

STATE STREET CORPORATION

SUPPLEMENTAL PUBLIC DISCLOSURE
BASEL III REGULATORY CAPITAL

AS OF JUNE 30, 2018

ACRONYMS

Advanced approaches⁽¹⁾	The advanced internal ratings-based approach to calculating risk-based capital requirements for credit risk and the advanced measurement approach to calculating risk-based capital requirements for operational risk under the Basel III final rule	FSB	Financial Stability Board
Advanced approaches banking organization⁽¹⁾	A banking organization subject to the advanced approaches requirements of the Basel III final rule	FX	Foreign Exchange
AFS	Available-for-Sale	GAAP	Generally Accepted Accounting Principles
AIRB⁽¹⁾	Advanced Internal Ratings-Based Approach	GCR	Global Credit Review group
ALCO	Asset-Liability Committee	G-SIB	Global Systemically Important Bank
ALLL	Allowance for loan and lease losses	LDA	Loss Distribution Approach
AMA⁽¹⁾	Advanced Measurement Approach	LEDR	Loss Event Data Repository
AOCI	Accumulated Other Comprehensive Income	LGD⁽¹⁾	Loss Given Default
AUCA	Assets under custody and administration	MRAC	Management Risk and Capital Committee
AUM	Assets under management	MRC	Model Risk Committee
BCBS	Basel Committee on Banking Supervision	MVG	Model Validation Group
BCRC	Business Conduct Risk Committee	NII	Net interest income
Board	Board of Directors	ORM	Operational Risk Management group
BOC	Basel Oversight Committee	OTC derivative	Over-the-counter derivative contract
BOLI	Bank-Owned Life Insurance	OTTI	Other-than-temporary-impairment
bps	Basis points	Parent Company	State Street Corporation without consolidation of its subsidiaries
CAP	Capital Adequacy Process	PCA provisions	Prompt Corrective Action provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991, as updated by the Basel III Final Rule
CCAR	Comprehensive Capital Analysis and Review	PD⁽¹⁾	Probability of Default
CCF⁽¹⁾	Credit Conversion Factor	PUA	Purchase undertaking agreement
CEO	Chief Executive Officer	RC	Risk Committee of the Board
CFO	Chief Financial Officer	RCSA	Risk and Control Self-Assessment program
CIS	Corporate Information Security	RWA⁽¹⁾	Risk-Weighted Assets
COSO framework	Committee of Sponsoring Organizations of the Treadway Commission framework	SLR⁽¹⁾	Supplementary Leverage Ratio
CRO	Chief Risk Officer	SOX	Sarbanes-Oxley Act of 2002
CRPC	Credit Risk & Policy Committee	SRWA⁽¹⁾	Simple Risk-Weight Approach
CVA	Credit Valuation Adjustment	SSFA⁽¹⁾	Simplified Supervisory Formula Approach in the Basel III final rule
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act	State Street	State Street Corporation and its subsidiaries on a consolidated basis
E&A Committee	Examining & Audit Committee of the Board	State Street Bank	State Street Bank and Trust Company
EAD⁽¹⁾	Exposure at Default	Stressed VaR	Stressed Value-at-Risk
ECC Committee	Executive Compensation Committee	TMRC	Trading and Market Risk Committee
ERM	Enterprise Risk Management	TORC	Technology and Operational Risk Committee
EVE	Economic Value of Equity	UOM	Unit of Measure
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991	VaR	Value-at-Risk
Federal Reserve	Board of Governors of the Federal Reserve System		

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

**STATE STREET CORPORATION
SUPPLEMENTAL PUBLIC DISCLOSURE
BASEL III REGULATORY CAPITAL
AS OF JUNE 30, 2018**

TABLE OF CONTENTS

INDEX OF TABLES	4
BASEL III DISCLOSURE MAP	5
GENERAL	6
FORWARD-LOOKING STATEMENTS	6
REGULATION AND SUPERVISION	10
Overview	10
Regulatory Restrictions	10
REGULATORY CAPITAL	10
Overview	10
Supplementary Leverage Ratio	12
Regulatory Capital Instruments	15
Total Risk-Weighted Assets	17
RISK MANAGEMENT	18
WHOLESALE CREDIT RISK	18
SECURITIZATIONS	26
EQUITY INVESTMENTS NOT SUBJECT TO MARKET RISK RULE	29
OPERATIONAL RISK	32
MARKET RISK	32
ASSET-AND-LIABILITY MANAGEMENT ACTIVITIES	34

