.00

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 SSBI, 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.

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 Integrated Non-Financial Risk Assessment (INFRA), 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 22.8mn (+7.7%) moving from EUR 294.8mn to EUR 317.6mn.

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, 2021, they amounted to EUR 18.7mn (previous year: EUR 10.5mn).

The required information on operational risk in accordance with Art. 446 CRR can be found in the section 4.3.

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.

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, 2021 can be found in table EU OR1. Relevant indicators for 2021 are based on pre-audited figures both for the Group and Bank, for 2019 and 2020 on audited data:

Table 10: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts of SSEHG Group

		a	b	С	d	е
	Banking activities	Re 2019	evant indicato 2020	or 2021	Own funds requirements	Risk weighted exposure amount
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	1,268	1,227	1,267	199	2,491
3	Subject to TSA:	1,268	1,227	1,267		
4	Subject to ASA:	=	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

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

	Banking activities	a R 2019	b elevant indicator 2020	c r 2021	d Own funds requirements	e Risk weighted exposure amount
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	1,261	1,219	1,259	198	2,475
3	Subject to TSA:	1,261	1,219	1,259		
4	Subject to ASA:	=	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

3.3.6 Strategic risks and Model risks (Business risks)

Risk definition

Business risks include the categories of strategic risks and model risks. The former is formally defined as the risk of failing to meet corporate financial targets due to poor implementation of strategic plans, failure to adapt to structural changes, and/or significant shocks of a geopolitical or macroeconomic nature. Model risk, on the other hand, quantifies potential disadvantages (including possible financial losses) resulting from decisions based on incorrect or incorrectly applied models. Both risk categories are subject to potential impacts of climatic or environmental risks, which may be included in the assessment.

In the pursuit of its financial goals, SSBI maintains a variety of corporate financial performance goals, including operating revenue growth and operating return on equity. These goals are established by the Executive Management Board (EMB) as part of the long-term planning process and the annual approval of the budget in order to meet its financial goals while balancing the needs of all of its stakeholders.

In addition, SSBI seeks to avoid extreme earnings volatility. The same assumption should apply 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.

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.

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 risks are risks of financial or reputation loss arising as a result of inadequate decisions based on the flawed development, implementation, or use of internal models.

Risk quantification

Business risks, including their 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 assessing 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.

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

Risk management

SSBI regularly monitors changes in the legal and regulatory banking landscape to ensure a prompt and complete implementation of these changes 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.

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 heavily dependent on other risk categories. For this reason, reputational risks are also presented implicitly in the other major risk categories. Reputational risk is considered as part of operational risk and business risk when measuring and monitoring risk appetite.

Risk management

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.

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 Credit and Market Risk Committee is responsible for the oversight of the Bank's credit and market risk profile, with the responsibility for the oversight and review of risks impacting the legal entity's credit portfolio and the responsibility for the oversight, identification and monitoring of trading risks associated with the businesses offered by SSBI. The CMRC is a sub-committee of the MRAC. Key responsibilities are to review escalated credit approvals, Credit 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.

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 Enterprise Risk ("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.

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 to 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 other 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.

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 3.2) 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 2021 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) and 451a (4) CRR)

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 2021, the Bank's and the Group's risk profile has remained within planned values projected under its Baseline Financial Forecast from 2021 to 2023. 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, 2021 in the economic perspective of the ICAAP:

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

Material risk types	SSEHG Group	SSBI
Investment Portfolio MtM	308	308
Interest Rate Risk	65	69
Credit Risk	390	395
Pension Obligation Risk	16	16
Operational Risk	133	133
Technology and Resiliency Risk	101	101
Core Compliance Risk	84	84
Strategic Risk	72	72
Model Risk	20	20
Reputational Risk	11	11
Capital Ratios		
Internal Capital Ratio	294.89%	165.53%
Internal Capital	3,527	1,995
Economic Capital	1,196	1,205

The Internal Capital Ratio (calculated as Internal Capital over Economic Capital) as of December 31, 2021 was at 294.89% at Group level and 165.53% 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 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 ("ESMA") and Markets Authority 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. 2, No. 3 and 4 KWG confirmed for the reporting year 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.

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 goals; 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 and employees of color (specifically Black and Latinx employees) across our businesses and locations, leveraging white male allies as champions to drive change
- 3. Broaden the Diversity Agenda start and continue conversations and efforts around race, ethnicity, sexual orientation, veteran status and 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 support approximately 24 employee resource groups with more than 110 chapters globally, including the Black Professionals Group, 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.

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 goals 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 can only drive our diversity objectives if we continue to raise the diversity targets. We acknowledge our achievements so far and continue to put significant effort to work towards the renewed female representation goals. 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 the Assistant Vice President and Vice President levels were increased by four percentage points. The targets for the boards were raised by six percentage points for the Supervisory Board, and 11 percentage points for the Executive Management Board. Another renewal is the determination of dedicated targets for the management levels of Managing Director and Senior Vice Presidents and above.

Table 13: Target values for the ratio of female employees in leadership positions as of December 31, 2021

Management level	Target value	Status
Supervisory Board	36%	33%
Executive Management Board	36%	29%
Senior Vice President (and higher Corporate Title)	36%	20%
Managing Director	37%	34%
Vice President	38%	34%
Assistant Vice President	44%	42%

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 38 and 59 with an average age of 49 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 five nationalities are comprising this board which consists of seven 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 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 2021).

Table 14: 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
Stefan Gmür	4	2
Fabienne Baker (retired as of June 30, 2021)	2	1
Kris Wulteputte	1	1
Andreas Niklaus	1	1
James K Fagan	1	1
Rajen Shah (retired as of May 15, 2021)	1	1
Dennis Dollaku	1	1
Annette Rosenkranz (nominated as of July 1, 2021)	1	1
Simona Stoytchkova, (nominated as of October 1, 2021)	1	1

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

	Number of the Directorships	Number of the Directorships after consideration of exemptions
David Suetens	4	3
Marlena Ludian	1	1
Hartmut Popp	1	1
Elizabeth Nolan	1	1
Jörg Ambrosius	3	2
lan 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 55 (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 33.62% as of December 31, 2021 (previous year: 38.43%).

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, 2021 the CET1 capital has slightly decreased by kEUR 813. This decrease is mainly driven by an increase in the deduction item of other intangible assets due to a new purchase of software and by the decrease of deferred tax liabilities.

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) 2016/101¹¹. 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 2021 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 2020). According to the operational requirements from the deposit guarantee scheme this IPC is fully collateralized with financial collaterals (securities). 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 2021 SSBI contributes a further part from the annual fee with the amount of EUR 4.7mn in the form of an IPC to the Single Resolution Board ("SRB"). The entire payment obligation with the amount of EUR 12.2mn (December 2021) 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 55 (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 19.64% (previous year: 26.02%) and the Total Capital Ratio to 20.63% (previous year: 27.22%).

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, 2021, the bank's Tier 1 capital has decreased insignificantly by kEUR 55. This is mainly due to the increase in intangible assets, due to new purchases as mentioned above at the Structure of own Funds for SSEHG Group, during the year, which are to be deducted from the CET1 according to Art. 36 (1) b) CRR. All other prudential deductions (defined-benefit pension fund assets, irrevocable payment commitments) have the same amounts like at Group level.

The overall reduction of the own funds amounting to EUR 203mn since December 31, 2020 is primarily stemming from strengthening the income side by the acquisition of business activities with the Intesa Sanpaolo Group, Turin,

¹¹ Regulation in addition to the CRR with regard to regulatory technical standards for prudent valuation under Art. 105 (14) CRR

Italy, relating to the asset servicing business of Fideuram Bank in 2021. The intangible assets (including goodwill) capitalized with this transaction are to be deducted from the own funds for regulatory purposes. Due to the amortization of the intangible assets in the following years, this deductible item will be continuously reduced and, all other things being equal, will again lead to an increase in the own funds amount of State Street Bank International GmbH.

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

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.I ("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 55 (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, 2021. 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 56 (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 58: (please refer to the Annex A). Please note, that the information on the terms of the subordinated loan ¹² are excerpts from the loan agreement which has been originated in English language.

 $^{^{\}rm 12}$ Information according to Art. 437 (1) b) and c) CRR in conjunction with Annex VII and VIII ITS 2021/637

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, 2021 which are considered in the supervisory own funds calculation in Table 55 at the level of the SSEHG Group and SSBI.

Table 16: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements for SSEHG Group

	Balance sheet as published in the Financial Statements 12/31/2021	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	1,243	А
c) Goodwill	48	В
12. Excess of plan assets over pension liabilities	3	С
Total Assets	55,985	
Liabilities - Breakdown by liability classes according to the balance sheet in the published fi	nancial statement	
6. Deferred tax liabilities	31	D
8. Subordinated liabilities	1,060	E
9. Fund for general banking risk	82	F
10. Equity		
II. a) Capital account I	1	G
II. b) Capital account II	5,330	Н
II. d) Allocation account	1,184	I
IV. Difference from lower consolidated income compared to the parent company	-1,523	J
Total Equity	4,992	
Total Liabilities	55,985	

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

	a/b ¹⁸ Balance sheet as published	c Reference
SSBI	in the Financial Statements 12/31/2021	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	207	K
c) Goodwill	20	L
12. Excess of plan assets over pension liabilities	3	M
Total Assets	54,914	
Liabilities - Breakdown by liability classes according to the balance sheet in the published fin	ancial statement	
7. Subordinated liabilities	1,167	N
8. Fund for general banking risk	82	0
9. Equity		
a) Subscribed capital	109	Р
b) Capital reserve	2,051	Q
c) Revenue reserve	4	R
d) cd) other retained earnings	462	S
Total Equity	2,627	
Total Liabilities	54,914	

¹³ 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

In the following table further explanations for the two reconciliation tables above are provided (marked with reference A to S in table 15 and 16).

Table 18: 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 and M	The excess of plan assets over pension liabilities on the balance sheet has to be deducted from CET1 acc. to Art. 36 (1) (e) CRR i.c.w. Art. 41 CRR
D	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 32.8mn for other intangible assets.
E	Subordinated liabilities consists of the MREL-Loan, further details can be found in section 4.2
I and J	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, 2020 (EUR 603mn, compared to EUR 339mn as of December 31, 2021) which is shown in the own funds as deduction item until the Financial Statements of the Group for 2021 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 4.2
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 as of 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.

After a three-years transition period the TLAC ratio should be at least 18% of the Total Risk Exposure Amount ("TREA") and 6,75% of the Leverage Ratio Exposure Measure ("LREM") (pursuant to Art. 92a CRR). 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) according to Art. 92b CRR. Based on the EU-TLAC-Standard credit institutions have to comply with additional disclosure requirements according to Art. 13 (2), 433a (3) CRR i.c.w. Art. 447 (h) CRR which are outlined in the following.

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 on a consolidated basis. All other entities or institutions of SSEHG Group are not in scope of the EU-TLAC requirements.

SSEHG Group is required to meet a risk-based TLAC ratio calculated as 90% of 16% of the Total Risk Exposure Amount ("TREA") and a non-risk based TLAC ratio calculated as 90% of 6% of the Leverage Ratio Exposure Measure ("LREM") at sub-consolidated level pursuant to Art. 92b CRR i.c.w. Art. 494 (1) CRR at all times from June 27, 2019 until December 31, 2021. Consequently, SSEHG Group has to fulfill a risk-based TLAC ratio ("TREA") of 14.4% and a non-risk based TLAC ratio ("LREM") of 5.4% whereby the higher amount of both ratios has to be adhered to¹⁴.

To strengthen the loss absorbing capacity of the Group, the SSEHG Group received a subordinated loan (MREL-Loan) from SSIH, Boston, USA amounting to nominal USD 1,200mn (EUR 1,059mn) as of 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

¹⁴ This requirement will increase as of January 1, 2022 to 16.2% (calculated as 90% of 18% TREA) and 6.075% (90% of 6.75% LREM) respectively

operating company SSBI via SSHG. The loan has a rolling term (until March 2023 with possibility of extension) and is charged with an interest rate at 0.287% above the 3-month Secured Overnight Financing Rate (3M-SOFR). 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 December 31, 2021 for SSEHG Group with 44.16% (TREA) and 7.89% (LREM) respectively, the minimum internal TLAC requirements are fulfilled. The following table gives an overview on the disclosed TLAC ratios (the figures are shown in million EUR).

Beginning from January 1, 2022, SSEHG Group and SSBI will subject to binding minimum requirement for own funds and eligible liabilities (internal MREL, "iMREL"). According to Art. 51 (3) Sent. 2 German Recovery and Resolution Act ("SAG") the binding iMREL will be disclosed for the first time on the date set for the fulfillment of the requirements. This will be reflected as part of the quarterly Disclosure Report as of March 31, 2022.

Key metrics and internal loss absorbency by significant non-resolution entity subsidiaries of non-EU G-SIIs are disclosed in the following table in accordance with Art. 12 (1) of the Commission Implementing Regulation (EU) 2021/763¹⁵ in conjunction with Article 437a lit. a, c and d CRR, Article 447 lit. h CRR and Article 51 (3) SAG.