**STATE STREET CORPORATION
SUPPLEMENTAL PUBLIC DISCLOSURE
BASEL III REGULATORY CAPITAL
AS OF JUNE 30, 2018**

INDEX OF TABLES

Table 1	Regulatory Capital Structure and Related Regulatory Capital Ratios	11
Table 2	Supplementary Leverage Ratio	12
Table 3	Transition Arrangements and Minimum Risk-Based Capital Ratios	13
Table 4	Regulatory Capital Instruments	15
Table 5	Preferred Stock	16
Table 6	Components of Total Risk-Weighted Assets	17
Table 7	Wholesale Credit Risk Exposure at Default	19
Table 8	Wholesale Credit Risk Exposure at Default - Geographic Mix	20
Table 9	Wholesale Credit Risk Exposure at Default - Counterparty Type	21
Table 10	Wholesale Credit Risk Exposure at Default - Remaining Contractual Maturity	22
Table 11	Wholesale Credit Risk Exposure - Probability of Default	23
Table 12	Over-the-Counter Derivative Contracts	24
Table 13	Reverse Repurchase and Repurchase Agreements	24
Table 14	Indemnified Agency Lending and Enhanced Custody	25
Table 15	Allowance for Loan and Lease Losses	26
Table 16	Securitization Exposures	27
Table 17	Securitization Exposures - Range of Risk Weights	28
Table 18	Equity Exposures	31
Table 19 and 20	Value-at-Risk and Stressed Value-at-Risk Measures	33
Table 21 and 22	Value-at-Risk and Stressed Value-at-Risk by Risk Factor	33
Table 23	NII Sensitivity	34
Table 24	EVE Sensitivity	35

**STATE STREET CORPORATION
SUPPLEMENTAL PUBLIC DISCLOSURE
BASEL III REGULATORY CAPITAL
AS OF JUNE 30, 2018**

BASEL III DISCLOSURE MAP

The table below highlights where sections of this disclosure can be referenced to in State Street's December 31, 2017 Pillar 3 disclosure and December 31, 2017 Form 10-K.

Section	Description	December 31, 2017 Pillar 3 Page Reference	2017 Form 10-K Page Reference
General	Overview	6-7	3-4
	Forward-Looking Statements	7	17-19
Regulation and Supervision	Overview	8	5
	Regulatory Restrictions	8-9	48-49
Regulatory Capital	Overview	13	104
	Components of Regulatory Capital	12	110-111
	Supplementary Leverage Ratio	13	112
	Regulatory Capital Instruments	15-18	113
Risk Management	Overview	20-21	75-76
Credit Risk	Core Policies and Principles	26-27	80-81
	Impairment Analysis and ALLL	34-36	149
Operational Risk	Overview	51-54	90-93
Market Risk	Overview	54-56	94-96
	Value-at-Risk, Stressed Value-at-Risk and Stress Testing	56-60	96-100
Interest-Rate Risk for Non-Trading Activities	Asset-and-Liability Management Activities	61	100
	Net Interest Income and Economic Value of Equity	62	100-101

GENERAL

State Street Corporation, referred to as the Parent Company, is a financial holding company organized in 1969 under the laws of the Commonwealth of Massachusetts. For purposes of this Disclosure, unless the context requires otherwise, references to "State Street," "we," "us," "our" or similar terms mean State Street Corporation and its subsidiaries on a consolidated basis. The Parent Company is a source of financial and managerial strength to our subsidiaries. Through our subsidiaries, including our principal banking subsidiary, State Street Bank and Trust Company, referred to as State Street Bank, we provide a broad range of financial products and services to institutional investors worldwide. We operate in more than 100 geographic markets worldwide, including in the U.S., Canada, Europe, the Middle East and Asia.

The Disclosure provided herein is required by the Basel III regulatory capital rules issued by the Board of Governors of the Federal Reserve System, referred to as the Federal Reserve, in 2013, which we refer to as the Basel III final rule. This Disclosure provides qualitative and quantitative information about regulatory capital, calculated in conformity with the "advanced approaches" provisions of the Basel III final rule, for State Street and, where applicable, State Street Bank as of June 30, 2018. Beginning with March 31, 2015, State Street also includes a Supplementary Leverage Ratio disclosure within this Disclosure.

We expect to update this Disclosure on a quarterly basis and make it available on the "Investor Relations" section of our corporate website, www.statestreet.com. The information presented in this Disclosure may not be consistent with GAAP, and may differ, in presentation, form or otherwise, from similar information, or disclosures on similar topics, provided in our SEC filings. In addition, the information provided in this Disclosure may also differ from, and may not be comparable to, similar disclosures made by other banking organizations. The information provided in this Disclosure is not required to be, and has not been, audited by our independent registered public accounting firm.