Table 19: 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
Applical	ble 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)			No
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			-
Own fu	nds and eligible liabilities			
EU-3	Common Equity Tier 1 capital (CET1)		3,378	
EU-4	Eligible Additional Tier 1 capital		-	
EU-5	Eligible Tier 2 capital		-	
EU-6	Eligible own funds		3,378	
EU-7	Eligible liabilities		1,059	
EU-8	of which permitted guarantees			
EU-9a	(Adjustments)			
EU-9b	Own funds and eligible liabilities items after adjustments		4,437	
Total ris	sk exposure amount and total exposure measure			
EU-10	Total risk exposure amount (TREA)		10,047	
EU-11	Total exposure measure (TEM)		56,230	
Ratio of	own funds and eligible liabilities			
EU-12	Own funds and eligible liabilities (as a percentage of TREA) in $\%$		44.16	
EU-13	of which permitted guarantees			
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure) in $\%$		7.89	
EU-15	of which permitted guarantees			
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements in $\%$		12.25	
EU-17	Institution-specific combined buffer requirement in %		2.65	
Require	ments			
EU-18	Requirement expressed as a percentage of the TREA in %		14.40	
EU-19	of which may be met with guarantees			
EU-20	Requirement expressed as a percentage of the TEM in %		5.40	
EU-21	of which may be met with guarantees			
Memor	andum items			
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR		49,825	

 $^{^{15}}$ 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

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 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, 2021 and December 31, 2020 as well as the own funds requirements as of December 31, 2021 as defined in Art. 1 of ITS 2021/637.

Table 20: EU OV1 – Overview of risk weighted exposure amounts

		SSEHG	Group		SS	ВІ	
			osure amounts (EA)	Total own funds requirements	Total risk expo		Total own funds requirements
							С
		31.12.2021	31.12.2020	31.12.2021	31.12.2021	31.12.2020	31.12.2021
1	Credit risk (excluding CCR)	6,617	5,247	529	6,583	5,205	527
2	Of which the standardised approach	6,617	5,247	529	6,583	5,205	527
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	385	171	31	385	171	31
7	Of which the standardised approach	323	130	26	323	130	26
8	Of which internal model method (IMM)	-	-	-	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	62	41	5	62	41	5
9	Of which other CCR	-	-	-	-	-	-
15	Settlement risk	-	-	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	555	470	44	555	470	44
17	Of which SEC-IRBA approach	-	-	-	-	-	-
18	Of which SEC-ERBA (including IAA)	555	470	44	555	470	44
19	Of which SEC-SA approach	-	-	-	-	-	-
EU 19a	Of which 1250%/ deduction	-	-	-	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	0	0	0	45	0	3
21	Of which the standardised approach	0	0	0	45	0	3
22	Of which IMA	-	-	-	-	-	-
EU 22a	Large exposures	-	-	-	-	-	-
23	Operational risk	2,491	2,524	199	2,475	2,511	198
EU 23a	Of which basic indicator approach	-	-	-	-	-	-
EU 23b	Of which standardised approach	2,491	2,524	199	2,475	2,511	198
EU 23c	Of which advanced measurement approach	-	-	-	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-	-	-	-
29	Total	10,047	8,412	803	10,043	8,357	803

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%

Moreover, pursuant to the annual Pillar 2 Supervisory Review and Evaluation Process ("SREP"), the ECB sets capital requirements (so-called "Pillar 2 Requirement", "P2R") both for SSBI (individual basis) and SSEHG Group (consolidated basis) in the amount of $2.0\%^{16}$, of which 1.13% is to be held in the form of CET1 capital (56.25%), and 1.5% as Tier 1 capital (75%).

As of December 31, 2021, the CET1 capital requirement for SSEHG Group, as well as the SSBI, amounts to 8.28%, consequently Tier 1 capital to 10.15% and the Total capital requirement to 12.65%. These ratios are made up of the Pillar 1 minimum capital requirements (CET1 4.5%, AT1 6% and TCR 8%), the P2R of 2% (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")¹⁷ of 0.15% (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 21: Capital requirements and buffers as of 12/31/2021 and from 03/01/2022 for SSEHG Group and SSBI

	12/31/2021	03/01/2022
Pillar 2 requirements (Minimum capital ratios pursuant to Art. 92(1) CRR) (in %)		
Common Equity Tier 1 capital ratio (CET1)	4.50	4.50
Additional Tier 1 capital (AT1)	1.50	1.50
Tier 1 capital ratio (Tier 1 = CET1 + AT1)	6.00	6.00
Tier 2 capital (Tier 2)	2.00	2.00
Total capital ratio (TCR = Tier 1 + Tier 2) / Required minimum level of own funds	8.00	8.00
Pillar 2 Requirement according to SREP (in %)		
Pillar 2 Requirement (P2R)	2.00	2.40
thereof P2R to be held in form of CET 1	1.13	1.35
thereof P2R to be held in form of Tier 1	1.50	1.80
Total SREP Capital Requirement (TSCR) – min. CET1	5.63	5.85
TSCR - min. Tier 1	7.50	7.80
TSCR - min. Own funds	10.00	10.40
Combined capital buffer requirement (in %)		
Capital conservation buffer (CCB)	2.50	2.50
Institution-specific countercyclical capital buffer (CCyB)	0.15	0.15
Systemic risk buffer, G-SII buffer, O-SII buffer	0.00	0.00
Combined buffer requirement (Section 10i KWG)	2.65	2.65
Overall Capital Requirement (OCR) (in %)		
OCR - min. CET1	8.28	8.50
OCR - min. Tier 1	10.15	10.45
OCR - min. Own funds	12.65	13.05

At the end of 2021, the P2R ratio has been increased to 2.4% applicable from March 1, 2022, thereof 1.35% (56.25%) to be held with CET1 and 1.80% (75%) with Tier1 capital. From this date on, the CET1 capital requirement for SSEHG Group, as well as the SSBI, amounts to 8.50%, consequently Tier 1 capital to 10.45% and the Total capital requirement to $13.05\%^{18}$.

¹⁶ Pillar 2 Requirement of 2 % is unchanged for the SSEHG Group and SSBI compared to previous year (2020).

¹⁷ The CCyB is subject to changes based both on the CCyB rates that changes regularly as well as the institution-specific composition of the country-specific exposures.

¹⁸ For more details please see our homepage: <u>SREP capital requirements and buffers as of March 1st, 2022 (statestreet.com)</u>

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 left the country specific ratio for Germany at 0% in 2021 unchanged to 2020.

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

			a
		SSEHG Group	SSBI
1	Total risk exposure amount	10,047	10,043
2	Institution specific countercyclical capital buffer rate	0.15%	0.15%
3	Institution specific countercyclical capital buffer requirement	15	15

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) 2018/1845¹⁹, 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 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

¹⁹ 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)

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 the 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, 2021, 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. Wholesale investment portfolio products are not included within the categorization noting the portfolio is investment grade and due to the accounting classifications²⁰ 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.

To estimate the credit losses for the credit portfolio and to generate general reserves, the Current Expected Credit Loss ("CECL") method is applied and recorded. The CECL framework requires that reserves for estimated credit losses are based on an expected loss methodology versus the incurred loss model. Any exposures deemed to have risk characteristics outside the general loan pool are assessed individually.

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 the behavioral life of the financial instrument. State Street has contracted IHS Market to aid in production of three forward looking scenarios on a quarterly basis. The CECL standard also considers a non-prescriptive qualitative overlay on top of the calculated reserve for factors that contribute to the reserve estimate that are not otherwise included in the modeling process. SSBI uses qualitative assessments that are consistent with objective and verifiable evidence, such as observable macroeconomic variables and forward-looking forecasts.

²⁰ 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, 2021, there were no securities that were classified as current assets and were to be valued using the strict lower of cost or market principle

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).

SSBI will be implementing the accounting standard IDW RS BFA 7 with effective date January 1st, 2022. The standard considers amongst others the application of the IFRS 9 reserve model.

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

Table 23: Development of non-performing loans and exposures for SSEHG Group and SSBI

	SSEHG Group		SSBI	
NPL-/NPE Evolution (Year-over year)				12/31/2020
Gross carrying amount of loans, advances, debt securities and off-balance sheet exposures	26,114	26,810	26,114	26,810
Gross carrying amount/Nominal amount of loans and advances	8,364	6,820	8,364	6,820
Sum of non-performing exposures	90	42	90	42
NPE-Ratio	0.34%	0.16%	0.34%	0.16%
Sum of non-performing loans	90	42	90	42
NPL-Ratio	1.08%	0.61%	1.08%	0.61%

The gross NPE ratio as of December 31, 2021 being still at a very low level was 0.34% 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 NPL ratio as of December 31 2021, each of which amounted to also a very low rate of 1.08%, 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, 2021 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, CQ4 und CQ5 with the applicable columns) have to published on an annual basis at SSEHG Group and SSBI level additionally²¹.

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, 2021, as there were no forborne exposures nor collateral obtained for NPE neither at Group nor at Bank level.

Table 24: EU CR1-A – Maturity of exposures of SSEHG Group and SSBI

		а	b	С	d	е	f
				Net expos			
		On demand	<=1 year	>1<=5 year	> 5 year	Not stated maturity	Total
1	Loans and advances	206	5,892	1,447	749	-	8,293
2	Debt securities	-	2,769	5,186	5,109	-	13,064
3	Total	206	8,660	6,633	5,858	-	21,357

²¹ 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 25: EU CQ4 – Quality of non-performing exposures by geography of the SSEHG Group und SSBI

						g
		Gross carrying/Nominal amount of which: defaulted		Accumulated	Provisions on off- balance sheet commitments and	Accumulated negative changes in fair value due to credit risk on
				impairment	financial guarantee	non-performing exposures
010	On balance sheet exposures	21,428	0	-35	G	-
020	United States of America	5,388	-	-16		-
030	United Kingdom and Northern Ireland	3,748	-	-3		-
040	Italy	816	0	0		-
050	Luxembourg	1,401	-	-5		-
060	Ireland	2,132	-	-		-
070	Other countries	7,943	-	-2		-
080	Off balance sheet exposures	4,686	-		3	
090	United States of America	72	-		0	
100	United Kingdom and Northern Ireland	474	-		0	
110	Italy	2,066	-		0	
120	Luxembourg	1,432	-		1	
130	Ireland	163	-		0	
140	Other countries	479	-		0	
150	Total	26,114	0	-35		-

Table 26: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry of the SSEHG Group und SSBI

		а	С	е	f
		Gross car	rying amount	Accumulated	Accumulated negative changes in
			of which: defaulted	impairment	fair value due to credit risk on non- performing exposures
010	Agriculture, forestry and fishing	-	-	-	-
020	Mining and quarrying	-	-	-	-
030	Manufacturing	314	-	-6	-
040	Electricity, gas, steam and air conditioning supply	-	-	-	-
050	Water supply	-	-	-	-
060	Construction	-	-	-	-
070	Wholesale and retail trade	13	-	0	-
080	Transport and storage	0	-	0	-
090	Accommodation and food service activities	-	-	-	-
100	Information and communication	226	-	-3	-
110	Real estate activities	-	-	-	-
120	Financial and insurance activities	-	-	-	-
130	Professional, scientific and technical activities	645	-	-12	-
140	Administrative and support service activities	21	-	0	-
150	Public administration and defense, compulsory social security	-	-	-	-
160	Education	-	-	-	-
170	Human health services and social work activities	99	-	-1	-
180	Arts, entertainment and recreation	62	-	-3	-
190	Other services	51	-	0	-
200	Total	1,431	-	-26	-

The changes and stock of non-performing loans and advances in the 2021 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 27: 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	42
020	Inflows to non-performing portfolios	92
030	Outflows from non-performing portfolios	44
040	Outflows due to write-offs	0
050	Outflow due to other situations	43
060	Final stock of non-performing loans and advances	90

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 28: 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
	 The McGraw-Hill Companies under the brand name "Standard & Poor's Ratings Services" ("S&P") 	
Structured finance	Fitch Ratings	Securitizations
	Moody's Investors Service	

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 is a prudent risk management tool 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 CRM will impact various components of Expected Loss; i.e. PD, EaD, LGD. Credit risk mitigation techniques ("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, securitisations, 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, 2021 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, 2021.

Table 29: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for SSEHG Group

				Secure	d carrying amount	
		Unsecured carrying amount		Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	37,807	3,113	3,113	-	-
2	Debt securities	12,782	282	-	282	-
3	Total	50,589	3,396	3,113	282	-
4	Of which non-performing exposures	90	-	-	-	-
EU-5	Of which defaulted	0	-	-	-	-

Table 30: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for SSBI

		Unsecured			ed carrying amount Of which secured by financial guarantees	
		carrying amount				Of which secured by credit derivatives
		a	b	С	d	е
1	Loans and advances	37,804	3,113	3,113	-	-
2	Debt securities	12,782	282	-	282	-
3	Total	50,586	3,396	3,113	282	-
4	Of which non-performing exposures	90	-	-	-	-
EU-5	Of which defaulted	0	-	-	-	-

Table 31: EU CR4 – Standardised approach – Credit risk exposure and CRM effects for SSEHG Group

	Exposures post CCF and post CRM Exposures post CCF and post CRM						
Exposure classes	Off-balance- sheet exposures	On-balance- sheet exposures	On-balance- sheet exposures	Off-balance- sheet exposures	RWAs	RWAs density (%)	
						f	
1 Central governments or central banks	33,596	-	35,609	-	-	-	
2 Regional governments or local authorities	-	-	-	-	-	-	
3 Public sector entities	914	-	914	-	-	-	
4 Multilateral development banks	223	-	223	-	-	-	
5 International organisations	337	-	337	-	-	-	
6 Institutions	2,090	1	2,090	-	418	20.00	
7 Corporates	6,810	4,683	4,797	1,261	5,708	94.22	
8 Retail	-	-	-	-	-	-	
9 Secured by mortgages on immovable property	-	-	-	-	-	-	
10 Exposures in default	0	-	0	-	0	100.00	
11 Exposures associated with particularly high risk	-	-	-	-	-	-	
12 Covered bonds	52	-	52	-	5	10.00	
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	
14 Collective investment undertakings	4	-	4	-	32	790.72	
15 Equity	1	-	1	-	1	100.00	
16 Other items	453	-	453	-	453	100.00	
17 Total	44,480	4,684	44,480	1,261	6,617	14.47%	

Table 32: EU CR4 - Standardised approach - Credit risk exposure and CRM effects for SSBI

		ost CCF and post CRM	Exposures post CCI		and RWAs ensity	
Exposure classes	Off-balance- sheet exposures	On-balance-sheet exposures	On-balance-sheet exposures	Off-balance- sheet amount	RWAs	RWAs density (%)
						f
1 Central governments or central banks	33,596	-	35,609	-	-	-
2 Regional governments or local authorities	-	-	-	-	-	-
3 Public sector entities	914	-	914	-	-	-
4 Multilateral development banks	223	-	223	-	-	-
5 International organisations	337	-	337	-	-	-
6 Institutions	2,087	1	2,087	-	417	20.00
7 Corporates	6,810	4,683	4,797	1,261	5,708	94.22
8 Retail	-	-	-	-	-	-
9 Secured by mortgages on immovable property	-	-	-	-	-	-
10 Exposures in default	0	-	0		0	100.00
11 Exposures associated with particularly high risk	-	-	-	-	-	-
12 Covered bonds	52	-	52	-	5	10.00
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	4	-	4	-	32	790.72
15 Equity	1	-	1	-	1	100.00
16 Other items	420	-	420	-	420	100.00
17 Total	44,444	4,684	44,444	1,261	6,583	14.40%

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)²² of the consolidated financial statement 2021 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, 2021.

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

²² Please refer to Table 59 in the annex A where the respective extract on the accounting and valuation method for derivative financial instruments is included

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 323mn as of December 31, 2021. 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:

Table 33: EU CCR1 – Analysis of CCR exposures by approach - SSEHG Group

		а	b	С	d	е	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)	67	231		1.4	549	417	417	323
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)					6,887	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					7,436	417	417	323

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

Table 34: EU CCR2 – Transactions subject to own funds requirements for CVA risk

		Exposure value	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	407	62
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	Total transactions subject to own funds requirements for CVA risk	407	62

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

Table 35: EU CCR3 – CCR exposures by regulatory exposure class and risk weights

							Risk	weigh	it				
													1
	Exposure classes	%0	2%	4%	10%	20%	20%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	8	-	-	-	-	-	-	-	-	-	-	8
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	107	-	-	-	0	-	-	107
7	Corporates	-	-	-	-	-	-	-	-	302	-	-	302
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	8	-	-	-	107	-	-	-	302	-	-	417

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

Table 36: EU CCR5 - Composition of collateral for CCR exposures

		а	b	C	d	е	f	g	h		
		Collate	eral used in de	erivative transa	actions		Collateral u	used in SFTs			
	Colleteral type		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	d Un- segregated	Segregated	Un- segregated		
1	Cash – domestic currency	268	8	-	34	-	-	-	-		
2	Cash – other currencies	-	2	-	5	-	-	-	-		
3	Domestic sovereign debt	-	2	-	-	-	12	-	-		
4	Other sovereign debt	3	-	3			44		-		
5	Government agency debt	-	-		-	-	324	-	-		
6	Corporate bonds	3	36	-	-	-	5,129	-	-		
7	Equity securities	-	-	-	-	-	-	-	-		
8	Other collateral	-	-	-	-	-	2,085	-	-		
9	Total	274	48	3	39	-	7,594	-	-		

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 publication²³ from January 17, 2022 the EBA confirmed that the reporting and disclosure obligations remain in place until further notice.

²³ https://www.eba.europa.eu/eba-confirms-continued-application-covid-19-related-reporting-and-disclosure-requirements-until

As of December 31, 2021 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 crisis²⁴ 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.

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").

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 2021 was 0.7% (previous year: 3.4%).

Accompanying narrative information

The main sources of encumbrance in the reporting year were primarily pledges of securities at Clearstream Banking Frankfurt as part of the settlement of securities transactions and pledges of securities in the course of the contribution to the voluntary deposit protection fund 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 which are generally governed by English law, 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, 2021, 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 190mn or 44% of the total encumbrance as of reporting date.

70% or EUR 1,344 mn (Q4/2021, median: 64% or EUR 1,414 mn) of the carrying amount of unencumbered assets are attributable to other unencumbered assets (Q4/2021: EUR 1,916 mn, median: EUR 2,218 mn) which the Bank does

²⁴ 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)

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 37: EU AE1 – Encumbered and unencumbered assets

			ng amount of bered 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
									100
010	Assets of the reporting institution	398	224			51,081	33,208		
030	Equity instruments	4	0	4	0	1	0	1	0
040	Debt securities	271	206	274	208	13,131	10,373	13,205	10,435
050	of which: covered bonds	0	0	0	0	99	0	101	0
060	of which: securitisations	0	0	0	0	2,343	961	2,347	964
070	of which: issued by general governments	206	206	208	208	7,117	7,117	7,183	7,183
080	of which: issued by financial corporations	5	0	5	0	5,521	3,058	5,541	3,08
090	of which: issued by non-financial corporations	58	0	58	0	478	28	480	28
120	Other assets	85	18			38,574	23,297		

Table 38: EU AE2 – Collateral received and own debt securities issued

		Fair Value of encumbered collateral received or own debt securities issued of which:		Fair value of colla debt securities	cumbered uteral received or own issued available for umbrance
			notionally eligible EHQLA and HQLA		of which: EHQLA and HQLA
		010	030	040	060
130	Collateral received by the institution	39	0	7,101	2,507
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	39	0	7,101	2,507
170	of which: covered bonds	0	0	0	0
180	of which: asset-backed securities	0	0	3,003	0
190	of which: issued by general governments	39	0	2,098	1,795
200	of which: issued by financial corporations	0	0	4,936	673
210	of which: issued by non-financial corporations	0	0	22	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	537	304		

Table 39: 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				
				030				
ı	010	Carrying amount of selected financial liabilities	0	0				

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, 2021 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 31.12.2021 approx. 40% 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. In relation to Total Loss Absorbing capacity it is to be highlighted, that the bank took on eligible liabilities of USD 1.2bn on December 28, 2021 to inter alia support the iMREL/ iTLAC leverage based requirements.

No temporary exclusion of certain exposures to central banks from the total exposure measure in view of the COVID-19 pandemic were made as of December 31, 2021. Consequently, the additional disclosure requirement of the Leverage Ratio (according to Art. 500b CRR i.c.w. Decision (EU) 2020/1306 of the ECB 25) to be disclosed without the exclusion of those exposures did not apply. 26

Development of the Leverage Ratio

On June 30, 2021 the Leverage Ratio for the Group was 6.37% while the ratio for the Bank was at 3.72%. As of reporting date, the ratio decreased to 6.01% at Group level and to 3.51% at Bank level, respectively (see Table 41). The decrease in this ratio both at the consolidated and solo bank level is mainly driven by the general increase of the total balance sheet and the related total risk exposure amount of the leverage ratio.

²⁵ Decision (EU) 2020/1306 of the ECB of 16 September 2020 on the temporary exclusion of certain exposures to central banks from the total exposure measure in view of the COVID-19 pandemic (ECB/2020/44)

²⁶ In case of applying the relief and Art. 500b (2) CRR, institutions are obliged to disclose its leverage ratio with and without exclusion of the respective central bank exposures from the total exposure measure.

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, 2021.

Table 40: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		SSEHG Group	SSBI
		Applicable	Applicable
		amount	amount
1	Total assets as per published financial statements	55,985	54,914
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)	-97	-97
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	191	191
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)	1,470	1,470
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	-1,319	-285
13	Total exposure measure	56,230	56,193

Table 41: EU LR2 – LRCom: Leverage ratio common disclosure

		SSEHG	Group	SSBI	
			CRR leverage r	atio exposures	
On-balar	nce sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	48,872	39,936	47,678	38,522
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)	-6	-	-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)	-1,410	-1,427	-253	-55
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	47,456	38,509	47,419	38,467
Derivativ	ve exposures				
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	91	194	91	194
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	326	318	326	318
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	417	512	417	512
Securitie	s financing transaction (SFT) exposures				
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	6,887	8,323	6,887	8,323
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
16	Counterparty credit risk exposure for SFT assets	-	-	-	-

	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and				
EU-16a	222 CRR	-	-	-	-
17	Agent transaction exposures	-	-	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-	-	-
18	Total securities financing transaction exposures	6,887	8,323	6,887	8.323
	f-balance sheet exposures				
19	Off-balance sheet exposures at gross notional amount	4,686	3,956	4,686	3,956
20	(Adjustments for conversion to credit equivalent amounts)	-3,216	-3,143	-3,216	-3,143
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-	-	-
22	Off-balance sheet exposures	1,470	813	1,470	813
	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	or local authorities of a Member State through an intermediate credit institution) (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)	-	-	-	-
FU-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 designated institutions in accordance with point (p) of Article				
EU-22i	429a(1) CRR)	-	-	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	=	=	=	-
EU-22k	(Total exempted exposures)	-	-	-	-
Capital a	nd total exposure measure				
23	Tier 1 capital	3,378	3,233	1,972	2,175
24	Total exposure measure	56,230	48,042	56,193	47,999
Leverage	ratio				
25	Leverage ratio	6.01	6.73	3.51	4.53
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%) Leverage ratio (excluding the impact of any applicable temporary exemption of	6.01	6.73	3.51	4.53
25a	central bank reserves)	6.01	6.73	3.51	4.53
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
	n transitional arrangements and relevant exposures				
	Choice on transitional arrangements for the definition of the capital measure	-	-	-	-
	re 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	5,915		5,915	
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	6,887		6,887	
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)	55,258		55,221	
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)	55,258		55,221	
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) Leverage ratio (excluding the impact of any applicable temporary exemption of central bank	6.11%		3.57%	
31a	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)	6.11%		3.57%	

Table 42: EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		SSEHG Group	SSBI
		CRR leverage ra	tio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	48,866	47,672
EU-2	Trading book exposures	-	-
EU-3	Banking book exposures, of which:	48,866	47,672
EU-4	Covered Bonds	52	52
EU-5	Exposures treated as sovereigns	33,596	33,596
EU-6	Exposures to regional governments, multilateral development banks (MDB), international	1,474	1,474
	organisations and PSE <u>not</u> treated as sovereigns	2.000	2.007
EU-7	Institutions	2,090	2,087
EU-8	Secured by mortgages of immovable properties	-	-
EU-9	Retail exposures	-	-
EU-10	Corporate	6,810	6,810
EU-11	Exposures in default	0	0
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligations assets)	4,844	3,653

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 of December 31, 2021 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. 43% of the held securitisation positions (including Collateralized Loan Obligations) are eligible under the ECB criteria as collateral with the Deutsche, 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

Upon acquisition, all securitisations are assigned to the banking book based on the trading book definition according to Art. 102ff CRR. They are valued as fixed assets according to commercial law specifications in Section 253 (3) HGB. In general, the securitisation positions are intended to be held to maturity from an accounting point of view.

Securitisations are valued according to the modified lower of cost or market principle. During the reporting period there have not been any write-downs resulting from permanent impairments according to Section 253 (3) Sent. 3 HGB.

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, 2021, the Group's securitisation portfolio (based on its exposure value) has decreased slightly by 2.4%. The volume of the consolidated portfolio decreased during this period from EUR 3,056mn to EUR 2,982mn as of 31 December 2021. Loans to corporates and other wholesale receivables are the dominant underlying asset class in the securitisations portfolio.

In 2021, the distribution of risk weights in the securitization portfolio changed slightly. The majority of securitisations (90.2% of the total exposure value, previous year 84.6%) received a risk weight of 20% or less as in the previous year.

The RWA amounted to EUR 555mn as of the reporting date (EUR 583mn as of June 30, 2021). This position can be divided into 46 securitisation positions that are classified as simple, transparent and standardised ("STS") securitisations (RWA in the amount of EUR 190mn) and 60 securitisation positions (RWA in the amount of EUR 365mn) 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, 2021. 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 Environmental, social and governance risks (ESG risks) (Art. 449a CRR)

Sustainability and non-financial information has become an important factor for business leaders, investors, consumers and regulators. In this area, investors and other capital market players, supervisory authorities and banks are increasingly seeking greater standardization in order to increase their own responsibility and include non-financial factors, e.g., in ratings, regulations and contracts, as well as to improve the associated disclosure. The Group is also increasingly focused, with the SSBI operating unit, on the relevance of non-financial information. The growing global focus on climate change, diversity, equality and inclusion, and the COVID-19-pandemic have further accelerated this momentum. These topics are often also brought together under the umbrella term "ESG". This stands for the areas of environment, social issues and governance as the three most essential components that measure a company's sustainability and impact on society.

For additional information on non-financial performance indicators (climate, sustainability and employees) we refer to SSEHG Group management report. In section B (Economic report), chapter 8 additional specific internal ESG-indicators of the Group and SSBI as only operating entity as well as further descriptions on the consideration of the ECB guide on climate-related and environmental risks are presented. Moreover, the Group included and disclosed the mandatory information for the first time in accordance with Article 8 of the EU Taxonomy Regulation (Taxonomy Regulation) at the end of this aforementioned chapter. In addition, this section of the Management Report of the SSEHG Group is shown in table Table 68 in the Annex A.

Pursuant to Art. 449a CRR the underlying disclosure requirement²⁷ is to be applied from June 28, 2022 and until the CRR III enters into force (probably as of January 1, 2025) only by large institutions which have issued securities that are admitted to trading on a regulated market of any member state, as defined in point (21) of Art. 4 (1) of Directive 2014/65/EU (Markets in financial instruments Directive, "MiFID"). Hence, neither SSEHG Group nor SSBI will provide additional ESG information in this chapter of the Disclosure Report until further notice as reference is made to the Group Management report.