The regulatory capital ratios as of June 30, 2018 presented in this Disclosure were calculated in conformity with the advanced approaches provisions of the Basel III final rule as well as the final rules implementing the Supplementary Leverage Ratio. These ratios reflect calculations and determinations with respect to our capital and related matters as of June 30, 2018, based on State Street and external data, quantitative formulae, statistical models, historical correlations and assumptions, collectively referred to as "advanced systems," in effect and used by State Street for those purposes as of the time we

made this Disclosure available on our corporate website. Significant components of these advanced systems involve the exercise of judgment by us and our regulators, and our advanced systems may not accurately represent or calculate the scenarios, circumstances, outputs or other results for which they are designed or intended.

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

Models implemented under the Basel III final rule, particularly those implementing the advanced approaches, remain subject to regulatory review and approval. The full effects of the Basel III final rule on State Street and State Street Bank are therefore subject to further evaluation and also to further regulatory guidance, action or rule-making.

We use acronyms and other defined terms for certain business terms and abbreviations which are defined in the Glossary of this Disclosure.

The disclosures provided within this document should be read in conjunction with our Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017, which can also be found on our corporate website at www.statestreet.com.

FORWARD-LOOKING STATEMENTS

This Disclosure, as well as other reports and proxy materials submitted by us under the Securities Exchange Act of 1934, registration statements filed by us under the Securities Act of 1933, our annual report to shareholders and other public statements we may make, may contain statements (including statements in the Management's Discussion and Analysis included in such reports, as applicable) that are considered "forward-looking statements" within the meaning of U.S. securities laws, including statements about our goals and expectations regarding our business, financial and capital condition, results of operations, strategies, cost savings and transformation initiatives, investment portfolio performance, dividend and stock purchase programs, outcomes of legal proceedings, market growth, acquisitions, joint ventures and divestitures, client growth and new technologies, services and opportunities, as well as industry, governmental, regulatory, economic and market trends, initiatives and developments, the business environment and other matters that do not relate strictly to historical facts.

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

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

- the financial strength of the counterparties with which we or our clients do business and to which we have investment, credit or financial exposures or to which our clients have such exposures as a result of our acting as agent, including as an asset manager;
- increases in the volatility of, or declines in the level of, our NII, changes in the composition or valuation of the assets recorded in our consolidated statement of condition (and our ability to measure the fair value of investment securities) and changes in the manner in which we fund those assets;
- the liquidity of the U.S. and international securities markets, particularly the markets for fixed-income securities and inter-bank credits; the liquidity of the assets on our balance sheet and changes or volatility in the sources of such funding, particularly the deposits of our clients; and demands upon our liquidity, including the liquidity demands and requirements of our clients;
- the level and volatility of interest rates, the valuation of the U.S. dollar relative to other currencies in which we record revenue or accrue expenses and the performance and volatility of securities, credit, currency and other markets in the U.S. and internationally; and the impact of monetary and fiscal policy in the U.S. and internationally on prevailing rates of interest and currency exchange rates in the markets in which we provide services to our clients;
- the credit quality, credit-agency ratings and fair values of the securities in our investment

securities portfolio, a deterioration or downgrade of which could lead to other-than-temporary impairment of such securities and the recognition of an impairment loss in our consolidated statement of income;

- our ability to attract deposits and other low-cost, short-term funding; our ability to manage the level and pricing of such deposits and the relative portion of our deposits that are determined to be operational under regulatory guidelines; and our ability to deploy deposits in a profitable manner consistent with our liquidity needs, regulatory requirements and risk profile;
- the manner and timing with which the Federal Reserve and other U.S. and foreign regulators implement or reevaluate the regulatory framework applicable to our operations (as well as changes to that framework), including implementation or modification of the Dodd-Frank Act and related stress testing and resolution planning requirements, implementation of international standards applicable to financial institutions, such as those proposed by the Basel Committee and European legislation (such as the AIFMD, UCITS, the Money Market Funds Regulation and MiFID II / MiFIR); among other consequences, these regulatory changes impact the levels of regulatory capital and liquidity we must maintain, acceptable levels of credit exposure to third parties, margin requirements applicable to derivatives, restrictions on banking and financial activities and the manner in which we structure and implement our global operations and servicing relationships. In addition, our regulatory posture and related expenses have been and will continue to be affected by changes in regulatory expectations for global systemically important financial institutions applicable to, among other things, risk management, liquidity and capital planning, resolution planning, compliance programs and changes in governmental enforcement approaches to perceived failures to comply with regulatory or legal obligations;
- adverse changes in the regulatory ratios that we are, or will be, required to meet, whether arising under the Dodd-Frank Act or implementation of international standards applicable to financial institutions, such as those proposed by the Basel Committee, or due to changes in regulatory positions, practices or regulations in jurisdictions in which we engage in banking activities, including changes in internal or external data, formulae, models, assumptions or other

advanced systems used in the calculation of our capital or liquidity ratios that cause changes in those ratios as they are measured from period to period;