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²⁷ Information on ESG risks, including physical risks and transition risks

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

10.1 Governance

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 2021.

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 "Regulation")²⁸ which implemented the remuneration requirements of CRD IV (as amended by CRD V) into German law. This remuneration disclosure is, therefore, subject to section 16 (1) of the Regulation in conjunction with Art. 450 CRR; in accordance with section 27 (1) of the Regulation 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 Regulation also apply.

At the same time, SSC, SSBT and SSIH are subject to the supervision and rules of the Board of Governors of the U.S. Federal Reserve System as well as other regulatory authorities in the U.S. As subsidiaries of a U.S. bank, 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.

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. They are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board. At December 31, 2021, there were five (5) members of the HRC. During 2021, the HRC held seven (7) 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 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

²⁸ "Institutsvergütungsverordnung" in its version effective since 25 September 20, 2021.

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.

Risk Taker Identification

State Street has identified those employees throughout the global organization who individually or as a Group are responsible for activities that may expose State Street to material amounts of risk (i.e. Federal Reserve Board Material Risk Takers²⁹). State Street annually reviews the variable pay arrangements used to compensate these employees and also annually reviews the effectiveness of the design and operation of State Street's incentive compensation system in providing risk-taking incentives that are consistent with the organization's safety and soundness.

Governance

While the identification process is continuous, formal list reviews are carried out three times a 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 its 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 EUIS 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.

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 (the Regulatory Technical Standard or "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 going presented 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.

²⁹ Individuals who have been identified as material risk takers pursuant to the guidance of the Board of Governors of the United States Federal Reserve System

These include individuals in IT with technological responsibility and certain client facing roles.

Process – 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.

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, the relevant plan documents, Standards, Procedures, and Guidelines, comply with the relevant requirements of the InstitutsVergV, 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"), including compliance with principles of gender neutrality.

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 nineteen (19) meetings and SSBI's SB held seven (7) meetings during 2021. 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. The Remuneration Officer and the Deputy Remuneration Officer were appointed by SSBI in line with the requirements of section 23 et seq. of the Regulation. 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 2021 the Board of Directors of SSHG 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 seven (7) meetings in 2021. 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 Regulation. These duties include supporting the SB in:

- Ensuring that the overall remuneration system, specific remuneration arrangements for EMB members, and the identification of and remuneration structures for Identified Staff are appropriate and in-line with regulatory requirements
- Monitoring that appropriate remuneration parameters, performance criteria, assessment and deferral
 periods, and the conditions for a complete loss or partial reduction of the variable remuneration or the
 clawback of remuneration already paid out are in place
- Monitoring of the proper involvement of control functions and relevant corporate functions in the remuneration system
- Affordability requirements for variable pay have been met

• Preparing decision proposals regarding the increase of the maximum ratio between variable and fixed remuneration and reviewing compliance with the ratio

In 2021 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 GHR also participate in the meetings of SSBI's Remuneration Committee as non-voting permanent guests.

Key remuneration principles

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

- Our Client's Essential Partner:
- Leading Front-to-Back Platform With a Broad Revenue Mix
- High-Performing Organization
- A Technology-Driven Scale Provider
- State Street's overall aim with respect to remuneration is to reward and motivate high-performing employees and to provide competitive incentive opportunities, encouraging employees to learn and grow in their careers.

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:

- Our Clients' Essential Partner: 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 State Street 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.
- Leading Front-to-Back Platform With a Broad Revenue Mix: The focus lies on data-enabled front-to-back platform being interoperable and open to third parties. As achieving a broad revenue mix is best supported using an equally broad and diverse remuneration mix, it is paramount to deploy all remuneration elements effectively. Therefore, we differentiate pay based on performance and focus on all elements of an employee's remuneration in order to achieve the strongest possible incentivizing effect of remuneration.
- High-Performing Organization: A holistic approach is needed to foster a high-performing organization. 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 which is integral in mobilizing the whole company
 to deploy key talent developing a culture that is fostering innovation and achieving risk excellence.

• A Technology-Driven Scale Provider: Key talent and their propensity to ensure a high level of operational resiliency are indispensable in order to align our technology, service delivery and risk excellence teams to help us deliver "always on" services to our clients around the world while maintaining State Street's overall risk excellence. 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

Determination of the IC pool and the individual variable pay

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 Management Committee ("MC") 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 2021 Proxy Statement filed with the US Securities Exchange Commission and available publicly on its website.

Thirdly, MC 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 Regulation. The results of this analysis are reviewed and approved by the EMB prior to payout of variable remuneration.

Individual incentive awards are discretionary. In addition to the formal two-pronged risk adjustment process (ex-ante and ex-post compensation adjustments) described in the Performance Adjustment Measures chapter 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

State Street'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 State Street utilizes a five-stage approach:

Expectation Setting: The first stage takes place at the beginning of the year as a discussion about Performance
Priorities. Performance Priorities are short term in nature, unique to the employee and reflect stretch or
developmental objectives; they also could include the tasks the employee is expected to accomplish on a dayto-day basis and remain consistent; or they could be a combination of both. Performance Priorities help ensure

that an employee's time is spent where it makes the biggest impact on the business and can be updated throughout the year. They are set in partnership between the manager and employee.

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. However, the individual and business unit goals are merged into one set of goals. 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.

- 2. Check-Ins: Stage two focuses on the facilitation of regular review and feedback between the direct report and manager throughout the year. Ongoing performance discussions about performance priorities take place as monthly check-ins throughout the year. Check-ins are coaching conversations between the manager and direct report about progress towards performance priorities. Direct reports have a regular opportunity to receive transparent feedback about performance, respond to feedback, and engage in career development and internal mobility discussions
- 3. Snapshots: The third stage is the manager's evaluation of direct report performance twice per year using performance assessments called Snapshots. Snapshots enable managers to evaluate direct report performance from the following perspectives: Performance Priorities; Inclusion Diversity & Equity; Demonstrated Behaviors; Managing Others; Overall Comment. Snapshot results are being made transparent to all staff.
- 4. Calibration: The fourth stage is a calibration process to ensure a holistic review of relative performance outcomes. Snapshot outcomes are used to inform a recommended Performance Category. After each Snapshot this category is reviewed and adjusted for all Vice Presidents, Managing Directors and to Senior Vice Presidents within a business unit or corporate function.
- 5. The final stage is the Year-End Summary/Recap conversation between manager and direct report. These discussions typically take place at the last Check-in of the year and recap performance feedback the manager provided direct reports throughout the year. During this year-end conversation, managers summarize performance in MyWorkday by assigning a Performance Category to the direct reports designed to recap performance. Performance categories are set on a six-point scale (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.

Results from the Snapshots generate a recommended Performance Category for an employee to help managers prioritize IC Program pool allocations and to make Pay for Performance decisions. At the end of the year, Snapshot results are assessed and employees are prioritized into Performance Categories for Incentive Compensation decisions.

Both the Year End Performance Summary and the Snapshots inform remuneration decisions. In addition to Snapshots, managers also consider business and company performance, an employee's competitive position relative to market data and the relevant salary range, affordability and any risk excellence considerations.

10.2 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 "Institutional 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.

Incentive Compensation

Structure of variable remuneration awards under State Street's corporate design

For the 2021 performance year (paid in the first quarter of 2022), 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 2021 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 2021 IC the following allocation regime has been used:

Table 43: Allocation of cash and deferred awards (in USD)

IC Min	IC Max	Allocated system for 2021				
IC Min	IC Max	Non-deferred cash compensation	Deferred Compensation			
0	59,500	100%	0			
59,500.01	90,000	75%	59,500.01			
90,000.01	100,000	75%	90,000.01			
100,000.01	120,000	65%	100,000.01			
120,000.01	150,000	60%	120,000.01			
150,000.01	175,000	55%	150,000.01			
175,000.01	200,000	50%	175,000.01			
200,000.01	250,000	45%	200,000.01			
250,000.01	500,000	30%	250,000.01			
500,000.01	800,000	25%	500,000.01			
800,000.01	1,000,000	20%	800,000.01			

Structure of IC awards for Identified Staff³⁰

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 2021, 47 Identified Staff were exempt from regulatory variable remuneration payout rules. in accordance with section 18 (1) of the Regulation.

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:

- 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

³⁰ 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

 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 award any discretionary pension contributions.

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 Regulation 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 CRD IV (as amended by CRD V), Section 25a (5) KWG and Section 6 of the Regulation (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 Regulation 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 Regulation 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

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 Regulation. 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 pretrade 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.

10.3 Quantitative Information

The following tables disclose the quantitative remuneration details according to Art. 450 CRR for the performance year 2021.

Table 44: 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		Number of identified staff	9	8	42	70
2		Total fixed remuneration	360	3,944	11,558	12,191
3	_	Of which: cash-based	360	3,944	11,558	12,191
4	neration	(Not applicable in the EU)				
EU-4a	je	Of which: shares or equivalent ownership interests	0	0	0	0
5	remu	Of which: share-linked instruments or equivalent non- cash instruments	0	0	0	0
EU-5x	Fixed	Of which: other instruments	0	0	0	0
6	正	(Not applicable in the EU)				
7		Of which: other forms	0	0	0	0
8		(Not applicable in the EU)				
9		Number of identified staff	9	8	42	70
10		Total variable remuneration	0	4,253	9,557	6,115
11		Of which: cash-based		1,558	3,899	3,230
12	5	Of which: deferred	0	1,081	2,466	1,275
EU-13a	eration	Of which: shares or equivalent ownership interests		2,696	5,658	2,886
EU-14a	5	Of which: deferred	0	1,940	3,761	1,381
EU-13b	le rem	Of which: share-linked instruments or equivalent non- cash instruments	0	0	0	0
EU-14b	riabl	Of which: deferred	0	0	0	0
EU-14x	Var	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	Tot	al remuneration (2 + 10)	360	8,197	21,115	18,306

Table 45: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in kEUR)

Guaranteed variable remuneration awards Guaranteed variable remuneration awards - Number of identified - 1 1 1	staff
1 - 1 - 1 - 1	
	-
2 Guaranteed variable remuneration awards -Total amount - 150 24	-
Of which guaranteed variable remuneration awards paid during 3 the financial year, that are not taken into account in the bonus - 150 24 cap	-
Severance payments awarded in previous periods, that have been paid out during the financial year	
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0
Severance payments awarded during the financial year	
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	1
Severance payments awarded during the financial year - Total 0 0 1,037 amount	355
8 Of which paid during the financial year 0 0	355
9 Of which deferred 0 0 72	0
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	355
Of which highest payment that has been awarded to a single person 0 0 657	355

Table 46: EU REM3 – Deferred remuneration (in kEUR)

									EU - h
	Deferred and retained remuneration	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	8,729	1,767	6,962	0	0	0	1,767	1,355
8	Cash-based	2,385	412	1,974	0	0	0	412	0
9	Shares or equivalent ownership interests	6,344	1,355	4,989	0	0	0	1,355	1,355
10	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
11		0	0	0	0	0	0	0	0
12	Other forms	0	0	0	0	0	0	0	0
13	Other senior management	14,749	3,706	11,043	0	0	0	3,706	2,715
14	Cash-based	4,795	991	3,805	0	0	0	991	0
15	Shares or equivalent ownership interests	9,954	2,715	7,239	0	0	0	2,715	2,715
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	6,373	2,281	4,091	0	0	0	2,281	1,799
20	Cash-based	2,150	483	1,668	0	0	0	483	0
21	Shares or equivalent ownership interests	4,223	1,799	2,424	0	0	0	1,799	1,799
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	29,851	7,754	22,097	0	0	0	7,754	5,869

Table 47: EU REM4 – Remuneration of 1 million EUR or more per year

		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	-
2	1 500 000 to below 2 000 000	1
3	2 000 000 to below 2 500 000	2
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	1
6	3 500 000 to below 4 000 000	-
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 48: EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in kEUR)

		а М	b anagement b	c ody	d	е	f	g ness areas	h	i	j
			remuneration				Dusi				
		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	9	8	17	13	0	0	22	34	43	128
2	Of which: members of the MB	9	8	17							17
3	Of which: other senior management				3	0	0	13	8	18	42
4	Of which: other identified staff				10	0	0	9	26	25	70
5	Total remuneration of identified staff	360	8,197	8,557	7,753	0	0	6,738	6,011	18,920	47,979
6	Of which: variable remuneration	0	4,253	4,254	3,789	0	0	2,542	1,264	8,077	19,926
7	Of which: fixed remuneration	360	3,944	4,304	3,963	0	0	4,196	4,746	10,843	28,053

The Supervisory Board received a remuneration with the amount of kEUR 360 in 2021 (previous year: kEUR 235).

11 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)

BBH&Co Brown Brothers Harriman & Co

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

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

GBP Pound Sterling

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 Institute of Public Auditors in Germany, Incorporated Association

IFRS International Financial Reporting StandardsILAAP Internal Liquidity Adequacy Assessment ProcessiMREL Internal Minimum Required Eligible Liabilities

incl. including

InstitutsVergV Institutsvergütungsverordnung (German Remuneration Code)

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 MaRisk Minimum Requirements for Risk Management

MC Management Committee

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
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

12 Annex A – Supplementary disclosure tables

This appendix contains further disclsoure tables which have to be published as of December 31, 2021 and are included in the following for reasons of clarity and better readability

Table 49: EU LI1 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

					Carrying valu	es of items	
	Carrying values as			Subject to	Subject to the	Subject to the	Not subject to own funds
	reported in published		credit risk	the CCR	securitisation	market risk	requirements or subject to
Breakdown by asset classes according to the balance sheet in the publisl	financial statements	consolidation	framework	framework	framework	framework	deduction from own funds
1 Cash reserves	3,904	3,904	3,904	0	0	736	0
2 Loans and advances to banks	32,419	32,419	32,419	0	0	14,257	0
				-			
3 Loans and advances to customers	4,562	4,562	4,562	0	870	1,950	75
4 Debt securities and other fixed-income securities	13,064	13,064	13,064	0	2,112	3,344	0
5 Equities and other variable yield securities	5	5	0	0	0	0	0
5a Trading portfolio	226	226	-	98	-	226	128
6 Shares in affiliates	0	0	0	0	0	0	0
7 Trust assets	97	97	0	0	0	0	97
8 Intangible assets	1,291	1,291	0	0	0	0	1,291
9 Property and equipment	43	43	43	0	0	0	0
10 Other assets	361	361	361	0	0	154	0
11 Prepaid Expenses	9	9	9	0	0	0	0
12 Excess of covering assets over pension and similar obligations	3	3	0	0	0	0	3
Total assets	55,985	55,985	54,362	98	2,982	20,667	1,594
Breakdown by asset classes according to the balance sheet in the publish	ned consolidated financial sta	tements					
1 Liabilities to banks	1,111	1,111	0	0	0	461	0
2 Liabilities to customers	47,607	47,607	0	0	0	18,696	0
3a Trading portfolio	221	221	0	93	0	221	128
4 Trust liabilities	97	97	0	0	0	0	97
5 Other liabilities	383	383	0	0	0	175	383
6 Deferred income	2	2	0	0	0	0	-
6a Deferred tax liabilities	31	31	0	0	0	0	31
7 Provisions	373	373	0	0	0	0	373
8 Subordinated liabilities	1,060	1,060	0	0	0	1,060	1,060
9 Fund for general banking risks	82	82	0	0	0	0	82
10 Equity	4,992	4,992	0	0	0	0	4,992
11 Negative difference arising from capital consolidation	26	26	0	0	0	0	26
Total liabilities	55,985	55,985	0	93	0	20,613	7,172

Table 50: EU LI2 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

						е
				Items subj	ect to	
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets	s carrying value amount under the scope of prudential consolidation (as per template LI1)	55,985	54,362	2,982	98	20,667
2 Liabilit	ties carrying value amount under the scope of prudential consolidation (as per template LI1)	55,985	0	0	93	20,613
3 Total r	net amount under the scope of prudential consolidation	-	54,362	2,982	5	54
4 Off-ba	alance-sheet amounts	2,617	2,617	0	0	
5 Differe	ences in valuations	412	0	0	412	
6 Differe	ences due to different netting rules, other than those already included in row 2	0	0	0	0	
7 Differe	ences due to consideration of provisions	-14	-14	0	0	
8 Differe	ences due to the use of credit risk mitigation techniques (CRMs)	-6,887	-6,887	0	0	
9 Differe	ences due to credit conversion factors	-1,356	-1,356	0	0	
10 Differe	ences due to securitisation with risk transfer	0	0	0	0	
11 Other	differences	-4,242	-4,242	0	0	
12 Expos	ure amounts considered for regulatory purposes	46,515	44,480	2,982	417	54

Table 51: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of June 30, 2021

			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	-	-	-	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:		46,696	=	-	15,628
8	Operational deposits		31,155	=	-	15,577
9	Other wholesale funding		15,556	=	-	50
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		629	21	311	321
12	NSFR derivative liabilities		-	=	-	=
13	All other liabilities and capital instruments not included in the above categories		629	21	311	321
14	Total available stable funding (ASF)					20,760
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		-	-	-	-
17	Performing loans and securities:		9,232	129	5,880	5,852
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,698	=	-	-
19	$Performing\ securities\ financing\ transactions\ with\ financial\ customer\ collateralised\ by\ other\ assets\ and\ loans\ and\ advances\ to\ financial\ institutions$		2,955	-	=	148
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		42	-	1,262	1,094
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		3,536	129	4,619	4,611
25	Interdependent assets		=	=	-	-
26	Other assets:		1,135	15	1,473	1,699
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			-		-
29	NSFR derivative assets			17		-
30	NSFR derivative liabilities before deduction of variation margin posted			160 ³¹		-
31	All other assets not included in the above categories		-	=	-	-
32	Off-balance sheet items		2,744	751	1,129	143
33	Total RSF					8,120
34	Net Stable Funding Ratio (%)					254.89

³¹ The derivative positions have not been part of the total sum in the taxonomy for 30th of June 2021. Validations have been discontinued by EBA: https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5847

Table 52: EU LIQ2 – Net Stable Funding Ratio of SSEHG Group as of September 30, 2021

			Jnweighted value l	by residual maturity		
			< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
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:		45,515	-	-	17,275
8	Operational deposits		34,353	-	-	17,176
9	Other wholesale funding		11,163	-	-	98
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		673	106	206	259
12	NSFR derivative liabilities		-	-	-	-
13	All other liabilities and capital instruments not included in the above categories		673	106	206	259
14	Total available stable funding (ASF)					22,344
Required	stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					398
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:		10,031	217	5,872	6,066
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,912	-	-	-
19	$Performing \ securities \ financing \ transactions \ with \ financial \ customer \ collateralised \ by \ other \ assets \ and \ loans \ and \ advances \ to \ financial \ institutions$		2,693	-	-	135
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		39	Ξ	1,331	1,151
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		62	=	=-	31
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		4,324	217	4,541	4,749
25	sheet products Interdependent assets		-	_	_	_
26	Other assets:		- 1,415	23	<u>-</u> 1,469	1,708
			1,413	25	1,409	1,708
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			-		-
29	NSFR derivative assets			32		=
30	NSFR derivative liabilities before deduction of variation margin posted			155		=
31	All other assets not included in the above categories		-	-	-	-
32	Off-balance sheet items		2,563	967	979	136
33	Total RSF		14,196	1,207	8,330	8,348
34	Net Stable Funding Ratio (%)					267.68

Table 53: EU LIQ2 – Net Stable Funding Ratio of SSBI as of June 30, 2021

		Un	Unweighted value by residual maturity			Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	weighted value
vailable	stable funding (ASF) Items					
1	Capital items and instruments	-	-	-	2,346	2,346
2	Own funds	-	-	=	2,246	2,246
3	Other capital instruments		-	-	100	100
4	Retail deposits		-	-	-	-
5	Stable deposits		-	E	-	=
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		47,546	=	-	47,546
8	Operational deposits		31,155	E	-	31,155
9	Other wholesale funding		16,406	=	-	16,406
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		659	288	590	734
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		659	288	590	734
14	Total available stable funding (ASF)					18,708
equired	stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					426
U-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:		9,230	129	5,880	5,852
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,698	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,955	-	-	148
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		42	-	1,262	1,094
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		=	E	-	=
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		3,534	129	4,619	4,611
25	Interdependent assets		-	-	-	-
26	Other assets:		1,097	4	353	554
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			-		-
29	NSFR derivative assets			17		17
30	NSFR derivative liabilities before deduction of variation margin posted			160 ³²		8
31	All other assets not included in the above categories		-	-	-	-
32	Off-balance sheet items		2,744	751	1,129	143
33	Total RSF					6,974
34	Net Stable Funding Ratio (%)					267.29

³² The derivative positions have not been part of the total sum in the taxonomy for 30th of June 2021. Validations have been discontinued by EBA: https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5847

Table 54: EU LIQ2 – Net Stable Funding Ratio of SSBI as of September 30, 2021

	Unweighted value by residual					
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available	stable funding (ASF) Items					
1	Capital items and instruments	-	-	-	2,346	2,346
2	Own funds	-	-	-	2,246	2,246
3	Other capital instruments		-	-	100	100
4	Retail deposits		-	-	-	-
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		46,364	5	-	17,275
8	Operational deposits		34,353	-	-	17,176
9	Other wholesale funding		12,011	5	-	98
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		682	401	601	801
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		682	401	601	801
14	Total available stable funding (ASF)					20,422
Required	stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					398
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:		10,035	217	5,872	6,066
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,912	=	-	=
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,693	=	-	135
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		39	-	1,331	1,151
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		62	=	-	31
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		4,328	217	4,541	4,750
25	Interdependent assets		-	-	-	-
26	Other assets:		1,203	27	558	682
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			-		-
31	All other assets not included in the above categories		-	-	-	-
32	Off-balance sheet items		2,563	967	979	136
33	Total RSF					7,322
34	Net Stable Funding Ratio (%)					278.92

Table 55: 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	G	109	Р
	of which: Instrument type 2				
	of which: Instrument type 3				
2	Retained earnings				
3	Accumulated other comprehensive income (and other reserves)	5,330	Н	2,055	Q, R
EU-3a	Funds for general banking risk	82	F	82	0
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		2,246	
Common	Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-0.29		-0.29	
8	Intangible assets (net of related tax liability) (negative amount)	-1,407	A, B, D	-250	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)	-3	С	-3	М
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)				
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)				

			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
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 Service				
25	of which: deferred tax assets arising from temporary differences				
EU-25a	Losses for the current financial year (negative amount)	-603	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	-22		-22	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2,035		-275	
29	Common Equity Tier 1 (CET1) capital	3,378		1,972	
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				
45	Tier 1 capital (T1 = CET1 + AT1)	3,378		1,972	
	Tier 2 (T2) capital: instruments				