- requirements to obtain the prior approval or non-objection of the Federal Reserve or other U.S. and non-U.S. regulators for the use, allocation or distribution of our capital or other specific capital actions or corporate activities, including, without limitation, acquisitions, investments in subsidiaries, dividends and stock purchases, without which our growth plans, distributions to shareholders, share repurchase programs or other capital or corporate initiatives may be restricted;
- changes in law or regulation, or the enforcement of law or regulation, that may adversely affect our business activities or those of our clients or our counterparties, and the products or services that we sell, including additional or increased taxes or assessments thereon, capital adequacy requirements, margin requirements and changes that expose us to risks related to the adequacy of our controls or compliance programs;
- economic or financial market disruptions in the U.S. or internationally, including those which may result from recessions or political instability; for example, the U.K.'s decision to exit from the European Union may continue to disrupt financial markets or economic growth in Europe or potential changes in trade policy and bi-lateral and multi-lateral trade agreements proposed by the U.S.;
- our ability to create cost efficiencies through changes in our operational processes and to further digitize our processes and interfaces with our clients, any failure of which, in whole or in part, may among other things, reduce our competitive position, diminish the cost-effectiveness of our systems and processes or provide an insufficient return on our associated investment;
- our ability to promote a strong culture of risk management, operating controls, compliance oversight, ethical behavior and governance that meets our expectations and those of our clients and our regulators, and the financial, regulatory, reputation and other consequences of our failure to meet such expectations;
- the impact on our compliance and controls enhancement programs associated with the appointment of a monitor under the deferred prosecution agreement with the DOJ and compliance consultant appointed under a settlement with the SEC, including the

potential for such monitor and compliance consultant to require changes to our programs or to identify other issues that require substantial expenditures, changes in our operations, payments to clients or reporting to U.S. authorities;

- the results of our review of our billing practices, including additional findings or amounts we may be required to reimburse clients, as well as potential consequences of such review, including damage to our client relationships or our reputation and adverse actions by governmental authorities;
- the results of, and costs associated with, governmental or regulatory inquiries and investigations, litigation and similar claims, disputes, or civil or criminal proceedings;
- changes or potential changes in the amount of compensation we receive from clients for our services, and the mix of services provided by us that clients choose;
- the large institutional clients on which we focus are often able to exert considerable market influence and have diverse investment activities, and this, combined with strong competitive market forces, subjects us to significant pressure to reduce the fees we charge, to potentially significant changes in our AUCA or our AUM in the event of the acquisition or loss of a client, in whole or in part, and to potentially significant changes in our fee revenue in the event a client re-balances or changes its investment approach or otherwise re-directs assets to lower- or higher-fee asset classes;
- the potential for losses arising from our investments in sponsored investment funds;
- the possibility that our clients will incur substantial losses in investment pools for which we act as agent, the possibility of significant reductions in the liquidity or valuation of assets underlying those pools and the potential that clients will seek to hold us liable for such losses; and the possibility that our clients or regulators will assert claims that our fees with respect to such investment products are not appropriate or consistent with our fiduciary responsibilities;
- our ability to anticipate and manage the level and timing of redemptions and withdrawals from our collateral pools and other collective investment products;
- the credit agency ratings of our debt and depositary obligations and investor and client perceptions of our financial strength;
- adverse publicity, whether specific to State Street or regarding other industry participants

- or industry-wide factors, or other reputational harm;
 - our ability to control operational risks, data security breach risks and outsourcing risks, our ability to protect our intellectual property rights, the possibility of errors in the quantitative models we use to manage our business and the possibility that our controls will prove insufficient, fail or be circumvented;
 - our ability to expand our use of technology to enhance the efficiency, accuracy and reliability of our operations and our dependencies on information technology and our ability to control related risks, including cyber-crime and other threats to our information technology infrastructure and systems (including those of our third-party service providers) and their effective operation both independently and with external systems, and complexities and costs of protecting the security of such systems and data;
 - changes or potential changes to the competitive environment, including changes due to regulatory and technological changes, the effects of industry consolidation and perceptions of State Street as a suitable service provider or counterparty;
 - our ability to complete acquisitions, joint ventures and divestitures, such as our proposed acquisition of Charles River Systems, Inc. (Charles River Development), including our ability to obtain regulatory approvals, the ability to arrange financing as required and the ability to satisfy closing conditions;
 - the risks that our acquired businesses and joint ventures will not achieve their anticipated financial, operational and product innovation benefits or will not be integrated successfully, or that the integration will take longer than anticipated; that expected synergies will not be achieved or unexpected negative synergies or liabilities will be experienced; that client and deposit retention goals will not be met; that other regulatory or operational challenges will be experienced; and that disruptions from the transaction will harm our relationships with our clients, our employees or regulators;
 - our ability to recognize evolving needs of our clients and to develop products that are responsive to such trends and profitable to us; the performance of and demand for the products and services we offer; and the potential for new products and services to impose additional costs on us and expose us to increased operational risk;
 - our ability to grow revenue, manage expenses, attract and retain highly skilled people and raise the capital necessary to achieve our business goals and comply with regulatory requirements and expectations;
 - changes in accounting standards and practices; and
 - the impact of the U.S. tax legislation enacted in 2017, and changes in tax legislation and in the interpretation of existing tax laws by U.S. and non-U.S. tax authorities that affect the amount of taxes due.
- Actual outcomes and results may differ materially from what is expressed in our forward-looking statements and from our historical financial results due to the factors discussed in this Disclosure or disclosed in our filings with the SEC, including our annual report or Form 10-K for the fiscal year ended December 31, 2017 and the risk factors described therein. Forward-looking statements in this Disclosure should not be relied on as representing our expectations or beliefs as of any time subsequent to the time this Disclosure is made available on our corporate website. We undertake no obligation to revise our forward-looking statements after the time they are made. The factors discussed herein are not intended to be a complete statement of all risks and uncertainties that may affect our businesses. We cannot anticipate all developments that may adversely affect our business or operations or our consolidated results of operations, financial condition or cash flows.
- Forward-looking statements should not be viewed as predictions, and should not be the primary basis on which investors evaluate State Street. Any investor in State Street should consider all risks and uncertainties disclosed in our SEC filings, including our filings under the Securities Exchange Act of 1934, in particular our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, or registration statements filed under the Securities Act of 1933, all of which are accessible on the SEC's website at www.sec.gov or on the "Investor Relations" section of our corporate website at www.statestreet.com.
- Please see our latest Annual Report on Form 10-K, Part I, Item IA Risk Factors for more details on the statements contained in this Disclosure and our other regulatory reports that might be considered "forward-looking statements."

REGULATION AND SUPERVISION

Overview

In 2013, U.S. banking regulators jointly issued a final rule implementing the Basel III framework in the U.S. Provisions of the Basel III final rule became effective under a transition timetable which began on January 1, 2014, with full implementation required beginning on January 1, 2019. The Basel III final rule provides for two frameworks: the “standardized” approach, which replaced Basel I, and the “advanced” approaches, applicable to advanced approaches banking organizations, like State Street, as originally defined under Basel II.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) enacted in 2010, we and State Street Bank, as advanced approaches banking organizations, are subject to a permanent “capital floor”, also referred to as the Collins Amendment, in the assessment of our regulatory capital adequacy, including a capital conservation buffer and a countercyclical capital buffer. The requirement for the capital conservation buffer was phased in beginning on January 1, 2016, with full implementation by January 1, 2019. The countercyclical buffer is currently set to zero by the agencies.

Regulatory Restrictions

Our and State Street Bank’s primary federal banking regulator in the U.S. is the Federal Reserve. Federal banking regulations place certain restrictions on dividends payments by banking subsidiaries to their parent company. The Federal Reserve has the authority to prohibit or to limit dividend payments by the banking organizations it supervises, including us and State Street Bank, if, in the Federal Reserve’s opinion, the payment of such dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. All of these policies and other requirements could affect our ability to declare dividend payments and repurchase our common stock, or require us to provide capital assistance to State Street Bank and/or any other banking subsidiary. For more information on regulation and supervision, see pages 8-11 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

The following table presents the minimum ratio requirements under the PCA provisions for State Street Bank:

PROMPT CORRECTIVE ACTION PROVISIONS

	Well Capitalized		Adequately Capitalized	
	January 1, 2017	January 1, 2018	January 1, 2017	January 1, 2018
Common equity tier 1 risk-based capital	6.5%	6.5%	4.5%	4.5%
Tier 1 risk-based capital	8.0	8.0	6.0	6.0
Total risk-based capital	10.0	10.0	8.0	8.0
Supplementary leverage ratio (SLR) ⁽¹⁾		6.0		3.0

⁽¹⁾ State Street Bank, as an insured depository institution subsidiary of State Street, a U.S. G-SIB, must achieve a higher SLR requirement of 6% in order to remain well capitalized. There is no well capitalized SLR requirement for State Street Corporation.