Source based on reference Source based on reference Source based on reference Source based on reference				SSEHG Group		SSBI
Amount of walliving learn referred to in Aricle 494 [5] and the related share premium accounts subject to phase out from T2 as described in FEL 1947 Amount of eaal linging terms referred to in Aricle 494 [2] subject to phase out from T2 40 Parish Amount of eaal linging terms referred to in Article 494 [2] subject to phase out from T2 41 Parish Amount of eaal linging terms referred to in Article 494 [2] subject to phase out from T2 42 Parish Amount of eaal linging count truds instruments included in roads 192 capital (including minority interests and ATI instruments not included in roads 5 43 Parish Amount of eaal linging count truds instruments included in roads 192 capital (including minority interests and ATI instruments not included in roads 5 43 Parish Amount of eaal linging count truds instruments included in roads 5 44 Parish Amount of eaal linging count truds instruments included in roads 5 45 Parish Amount of eaal linging count truds instruments and subordinated closes (negative amount) 45 Parish Amount of eaal linging systements 45 Parish Amount of eaal floring systements to be displayed to the T2 instruments and subordinated closes (negative amount) 45 Parish Amount of indicate holdings of the T2 instruments and subordinated closes (negative amount) 45 Parish Amount of indicate holdings of the T2 instruments and subordinated closes of financial sector entities where the institution loses and indicate holdings of the T2 instruments and subordinated loans of financial sector entities where the institution have a significant investment in those entities (now and society). The early of			Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope	Amounts	numbers/letters of the balance sheet under the regulatory scope
A riske afts (4) CRR	46	· · · · · · · · · · · · · · · · · · ·			100	N
Record of qualifying teems referred to in Article 494b (2) subject to phase our from T2 Califying corn funds indruments industed in consolidated 12 capital (including minority interests and AT1 instruments not included in ross 5 Califying corn funds indruments sought of page 40 Califying corn funds indruments sought of page 50 Califying corn funds indruments and subordinated loans (financial sector entities where those entities where capital indruments holdings by an institution of myn T2 instruments and subordinated loans of financial sector entities where the institution deep 50 Califying corn funds in direct holdings of the T2 instruments and subordinated loans of financial sector entities where the institution deep 50 Califying corn funds of the T2 instruments and subordinated loans of financial sector entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution deep 50 Califying corn funds to the Califying funds corn entities where the institution does not have a significant investment in those entities (page 60 Califying corn funds to the C	47					
callifying own funds instruments included in consolidated 17 capital (including minority interests and AT1 instruments not included in rows 5 color than the state of publication and held by third parties of the color of the co	EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2				
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Separation Sep	53	reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)				
Price 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) EU-56	54					
significant investment in those entities (net of eligible short positions) (negative amount) 56 Not applicable 56 Vota poplicable 56 Other regulatory adjustments to T2 capital 57 Otal regulatory adjustments to T2 capital 58 Ter 2 (72) capital 59 Total regulatory adjustments to T1er 2 (72) capital 59 Total regulatory adjustments to T1er 2 (72) capital 50 Total risk exposure amount 50 Total risk exposure amount 60 Total risk exposure amount 61 Common Equity Tier 1 62 Common Equity Tier 1 63 Total capital (T2 = T1 + T2) 64 Total risk exposure amount 65 Total risk exposure amount 66 Total risk exposure amount 67 Total risk exposure amount 68 Ter 1 69 Total risk exposure amount 69 Total risk exposure amount 60 Total risk exposure amount 60 Total risk exposure amount 60 Total risk exposure amount 61 Common Equity Tier 1 62 Ter 1 63 Total capital (T2 = T1 + T2) 63 Total capital (T3 = T1 + T2) 64 Total risk exposure amount 65 Total risk exposure amount 66 Total risk exposure amount 67 Total risk exposure amount 68 Total requirements including buffers 69 Total risk exposure amount 60 Total risk exposure amount 61 Total requirements including buffers 60 Total risk exposure amount 61 Total requirements 61 Total requirements 62 Total requirement 63 Total capital conservation buffer requirement 64 Which: Countercyclical capital buffer requirement 65 Total requirement 66 Total risk exposure amount 67 Total regulatoryclical capital buffer requirement 68 Total regulatoryclical capital buffer requirement 69 Total regulatoryclical capital buffer requirement 60 Total risk exposure amount 60 Total risk exposure amount 61 Total requirement 61 Total regulatoryclical capital buffer requirement 62 Total regulatoryclical capital buffer requirement 63 Total regulatoryclical capital buffer requirement 64 Total regulatoryclical capital buffer requirement 65 Total	54a	Not applicable				
EU68 Valifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount) 57 Votal regulatory adjustments to T2 capital 58 Total regulatory adjustments to T2 (72) capital 59 Total capital (TC = T1 + T2) 50 Total capital (TC = T1 + T2) 50 Total path (TC = T1 + T2) 50 Total regulatory adjustments including buffers 50 Total regulatory adjustments including buffers 50 Total regulatory adjustments including buffers 51 Total path (TC = T1 + T2) 52 Total path (TC = T1 + T2) 53 Total capital (TC = T1 + T2) 53 Total capital (TC = T1 + T2) 54 Total path (TC = T1 + T2) 55 Total regulatory adjustments including buffers 55 Total capital (TC = T1 + T2) 56 Total path (TC = T1 + T2) 57 Total regulatory adjustments including buffers 58 Total capital (TC = T1 + T2) 59 Total capital (TC = T1 + T2) 50 Total regulatory adjustments including buffers 50 Total regulatory adjustments including buffers 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments including buffers 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total regulatory adjustments to T2 capital (TC = T1 + T2) 50 Total	55					
56b Other regulatory adjustments to T2 capital 57 Total regulatory adjustments to Tier 2 (T2) capital 58 Ter 2 (T2) capital 59 Total capital (TC = T1 + T2) 3,378 2,072 60 Total capital (TC = T1 + T2) 3,378 2,072 Capital requirements including buffers Capital requirements including buffers 61 Common Equity Tier 1 33.62 19.64 62 Tier 1 33.62 19.64 63 Total capital 19.64 19.64 64 Institution CET1 overall capital requirements 8.28 8.28 65 of which: Capital conservation buffer requirement 2.50 2.50 66 of which: Capital conservation buffer requirement 9.15 1.5 67 of which: Systemic risk buffer requirement 9.2 2.5 68 of which: Systemic risk buffer requirement 9.5 5.58 69 of which: Additional own funds requirements to address the risks other than the risk of excessive leverage 5.58 5.58 <	56	Not applicable				
For a foliar regulatory adjustments to Tier 2 (T2) capital For 2 (T2) capital Total capital (TC = T1 + T2) Total capital (TC = T1 + T2) Total capital (TC = T1 + T2) Total regularements including buffers Capital x- C	EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)				
58Tire 2 (T2) capital10059Total capital (TC = T1 + T2)3,3782,07260Total risk exposure amount10,04710,043Capital requirements including buffers61Common Equity Tier 133.6219.6462Tier 133.6219.6463Total capital capital requirements33.6219.6464Institution CET1 overall capital requirements33.6220.6365of which: Capital conservation buffer requirement8.288.2865of which: Capital conservation buffer requirement2.502.5066of which: Systemic risk buffer requirement0.150.1567of which: Systemic risk buffer requirementEU-67of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (G-SII) buffer requirementEU-67of which: Additional own funds requirements to address the risks other than the risk of excessive leverage5.585.5868Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements23.6210.63	56b	Other regulatory adjustments to T2 capital				
Total capital (TC = T1 + T2) 3,378 2,072 10,047 10,043 Capital ratios and requirements including buffers Capital ratios and requirements including buffers Capital ratios and requirements including buffers Circumon Equity Tier 1 3,362 19,64 Circumon Equity Tier 1 2,063 2,063 Circumon Equity Tier 1 2,063 2,063 Circumon Equity Tier 1 2,064 2,063	57	Total regulatory adjustments to Tier 2 (T2) capital				
Fig. 10 Total risk exposure amount 10,047 10,043 Capital result requirements including buffers Common Equity Tier 1 1 10 Common Equity Tier 1 1 10 19.64 Common Equity Tier 1 1 1 19.64 Common Equity Tier 1 1 1 1 19.64 Common Equity Tier 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	58	Tier 2 (T2) capital			100	
Capital ratios and requirements including buffers 61 Common Equity Tier 1	59	Total capital (TC = T1 + T2)	3,378		2,072	
61Common Equity Tier 133.6219.6462Tier 133.6219.6463Total capital33.6220.6364Institution CET1 overall capital requirements8.288.2865of which: Capital conservation buffer requirement2.502.5066of which: Countercyclical capital buffer requirement0.150.1567of which: Systemic risk buffer requirementEU-67aof which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirementEU-67bof which: Additional own funds requirements to address the risks other than the risk of excessive leverage5.585.5868Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements23.6210.63	60	Total risk exposure amount	10,047	7	10,043	
Tier 1 33.62 19.64 63 Total capital capital requirements 33.62 20.63 64 Institution CET1 overall capital requirements 8.28 8.28 65 of which: Capital conservation buffer requirement 2.50 2.50 66 of which: Countercyclical capital buffer requirement 0.15 0.15 67 of which: Systemic risk buffer requirement	Capital rat	ios and requirements including buffers				
Total capital 33.62 20.63 64 Institution CET1 overall capital requirements 8.28 8.28 65 of which: Capital conservation buffer requirement 2.50 2.50 66 of which: Countercyclical capital buffer requirement 2.50 2.50 67 of which: Systemic risk buffer requirement 3.50 68 of which: Systemic risk buffer requirement 3.50 69 of which: Systemic risk buffer requirement 3.50 60 of which: Systemic risk buffer requirement 3.50 60 of which: Systemic risk buffer requirement 3.50 60 of which: Additional own funds requirements to address the risks other than the risk of excessive leverage 3.50 60 of which: Additional own funds requirements to address the risk sother than the risk of excessive leverage 3.50 60 of which: Global Systemically (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 3.62 60 of which: Global Systemically (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 3.62 60 of which: Global Systemically (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 3.62 60 of which: Global Systemically (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 3.62	61	Common Equity Tier 1	33.62			
64Institution CET1 overall capital requirements8.288.2865of which: Capital conservation buffer requirement2.502.5066of which: Countercyclical capital buffer requirement0.150.1567of which: Systemic risk buffer requirementEU-67aof which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirementEU-67bof which: Additional own funds requirements to address the risks other than the risk of excessive leverage5.585.5868Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements23.6210.63	62	Tier 1	33.62		19.64	
65 of which: Capital conservation buffer requirement 2.50 2.50 2.50 66 2.50 66 of which: Countercyclical capital buffer requirement 0.15 0.15 0.15 0.15 0.15 0.15 0.15 0.15	63	Total capital	33.62		20.63	
66 of which: Countercyclical capital buffer requirement 0.15 0.15 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 5.58 5.58 68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 23.62 10.63	64	Institution CET1 overall capital requirements	8.28			
67 of which: Systemic risk buffer requirement 68 of which: Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement 69 of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement 60 of which: Additional own funds requirements to address the risks other than the risk of excessive leverage 61 of which: Additional own funds requirements to address the risk sother than the risk of excessive leverage 62 of which: Additional own funds requirements to address the risk exposure amount) available after meeting the minimum capital requirements 63 of which: Systemic risk buffer requirement 64 of which: Systemic risk buffer requirement 65 of which: Systemic risk buffer requirement 66 of which: Systemic risk buffer requirement 67 of which: Systemic risk buffer requirement 68 of which: Systemic risk buffer requirement 69 of which: Systemic risk buffer requirement 60 of which: Systemic risk buffer requirement 60 of which: Systemic risk buffer requirement 60 of which: Systemic risk buffer requirement 61 of which: Systemic risk buffer requirement 61 of which: Systemic risk buffer requirement 62 of which: Systemic risk buffer requirement 63 of which: Systemic risk buffer requirement 64 of which: Systemic risk buffer requirement 65 of which: Systemic risk buffer requirement 66 of which: Systemic risk buffer requirement 67 of which: Systemic risk buffer requirement 68 of which: Systemic risk buffer requirement 69 of which: Systemic risk buffer requirement 69 of which: Systemic risk buffer requirement 60 of which: Systemic risk buffer requiremen	65	of which: Capital conservation buffer requirement	2.50		2.50	
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 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 23.62 10.63	66	of which: Countercyclical capital buffer requirement	0.15		0.15	
EU-67b of which: Additional own funds requirements to address the risks other than the risk of excessive leverage 5.58 5.58 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 23.62 10.63	67	of which: Systemic risk buffer requirement	-		-	
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements 23.62 10.63	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	5.58		5.58	
Amounts below the thresholds for deduction (before risk weighting)	68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	23.62		10.63	
	Amounts I	below the thresholds for deduction (before risk weighting)				

			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
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)	5		5	
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	e 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	87		86	
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 ins	truments 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 56: EU CCA – Main features of regulatory own funds instruments³³

			Regulatory own funds instruments	
		SSEHG Group	SSBI	
	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 subordinate loan on any interest payment date by givin 30 calendar days' notice (such interest payment date is generally the 10th of January of each year) following a Tax Even 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	
N	o. 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		
1	7 Fixed or floating dividend/coupon	N/A	N/A	Fixed
1	8 Coupon rate and any related index	N/A	N/A	7.75% p.a.
1	9 Existence of a dividend stopper	N/A	N/A	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	Mandatory
20	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	Mandatory
2	1 Existence of step up or other incentive to redeem	No	No	No
2	2 Noncumulative or cumulative	N/A	N/A	Non-cumulative
2	3 Convertible or non-convertible	Non-convertible	Non-convertible	Convertible
2	4 If convertible, conversion trigger(s)	N/A	N/A	Convertible based on statutory rules only ³⁴
2	5 If convertible, fully or partially	N/A	N/A	Fully or partially ³⁴
2	6 If convertible, conversion rate	N/A	N/A	N/A
2	7 If convertible, mandatory or optional conversion	N/A	N/A	N/A
2	8 If convertible, specify instrument type convertible into	N/A	N/A	N/A
2	9 If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
3	0 Write-down features	Yes	Yes	Yes
3	1 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
3	2 If write-down, full or partial	Fully or partially ³⁴	Fully or partially ³⁴	Fully or partially ³⁴
3	3 If write-down, permanent or temporary	N/A	N/A	N/A
3	4 If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A
EU-	34b Ranking of the instrument in normal insolvency proceedings	135	1 ³⁵	3 ³⁶
3	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
3	6 Non-compliant transitioned features	No	No	No
3	7 If yes, specify non-compliant features	N/A	N/A	N/A
37	7a Link to the full term and conditions of the instrument (signposting)	N/A	N/A	Table 58

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 57: EU CCA – Main features of eligible liabilities instruments

		Eligible liabilities instrument					
		SSBI	SSEHG Group				
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 1,059mn	EUR 1,059mn				
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	3/27/2023	3/27/2023				
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 tegulatory Event.	The Issuer may at its sole discretion terminate the Loan (i 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 liabiliti	es 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	4
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

Table 58: Additional Terms and Conditions of the subordinated loan of the SSBI according to Art. 437 (1) 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.
	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.
Subordination	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, 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 59: Description of policies for securing collateral and establishing credit reserves (Art. 439 b) CRR)

Notes to the	consolidated financial
statements	

Description

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 (SSB&T), 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 SSB&T 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.

Accounting and Valuation methods

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, 2021, balance sheet date.

Table 60: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of countercyclical buffer of SSEHG Group

													m
	General credi	t exposures	Relevant credi Marke					Own fund requirements					
Relevant credit exposures – Securitisation positions in the non-trading book	Exposure value under the standardised approach	Exposure value under the IRB approach	Relevant credit exposures – Market risk	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 cou	untry												
001 Federal Republic of Germany	945	-	-	-	14	959	76	-	-	76	948	13.33	0.00
002 French Republic	293	-	-	-	309	602	20	-	4	23	291	4.09	0.00
003 Great Britain and Northern Ireland	942	-	-	-	-	942	75	-	-	75	942	13.25	0.00
004 Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
005 Ireland	159	-	-	-	1.333	1.492	13	-	20	33	408	5.74	0.00
006 Italian Republic	157	-	-	-	179	336	13	-	6	18	231	3.24	0.00
007 Grand Duchy of Luxembourg	1,949	-	-	-	322	2.272	158	-	3	161	2,017	28.36	0.50
008 Kingdom of Netherlands	208	-	-	-	571	779	17	-	7	23	290	4.08	0.00
009 Kingdom of Norway	33	-	-	-	-	33	3	-	-	3	33	0.46	1.00
010 United States of America	3,163	-	-	-	46	3.209	115	-	1	115	1.442	20.28	0.00
011 Other Countries	737	-	-	-	207	944	37	-	4	41	508	7.17	0.00
012 Total	8,587	-	-	-	2,982	11,569	524	-	44	569	7,110	100	-

Table 61: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of countercyclical buffer of SSBI

	General credit	exposures		Relevant credit exposures – Market risk				Own fund requi	rements				
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	OVIDOCUTOS	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 Federal Republic of Germany	945	-	-	-	14	959	76	-	-	76	948	13.40	0.00
002 French Republic	293	-	-	-	309	602	20	-	4	23	291	4.11	0.00
003 Great Britain and Northern Ireland	942	-	-	-	-	942	75	-	-	75	942	13.31	0.00
004 Hong Kong	-	-	-	-	-	-	-	-	-	-	-	0.00	1.00
005 Ireland	159	-	-	-	1,333	1,492	13	-	20	33	408	5.77	0.00
006 Italian Republic	157	-	-	-	179	336	13	-	6	18	231	3.26	0.00
007 Grand Duchy of Luxembourg	1,949	-	-	-	322	2,272	158	-	3	161	2,017	28.50	0.50
008 Kingdom of Netherlands	208	-	-	-	571	779	17	-	7	23	290	4.10	0.00
009 Kingdom of Norway	33	-	-	-	-	33	3	-	-	3	33	0.47	1.00
010 United States of America	3,163	-	-	-	46	3,209	115	-	1	115	1,442	20.37	0.00
011 Other Countries	704	-	-	-	207	910	34	-	4	38	475	6.71	0.00
012 Total	8,553	-	-	-	2,982	11,535	522	-	44	566	7,076	100	-