REGULATORY CAPITAL

Overview

Our objective with respect to regulatory capital management is to maintain a capital base and structure that is sized to support our unique business model and material risks. Our strong capital position provides us the financial flexibility to meet our business needs, including maintaining access to financial markets to support our clients’ activity and to fund corporate growth, and to provide protection against loss to depositors and creditors. We strive to maintain an appropriate level of capital, commensurate with our risk profile, on which an appropriate return to shareholders is expected to be realized over both the short and long term, while protecting our obligations to depositors and creditors and complying with regulatory capital adequacy requirements. For more information on regulatory capital, see pages 11-13 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

The following table presents the regulatory capital structure, total RWA and related risk-based capital ratios for State Street and State Street Bank, calculated under the advanced and standardized approaches provisions of the Basel III final rule as of the dates indicated:

TABLE 1: REGULATORY CAPITAL STRUCTURE AND RELATED REGULATORY CAPITAL RATIOS⁽¹⁾

(Dollars in millions)	State Street				State Street Bank				
	Basel III Advanced Approach		Basel III Standardized Approach		Basel III Advanced Approach		Basel III Standardized Approach		
	June 30, 2018	March 31, 2018	June 30, 2018	March 31, 2018	June 30, 2018	March 31, 2018	June 30, 2018	March 31, 2018	
Common shareholders' equity:									
Common stock and related surplus	\$ 10,324	\$ 10,300	\$ 10,324	\$ 10,300	\$ 11,612	\$ 11,612	\$ 11,612	\$ 11,612	
Retained earnings	19,856	19,311	19,856	19,311	13,189	12,442	13,189	12,442	
Accumulated other comprehensive income (loss)	(1,446)	(1,040)	(1,446)	(1,040)	(1,251)	(898)	(1,251)	(898)	
Treasury stock, at cost	(9,317)	(9,334)	(9,317)	(9,334)	—	—	—	—	
Total	19,417	19,237	19,417	19,237	23,550	23,156	23,550	23,156	
Regulatory capital adjustments:									
Goodwill and other intangible assets, net of associated deferred tax liabilities	(7,008)	(7,169)	(7,008)	(7,169)	(6,711)	(6,859)	(6,711)	(6,859)	
Other adjustments	(186)	(118)	(186)	(118)	(44)	(1)	(44)	(1)	
Common equity tier 1 capital	12,223	11,950	12,223	11,950	16,795	16,296	16,795	16,296	
Preferred stock	3,196	3,196	3,196	3,196	—	—	—	—	
Other adjustments	—	—	—	—	—	—	—	—	
Tier 1 capital	15,419	15,146	15,419	15,146	16,795	16,296	16,795	16,296	
Qualifying subordinated long-term debt	765	961	765	961	765	962	765	962	
ALLL and Other	—	—	73	72	—	—	73	72	
Other adjustments	—	—	—	—	—	—	—	—	
Total capital	\$ 16,184	\$ 16,107	\$ 16,257	\$ 16,179	\$ 17,560	\$ 17,258	\$ 17,633	\$ 17,330	
Risk-weighted assets⁽²⁾									
Credit risk	\$ 48,308	\$ 48,843	\$ 106,063	\$ 108,946	\$ 45,689	\$ 46,164	\$ 103,156	\$ 106,132	
Operational risk	45,991	46,039	N/A	N/A	45,423	45,488	N/A	N/A	
Market risk ⁽³⁾	4,203	3,630	1,677	1,531	4,205	3,632	1,677	1,531	
Total	\$ 98,502	\$ 98,512	\$ 107,740	\$ 110,477	\$ 95,317	\$ 95,284	\$ 104,833	\$ 107,663	
Capital Ratios:									
		Minimum Requirements ⁽⁵⁾ 2018							
Common equity tier 1 risk-based capital	7.5%	12.4%	12.1%	11.3%	10.8%	17.6%	17.1%	16.0%	15.1%
Tier 1 risk-based capital	9.0%	15.7	15.4	14.3	13.7	17.6	17.1	16.0	15.1
Total risk-based capital	11.0%	16.4	16.4	15.1	14.6	18.4	18.1	16.8	16.1

⁽¹⁾ Common equity tier 1 capital, tier 1 capital and total capital ratios as of June 30, 2018 are fully transitioned in conformity the Basel III final rule.

⁽²⁾ Refer to "Components of Total Risk-Weighted Assets" in this "Regulatory Capital" section for detail about the underlying sub-components of each type of RWA.

⁽³⁾ Market risk RWA reported in conformity with the Basel III advanced approaches included a credit valuation adjustment, or CVA, which reflected the risk of potential fair-value adjustments for credit risk reflected in our valuation of over-the-counter derivative contracts. The CVA was not provided for in the final market risk capital rule; however, it was required by the advanced approaches provisions of the Basel III final rule. State Street uses the simple CVA approach in conformity with the Basel III advanced approaches.

⁽⁴⁾ Basel III minimum requirements will be phased in up to full implementation beginning on January 1, 2019; minimum requirements listed are as of January 1, 2018. See Table 3: Basel III Final Rules Transition Arrangements and Minimum Risk-Based Capital Ratios.