Table 62: EU CQ3 – Credit quality of performing and non-performing exposures by past due days SSEHG Group

	а	b	С	d	е	f	g	h		i j	k	T.		
					Gross carr	ying amount /	Nominal amo							
		Not past due or Past due or Past due \												
		Past due < 30	>30 days <		are not past-due or	90 days <=	180 days <	year <= 2	year <= 5	year <= 7	Past due > 7 years	Of which defaulted		
Cash balances at central banks an other demand deposits	nd 32,556	32,556	-	-	-	-	-	-	-	-	-	-		
010 Loans and advances	8,274	8,274	0	90	90	0	0	0	0	0	-	0		
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		
030 General governments	0	0	-	-	-	-	-	-	-	-	-	-		
040 Credit institutions	3,767	3,767	-	-	-	-	-	-	-	-	-	-		
050 Other financial corporations	3,166	3,166	0	0	-	0	0	0	0	0	-	0		
060 Non-financial corporations	1,341	1,341	-	90	90	-	-	-	-	-	-	-		
070 Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-		
080 Households	-	-	-	-	-	-	-	-	-	-	-	-		
090 Debt Securities	13,064	13,064	-	-	-	-	-	-	-	-	-	-		
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		
110 General governments	7,014	7,014	-	-	-	-	-	-	-	-	-	-		
120 Credit institutions	454	454	-	-	-	-	-	-	-	-	-	-		
130 Other financial corporations	5,163	5,163	-	-	-	-	-	-	-	-	-	-		
140 Non-financial corporations	432	432	-	-	-	-	-	-	-	-	-	-		
150 Off-balance sheet exposures	4,686	-	-	-	-	-	-	-	-	-	-	-		
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		
170 General governments	-	-	-	-	-	-	-	-	-	-	-	-		
180 Credit institutions	1	-	-	-	-	-	-	-	-	-	-	-		
190 Other financial corporations	4,609	-	-	-	-	-	-	-	-	-	-	-		
200 Non-financial corporations	76	-	-	-	-	-	-	-	-	-	-	-		
210 Households	-	-	-	-	-	-	-	-	-	-	-	-		
220 Total	58,580	53,894	0	90	90	0	0	0	0	0	-	0		

Table 63: EU CQ3 — Credit quality of performing and non-performing exposures by past due days SSBI

		а	b	С	d	е	f	g	h	i	j	k	The state of
						Gross carryi	ng amount / I	Nominal amou					
			Performing exposu	res				Non-perf	orming exposu	res			
			Not past due or Past due < 30	Past due >30 days <		Unlikely to pay that are not past-due or	Past due > 90 days <=	Past due > 180 days <	Past due > 1 year <= 2	Past due > 2 year <= 5	Past due > 5 year <= 7	Past due > 7	Of which defaulted
			days	90 days		past-due < = 90 days	180 days	=1 year	years	years	years	years	delaulted
005	Cash balances at central banks and other demand deposits	32,553	32,553	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	8,274	8,274	0	90	90	0	0	0	0	0	-	0
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	0	0	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	3,767	3,767	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	3,166	3,166	0	0	-	0	0	0	0	0	-	0
060	Non-financial corporations	1,341	1,341	-	90	90	-	-	-	-	-	-	-
070	Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
080	Households	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt Securities	13,064	13,064	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	7,014	7,014	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	454	454	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	5,163	5,163	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	432	432	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	4,686	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	1	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	4,609	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	76	-	-	-	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	58,577	53,891	0	90	90	0	0	0	0	0	-	0

Table 64: EU CR5 – Standardised approach – Risk exposure amounts after CRM broken down by risk weights and exposure classes SSEHG Group

										Risk v	weight							
	Exposure classes	% 0			. 10%			20%	%OZ .	75%	100%	. 150%	. 250%	370%	1250%	Others	Total	of which unrated
4		a	b	С		е		g	h	1	J	k		m	n	0	p	q
1	Central governments or central banks	35,609	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,609	35,609
2	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	922	-	-	-	-	-	-	-	-	-	-	-	-	-	-	922	922
4	Multilateral development banks	222	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222	222
5	International organisations	337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	337	337
6	Institutions	-	-	-	-	-	-	2,197	-	-	-	-	-	-	-	-	2,197	2,197
7	Corporates	-	-	-	-	-	-	-	-	-	6,359	-	-	-	-	-	6,359	6,359
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	0	0
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	52	-	-	-	-	-	-	-	-	-	-	-	52	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	4	4
15	Equity	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	1
16	Other items	-	-	-	-	-	-	-	-	-	453	-	-	-	-	-	453	453
17	Total	37,090	-	-	52	-	-	2,197	-	-	6,813	-	-	-	4	-	46,156	45,156

Table 65: EU CR5 – Standardised approach – Risk exposure amounts after CRM broken down by risk weights and exposure classes SSBI

									Risk v	veight							
Exposure classes	% 0	2%	4%	10%	20%	35%	20%	20%	75%	100%	150%	250%	370%	1250%	Others	Total	of which unrated
1 Central governments or central banks	35,609	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,609	35,609
2 Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	922	-	-	-	-	-	-	-	-	-	-	-	-	-	-	922	922
4 Multilateral development banks	222	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222	222
5 International organisations	337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	337	337
6 Institutions	-	-	-	-	2,194	-	-	-	-	-	-	-	-	-	-	2,194	2,194
7 Corporates	-	-	-	-	-	-	-	-	-	6,359	-	-	-	-	-	6,359	6,359
8 Retail	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
9 Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LO Exposures in default	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	0	0
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Covered bonds	-	-	-	52	-	-	-	-	-	-	-	-	-	-	-	52	52
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-	4
5 Equity	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	1
6 Other items	-	-	-	-	-	-	-	-	-	420	-	-	-	-	-	420	420
.7 Total	37,090	-	-	52	2,194	-	-	-	-	6,780	-	-	-	4	-	46,120	46,120

Table 66: EU x – Securitisation exposures in the non-trading book

	а			d ion acts as c			g	h		j acts as sponsor	k	1		n acts as investor	0
		Tradi STS of which SRT	tional N	on-STS of which SRT	Sy	of which SRT	Subtotal	Trac STS	litional Non-STS	Synthetic	Subtotal	Trad STS	itional Non-STS	Synthetic	Subtotal
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	777	2,205	-	2,982
2 Retail (total)	-	-	-	-	-	-	-	-	-	-	-	357	106	-	463
3 Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	268	43	-	312
4 Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	88	63	-	151
6 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	420	2,099	-	2,519
8 Loans to corporates	-	-	-	-	-	-	-	-	-	-	-		1,725	-	1,725
9 Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	420	374	-	794
11 Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 67: EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		•			_		_											
		а	b	С	d	е	f	g	h	i	j	k	1	m	n	0	р	q
		Expos	ure value	es (by RW l	bands/ded	uctions)	Ехр	osure values appro		llatory	RW	EA (by regul	atory ap	proach)		Capital chai	ge after (сар
		<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	2,689	293	-	-	-	-	2,982	-	-	-	555	-	-	-	44	-	-
2	Traditional) securitisation	2,689	293	-	-	-	-	2,982	-	-	-	555	-	-	-	44	-	-
3	Securitisation	2,689	293	-	-	-	-	2,982	-	-	-	555	-	-	-	44	-	-
4	Retail underlying	388	76	-	-	-	-	463	-	-	-	74	-	-	-	6	-	-
5	Of which STS	357	-	-	-	-	-	357	-	-	-	36	-	-	-	3	-	-
6	Wholesale	2,301	217	-	-	-	-	2,519	-	-	-	481	-	-	-	38	-	-
7	Of which STS	420	-	-	-	-	-	420	-	-	-	42	-	-	-	3	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 68: Management Report of SSEHG Group - Non-financial performance indicators (Abstract)

Section B (Economic Report)

Performance Indicators

Climate and sustainability

Sustainability and non-financial information has become an important factor for business leaders, investors, consumers and regulators. In this area, investors and other capital market players, supervisory authorities and banks are increasingly seeking greater standardization in order to increase their own responsibility and include non-financial factors, e.g., in ratings, regulations and contracts, as well as to improve the associated disclosure. The Group is also increasingly focused, with the SSBI operating unit, on the relevance of non-financial information. The growing global focus on climate change, diversity, equality and inclusion, and the COVID-19-pandemic have further accelerated this momentum. These topics are often also brought together under the umbrella term ESG. This stands for the areas of environment, social issues and governance as the three most essential components that measure a company's sustainability and impact on society.

We look below at supplementary internal ESG indicators within the Group and/or SSBI as the sole operating company, and also offer further explanations about how we comply with the ECB guidance on climate and environmental risks. In addition, the Group has included and published for the first time at the end of this chapter the information required under Article 8 of the EU Taxonomy Regulation.

Since the Group is exempt from the preparation of a non-financial statement under Section 289b (2) sentence 2 HGB, we refer to the global 2021 Environmental, Social and Governance (ESG) Report, which was made publicly available in English at "www.statestreet.com/cr" by the parent company of SSEHG KG and SSBI in April 2022. State Street Corporation, Boston, USA (SSC), is the parent company that publishes the separate non-financial Group report relating to non-financial performance metrics and other ESG-related information.

ECB Guidelines on Climate and Environmental Risks

In May 2020, the ECB published in its guidance on climate and environmental risks the regulatory expectations in relation to risk management and the disclosures for the credit institutions it oversees. The guidance sets out 13 specific supervisory expectations on how climate and environmental risks should be managed safely and carefully by credit institutions. In addition, it defines how, in the ECB's view, institutions should consider climate and environmental risks as drivers for existing risk categories when determining and implementing their business strategy, as well as internal frameworks for corporate governance and risk management. The guidance further explains that the ECB expects institutions to continuously increase their transparency through better disclosure of information on climate and environmental issues.

Chapter 8 - Non-Financial

Guided by the regulatory dialogue with the ECB and by conducting a self-assessment with an appropriate gap analysis. SSBI established a timeline and defined its planned steps (action plans) to meet the ECB's thirteen defined regulatory expectations. A project was initiated for this purpose, which is expected to be completed by the end of 2023 and for which assistance was provided by an external service provider. In this context, SSBI advertised for an experienced employee (m/f/d) to be responsible in the future for compliance and implementation of ESG issues and/or the regulatory expectations referred to above. As part of the project, an analysis was started of the impact of climate and environmental risks as drivers in other risk areas (i.e., credit risk, market risk, reputational and liability risks, liquidity risks as well as business model and strategic risks). Other measures include, among other things, analyzing the business environment of SSBI with respect to climate and environmental risks, and considering these in the business strategy process, the business objectives and the framework for risk management (including governance and internal reporting) and the risk appetite with the associated KPIs. The project also ensures the involvement of and communication with both the management and the supervisory board of SSBI and their committees, and relevant global corporate functions.

It should be noted that the management and disclosure of climate and environmental risks, as well as the methods and tools used to mitigate risks, have currently only achieved a relatively low level of maturity in the industry as a whole. Climate risks are also the subject of the ECB stress test being run for 2022, which is expected to provide further insights for the internal project mentioned above.

An initial assessment of the impact of climate and environmental risks with respect to the business model, as well as the other risk areas mentioned above, was carried out by SSBI prior to the publication of this report. This initial analysis suggests that climate and environmental risks have a significant impact on SSBI, being strong drivers of operational risk. reputational risk and liability risk. Currently, the short-, medium- and long-term impacts of climate and environmental risks are not expected to have a material impact on market risks, liquidity risks, credit risks and interest rate risks at SSBI. Nevertheless, climate and environmental risks do have a potential influence as risk drivers on, e.g., the reputational and liability risk of the Bank, so that these risks should be categorized as significant. Further analyses and evaluations are planned in this regard in 2022, as part of the project described above.

In addition, further adjustments will be made in the voluntary or mandatory reporting on sustainability issues and ESG criteria in the next few years. These are associated, among other things, with strong momentum in regulatory requirements and market requirements. From 2022, the intention is therefore to gradually increase disclosure on climate and

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environmental risks within the categories of governance, strategy, risk management, plus KPIs and targets (e.g., on the volume of greenhouse gas emissions being financed) on the basis of the progress of the internal project as well as regulatory and market requirements.

An initial implementation step on the way to embedding the issue of sustainability in reporting for companies who are obliged to publish a non-financial statement or a consolidated non-financial statement as defined in Article 19a or Article 29a of Directive 2013/34/EU is the disclosure obligation based on Article 8 of the Taxonomy Regulation.

Mandatory information under Article 8 of the EU Taxonomy Regulation

Regulation (EU) 2020/852 came into force in July 2020. It forms the core element of the EU Action Plan for funding sustainable growth, dated March 2018, and was extended by the EU Commission's "Green Deal". The Taxonomy Regulation and the associated European Commission Delegated Regulations – EU 2021/2139 and EU 2021/2178 – are intended to create a classification system to enable a uniform definition of sustainable economic activity. This is considered taxonomy-compliant if it makes a significant contribution to at least one of six environmental goals, without breaching another one (Do No Significant Harm – DNSH). At the same time, minimum social and human rights requirements must be met.

In addition, in its Article 8, the Taxonomy Regulation requires the companies concerned to disclose some key performance indicators (taxonomy ratios) in their non-financial statements for the first time at the end of 2021. These must provide information on how, and to what extent, their economic activities involve economic activities that are classified as environmentally sustainable. The Group is implementing the disclosure requirements of the Taxonomy Regulation as required. Further information on business strategy, product design processes and customers in the context of sustainability will be disclosed in the future, as described above.

However, only a reduced scope of disclosure is required until the entry into force of the full requirements in reporting year 2023 (seven KPIs, see Table 7 below). Thus, in the current reporting year and next year, the relevant transactions initially only need to be checked for their "taxonomy eligibility". This review includes an initial indication of the share of the business volume that is basically covered by the Taxonomy Regulation ("taxonomy relevant"), since this only applies to certain parts of exposures (for example, assets outside the European Economic Area are not included). Based on the taxonomy-relevant volume, the proportion of the volume that is in the defined economic activities and sectors and must subsequently be subjected to a taxonomy conformity test ("taxonomy eligible") must subsequently be disclosed. The portfolio therefore initially only needs to be classified to identify for which part the taxonomy review is to be carried out, while the goal, starting in 2023, is for the result of the review to be reported ("taxonomy-compliant"). In the future, the Bank-specific KPI "Green Asset Ratio" (GAR) will be calculated and published on this basis.

In the future, the GAR will indicate the ratio of the exposures in taxonomy-compliant activities to the Group's total consolidated assets to be considered for the GAR. This is intended to provide information on the degree to which taxonomy-compliant activities are financed by credit institutions. The GAR therefore relates to the principal business of credit institutions, i.e., the lending and investment business, including loans, advances and bonds, as well as their equity holdings.

Metric		12/31/2021	Share of total assets
		EUR mn	%
	Consolidated total assets	55,985	100
1	of which: Taxonomy-eligible assets	423	0,8
2	of which: Non-taxonomy-eligible assets	7,573	13,5
3	Receivables from central states and banks and supranational issuers	34,156	61,1
	of which: Central states	6,186	11,1
	of which: Central banks	27,410	49,0
	of which: Supranational issuers	560	1,0
4	Balance Sheet Derivatives	226	0,4
5	Receivables from companies not required to disclose non-financial information under the Non-Financial Reporting Directive (NFRD)	12,163	21,7
6	Receivables in the trading portfolio (trading inventory)	226	0,4
7	Short-term interbank loan receivables (excluding central banks)	5,143	9,2

Table: Information required under Articles 8 and 10 of the EU Taxonomy Regulation

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In order to classify the total taxonomy-eligible assets, initially the proportion of the taxonomy-eligible and non-taxonomy-eligible assets (Eligible Asset Ratios, KPI No. 1 and No. 2) must be disclosed, supplemented by additional KPIs (Nos. 3 to 7).

For the derivation of KPI Nos. 1 and 2, the taxonomy-relevant volume (EUR 7,996mn) of the customer segments relevant for the Group was calculated: "financial companies" and "non-financial companies" that are required to provide non-financial reporting (NFRD duty). The other customer segments "private households" and "local government funding" are considered as not relevant due to the Group's business model. In addition, other parts of the Group's portfolio are omitted, as the EU taxonomy only applies to assets within the European Economic Area. Derivatives and exposures to central states and banks, as well as supranational issuers, short-term interbank loans and the trading portfolio are also not taxonomy-relevant at this time. These are presented separately in the required KPI Nos. 3 to 7.38

To improve the operationalization of KPI calculation, the regulatory asset classes of "International Organization" (e.g., European Union, European Stability Mechanism) and "Multilateral Development Banks" (e.g., European Investment Bank, Nordic Investment Bank) were grouped with the supranational issuers. Other supranational counterparties that are not issuers of securities would then remain as part of the taxonomy-relevant volume.

On the basis of the taxonomy-relevant volume, the assets are then reviewed and classified with respect to taxonomy-eligibility. On the one hand, the taxonomy eligibility can be derived from the specific intended use of the financing. However, this is not available for parts of the taxonomy-relevant assets, such as the investment portfolio and general purpose financing. On the other hand, according to the EU Commission's FAQ 12 dated December 20, 2021, on the disclosure requirements of the Taxonomy Regulation, the disclosed information on taxonomy eligibility for the mandatory disclosure is based on actual information that is received from the respective counterparty or borrowers. If this information is not yet available or if it has not yet been published by the counterparties or borrowers, estimates may be used to determine taxonomy eligibility. These estimates are made in the form of voluntary disclosures (Table 8), which are identified and explained as such. However, they are not part of the actual mandatory ratio under Taxonomy Regulation Article 8.

Since the disclosure under Taxonomy Regulation Article 8 only became mandatory for the first time on the reporting date of December 31, 2021, as yet no, or only limited, information is available about the financial companies and non-financial companies from the European Economic Area. For this reason, the taxonomy eligibility for these volumes cannot yet be conclusively determined. Taking a conservative approach, the Group has therefore decided to classify the vast majority of the taxonomy-relevant assets as non-taxonomy-eligible (with a weighting of 0%) and assign them to KPI No. 2. Therefore, KPI No. 1 represents the lowest possible level of the taxonomy-eligible portion of the assets.

For the present disclosure, it should be noted that the Taxonomy Regulation and the delegated laws issued for this purpose contain terms that are still subject to significant uncertainties in their interpretation, for which no conclusive clarifications have yet been published.

In summary, it should be noted that the ratios specified for fiscal year 2021 do not as yet represent any indication of a future GAR to be disclosed, since the information relates to economic activities that are basically likely to be included, but cannot as yet be checked for actual taxonomy conformity for the reasons explained above. In addition, it should be noted that more than 80% of the Group's consolidated assets are currently not covered by the EU taxonomy. It can furthermore be assumed that, due to the expanded publication of company data on the basis of the Taxonomy Regulation, additional assets that are currently classified as non-taxonomy-eligible will be classified as taxonomy-eligible in the future and, as a result, the taxonomy-eligible volume will increase further. A review of the scope of application, as well as further clarifications from the EU Commission, could also influence the KPIs to be disclosed for taxonomy eligibility or the GAR.

Voluntary disclosure based on the European Statistical Classification of Economic Activities (NACE) and the EU Taxonomy Compass

For the voluntary reporting, the ratio described above should be adjusted, insofar as a determination of the taxonomy eligibility of financing to non-financial companies subject to NFRD was also carried out by means of a comparison of the exposures at the counterparty level to the taxonomy-eligible economic activities specified in the EU taxonomy compass (using the NACE codes).

	12/31/2021	Proportion
	EUR mn	%
Consolidated total assets	55,985	100
of which: Taxonomy-eligible assets	649	1.2
of which: Non-taxonomy-eligible assets	7,573	13.5

³⁸ It should be noted that several other assets (e.g., intangible assets, property and equipment, and trust assets) are not included for consideration in the EU taxonomy. Therefore, a complete reconciliation to the consolidated total assets in the Table is not possible.

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Table: Voluntary disclosure of taxonomy-eligible assets based on NACE codes

The fundamentally taxonomy-eligible assets are primarily found in SSBI's leveraged loans portfolio (loans) or the investment portfolio (securities). In addition, the evaluation of taxonomy eligibility via NACE codes is also subject to margins of interpretation and differentiation, especially for companies that operate across multiple industries. What is more, further interpretations are expected from the EU Commission over the next few years with regard to the scope and application of taxonomy conformity, and institutions will acquire additional experience.

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 a foreign office in Zürich. Year-on-year, the average headcount rose slightly from 8,222 last year to 8,376. As of December 31, 2021, the Group had 785 employees in Germany, 178 in France, 7 in the United Kingdom, 524 in Italy, 575 in Luxembourg, 44 in the Netherlands, 18 in Austria, 6,148 in Poland, and 83 in Switzerland.

The average age of the workforce is 33.8. The average length of service is 6.4 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 Executive Management Board of 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 are:

	Target ³⁹	12/31/2021	12/31/2020
Supervisory board:	36.0%	33.3%	n/a ⁴⁰
Executive Management Board:	36.0%	28.6%	14.3%
Senior Vice President & Executive Vice President:	36.0%	20.0%	n/a*
Managing Director:	37.0%	34.2%	n/a*
Vice President (Vice President and higher levels of management for 12/31/2021):	38.0%	33.9%	33.3%
Assistant Vice President:	44.0%	42.1%	41.2%

Table: Targets for the representation of women in leadership

A sustained improvement in female representation in management positions remains a high priority for the management at all levels, including the Executive Management Board 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 significantly increased by four percentage points. The targets for the Supervisory Board and the Executive Management Board were also aligned and raised.

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 remuneration principles within the Group are subject to the requirements imposed by US regulators, while at national level, it is primarily the relevant EU regulations and the requirements of the KWG (German Banking Act) and of the German Remuneration Regulation for Institutions (InstitutsVergV) for significant institutions under Section 1 (3c) KWG that apply to the Company. As a significant institution, the Group or SSBI is subject to direct supervision by the ECB.

As a major institution, the Group or SSBI identifies those employees whose professional activities materially affect the risk profile of the Bank (the so-called "risk takers," also referred to internally as "EU Identified Staff" (EUIS), see Section 2 (8) InstitutsVergV). The compensation structure of EUIS is largely defined by the requirements of the InstitutsVergV for major

³⁹ New targets since July 2021

⁴⁰ The term of the Supervisory Board members of SSBI expired with effect from December 17, 2020. The Supervisory Board was newly appointed with effect from January 7, 2021.

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institutions and is described in detail in the consolidated disclosure report (published at www.statestreet.com) as required by Section 26a KWG in conjunction with Part 8 CRR and Section 16 InstitutsVergV for State Street Europe Holdings Deutschland S.à r.l. & Co. 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. In addition, technical training is also offered, 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 recruits 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 needed. 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 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. In addition to the Group-wide programs, the Group offers a local mentoring program at locations in Munich, Frankfurt, and Leipzig as part of the "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, disablement, 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.

State Street also launched a 10-step action plan to combat racism and inequality. These measures include the goal of increasing the presence of cultural and ethnic minorities at the Management Board and leadership levels, improving the development programs for black and ethnic minority employees, introducing training and awareness of origin and inequality issues, and reviewing the Group's supplier strategy for diversity.

Corporate citizenship - The Group 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 - 32 hours paid leave per year and employee in the form of special leave for volunteer work.

Employee Engagement Opportunities - Corporate Citizenship supports employees in their social commitment. Corporate Responsibility stands for the focus on economic development, social commitment 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 cooperation's in place with other socially engaged companies and charitable organizations.

13 Annex B – Disclosure index

Table 69: 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 Chapter 1.1		
432 (1) – (3)	Non-material, proprietary or confidential information	Chapter 1.2	-	=
		Chapter 1.4		
433 i.V.m.	Frequency and scope of disclosures;	Chapter 1.1	EU ILAC	=
433a (1) – (3)	Disclosures by large institutions Disclosures by small and non-complex institutions	Chapter 4.2 n/a		
433b (1) – (2)		· · · · · · · · · · · · · · · · · · ·	-	-
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 12	-
435 (2) a) - c)	Governance arrangements	Chapter 3.8	Table 13 Table 14 Table 15	-
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 18 EU CCA EU CCA Table 57	-
437a a) -d)	Own funds and eligible liabilities	Chapter 4.2	EU ILAC	-
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 58	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 23 EU CQ3 EU CQ4 EU CQ5 EU CR1-A EU CR2	EU CR1 EU CQ1 EU CQ7 EU CR2a EU CQ2 EU CQ6 EU CQ8
443	Disclosure of encumbered and unencumbered assets	Chapter 6	EU AE1 EU AE2 EU AE3	-
444 - \ -\	Disclosure of the use of the Standardised Approach	Chapter 5.1	Table 28	-
444 a) – b)				
444 a) – b) 444 c) – d)	Disclosure of the use of the Standardised Approach	n/a	-	-

CRR Article	Regulatory Requirements (Brief Description)	Chapter No. in the report	Table No. in the report	Not relevant tables
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	Table 19	-
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	-
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)	Chapter 9	-	-
450 (1) a) - f), j) – k)	Disclosure of remuneration policy	Chapter 10.1 Chapter 10.2	Table 43	-
450 g) – i)	Quantitative Information on remuneration	Chapter 10.3	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	-
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
-	Disclosure requirements according to Section 26a German Banking Act	Chapter 1.3	-	-
-	SREP minimum capital requirements and buffers	Chapter 4.3	Table 21	-
Additional disclos	sure requirements which are currently not relevant			
Section 35 SAG	Group financial support agreements according to Section 22 German Act on the Recovery	and Resolution of Cre	edit Institutions ("	SAG")

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For more information, visit State Street's website at www.statestreet.com

Disclaimer

This Disclosure Report has been prepared solely to fulfil the regulatory disclosure requirements pursuant to Part Eight of Regulation (EU) No 575/2013. The information in the Disclosure Report refer to December 31, 2021 unless reference is made explicitly to another date. They take into account the legal requirements which were in effect on the reporting date. These requirements and their specification in regulatory standards and guidelines may be subject to future changes. Consequently, future disclosure reports may have different or additional contents and, therefore, might not be comparable with former disclosure reports. The Disclosure Report may contain forward-looking statements that are based on plans, estimates, forecasts, expectations and assumptions for which SSBI and SSEHG Group do not make any representation. These forward-looking statements are subject to a number of factors which cannot be influenced by SSBI and the SSEHG Group; they include various risks and uncertainties and are based on assumptions which might not come true or which might develop differently. Except for potential regulatory requirements SSBI and SSEHG Group do not undertake any obligation to update forward-looking statements in the Disclosure Report.

^{*} AUC/A represents assets under custody and/or administration. AUM represents assets under management. AUM as of December 31, 2021 includes approximately \$61 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.