Supplementary Leverage Ratio

The following table presents the SLR using tier 1 capital as calculated under the Supplementary Leverage Ratio provisions of the Basel III final rule as of the date indicated:

TABLE 2: SUPPLEMENTARY LEVERAGE RATIO

	State Street
	June 30, 2018
(In millions)	
Part 1: Summary comparison of accounting assets and total leverage exposure	
Total consolidated assets as reported in published financial statements ⁽¹⁾	248,308
Derivative exposure adjustments	16,956
Repo-Style exposure adjustments	2,116
Other off-balance sheet exposures adjustments	12,612
Other Adjustments ⁽²⁾	(7,194)
Adjustments for frequency calculations ⁽¹⁾	(22,638)
Total Leverage Exposure	250,160
Part 2: Supplementary Leverage Ratio	
On-balance sheet exposures	
On-balance sheet assets (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions)	196,143
LESS: Amounts deducted from tier 1 capital	7,194
Total on-balance sheet exposures (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions)	188,949
Derivative exposures	
Replacement cost for derivative exposures (that is, net of cash variation margin)	6,111
Add-on amounts for potential future exposure (PFE) for derivative exposures	13,894
Gross-up for certain cash collateral posted if deducted from the on-balance sheet assets, except for cash variation margin	1,480
Effective notional principal amount of sold credit protection	—
Total derivative exposures	21,485
Repo-style transactions	
On-balance sheet assets for repo-style transactions, except include the gross value of receivables for reverse repurchase transactions. Exclude from this item the value of securities received in a security-for-security repo-style transaction where the securities lender has not sold or re-hypothecated the securities received. Include in this item the value of securities that qualified for sales treatment that must be reversed	61,247
LESS: Reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions under netting agreements	36,399
Counterparty credit risk for all repo-style transactions	2,267
Total exposures for repo-style transactions	27,115
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amounts	34,626
LESS: Adjustments for conversion to credit equivalent amounts ⁽³⁾	22,015
Off-balance sheet exposures	12,611
Capital and total leverage exposure	
Total leverage exposure	250,160
Tier 1 capital	15,419
Supplementary leverage ratio⁽⁴⁾	6.2%

⁽¹⁾ In accordance with the SLR rule, total consolidated assets are reported as quarter-end balances, whereas certain other line items in Part 1 are reported as average balances for the quarter. To account for this timing difference, a frequency adjustment has been included.

⁽²⁾ "Other Adjustments" includes goodwill, net of associated deferred tax liabilities, and other intangible assets, net of associated deferred tax liabilities, with all such adjustments applied in conformity with the Basel III final rule as well as other applicable regulatory adjustments.

⁽³⁾ Credit equivalent amounts are calculated using the credit conversion factors in accordance with the Basel III standardized approach.

⁽⁴⁾ Supplementary Leverage Ratio is calculated by dividing tier 1 capital (numerator) by total leverage exposure for SLR (denominator). Total leverage exposure is calculated as the quarterly average of total on-balance sheet assets plus the average of each of the three month's period-end balances for specified off-balance sheet amounts.

The following table presents the Basel III final rules transition arrangements and minimum risk-based capital ratios from 2017 to 2019. For more information on minimum regulatory capital ratios, see page 14 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

TABLE 3: TRANSITION ARRANGEMENTS AND MINIMUM RISK-BASED CAPITAL RATIOS⁽¹⁾

	2017	2018	2019
Capital Conservation Buffer (CET1)	1.250%	1.875%	2.500%
GSIB surcharge (CET1)	0.750	1.125	1.500
Minimum Common Equity Tier 1 Capital ⁽²⁾	6.500	7.500	8.500
Minimum Tier 1 Capital ⁽²⁾	8.000	9.000	10.000
Minimum Total Capital ⁽²⁾	10.000	11.000	12.000

⁽¹⁾ Minimum ratios shown above do not reflect the countercyclical buffer, currently set at zero by U.S. banking regulators.

⁽²⁾ Minimum Common Equity Tier 1 Capital, Minimum Tier 1 Capital and Minimum Total Capital presented include the transitional capital conservation buffer as well as a transitional G-SIB surcharge based on an estimated 1.5% surcharge in all periods being phased-in beginning January 1, 2016 through January 1, 2019.

Global Systemically Important Bank

We are designated as a large bank holding company subject to enhanced supervision and prudential standards, commonly referred to as a “systemically important financial institution,” or SIFI, and we are one among a group of 30 institutions worldwide that have been identified by the FSB and the BCBS as G-SIBs. Our designation as a G-SIB requires us to maintain an additional capital buffer above the Basel III final rule minimum common equity tier 1 capital ratio of 4.5%, based on a number of factors, as evaluated by banking regulators.

On August 14, 2015, the Federal Reserve published a final rule on the implementation of capital requirements for U.S. G-SIBs. The surcharge requirements within the final rule started phasing in on January 1, 2016 and will be fully effective on January 1, 2019. The eight U.S. banks deemed to be G-SIBs are required to calculate the G-SIB surcharge according to two methods and be bound by the higher of the two:

- Method 1: Assesses systemic importance based upon five equally-weighted components: size, interconnectedness, complexity, cross-jurisdictional activity and substitutability
- Method 2: Alters the calculation from Method 1 by factoring in a wholesale funding score in place of substitutability and applying a 2x multiplier to the sum of the five components

As part of the final rule, the Federal Reserve published estimated G-SIB surcharges for the eight U.S. G-SIBs based on our relevant data from 2012-2014. Method 2 is identified as the binding methodology for State Street, and the Federal Reserve estimated the resulting G-SIB surcharge to be 1.5%. The actual surcharge applicable on January 1, 2017 utilizing relevant data from 2015 to 2016 is calculated to be 1.5%. Assuming completion of the phase-in period for the capital conservation buffer, and a countercyclical buffer of 0%, the minimum capital ratios as of January 1, 2019, including a capital conservation buffer of 2.5% and a G-SIB surcharge of 1.5% in 2019, would be 10.0% for tier 1 risk-based capital, 12.0% for total risk-based capital, and 8.5% for common equity tier 1 capital, in order for State Street to make capital distributions and discretionary bonus payments without limitation. Further, like all other U.S. G-SIBs, we are also subject to a 2% leverage buffer under the Basel III final rule. If we fail to exceed the 2% leverage buffer, we will be subject to increased restrictions (depending upon the extent of the shortfall) regarding capital distributions and discretionary executive bonus payments.

Not all of our competitors have similarly been designated as systemically important, and therefore some of our competitors may not be subject to the same additional capital requirements. However, certain competitors deemed systemically important may be subject to higher capital requirements.

Regulatory Capital Instruments

State Street's regulatory capital stack is comprised of common equity tier 1, additionally tier 1 and tier 2 instruments. Instruments issued and included in our regulatory capital stack include common stock, preferred stock and tier 2 qualifying subordinated long-term debt. The following table presents summary information about the capital instruments included as of June 30, 2018:

TABLE 4: REGULATORY CAPITAL INSTRUMENTS

June 30, 2018

(Dollars in millions)

Description	Amount Issued	Capital Amount	Capital Category	Type	Maturity	Dividend/Coupon
Equity:						
Common stock ⁽¹⁾	\$ 1,007	\$ 1,007	Common equity tier 1	NA	NA	NA ⁽³⁾
Preferred stock ⁽²⁾	491	491	Tier 1	Fixed	NA	5.25%
Preferred stock ⁽²⁾	742	742	Tier 1	Fixed to Float	NA	5.90 ⁽⁴⁾
Preferred stock ⁽²⁾	728	728	Tier 1	Fixed	NA	6.00
Preferred stock ⁽²⁾	742	742	Tier 1	Fixed to Float	NA	5.25 ⁽⁵⁾
Preferred stock ⁽²⁾	493	493	Tier 1	Fixed to Float	NA	5.35 ⁽⁶⁾
Qualifying subordinated long-term debt:						
Subordinated debt	\$ 1,000	\$ 765	Tier 2	Fixed	May 15, 2023	3.10%
Total	\$ 1,000	\$ 765				

NA: Not applicable.

⁽¹⁾ Amount consists of common stock issued and related surplus, net of common stock held in treasury.

⁽²⁾ Amount issued is net of related issuance costs. Dividends payable on preferred stock are non-cumulative and are payable if, as and when declared by the Board.

⁽³⁾ Common Stock dividends are payable if, as and when declared quarterly by the Board with no contractual obligation or stated coupon rate.

⁽⁴⁾ From the date of issuance to, but excluding, March 15, 2024, dividends will be calculated at an annual rate of 5.9%; from, and including, March 15, 2024, dividends will be calculated at an annual rate equal to 3-month LIBOR plus 3.108%.

⁽⁵⁾ From the date of issuance to, but excluding, September 15, 2020, dividends will be calculated at an annual rate of 5.25%; from, and including, September 15, 2020, dividends will be calculated at an annual rate equal to 3-month LIBOR plus 3.597%.

⁽⁶⁾ From the date of issuance to, but excluding, March 15, 2026, dividends will be calculated at an annual rate of 5.35%, and from, and including, March 15, 2026, dividends will be calculated at an annual rate equal to three-month LIBOR plus 3.709%.

Common Stock

Our common stock consists of 750 million shares authorized for issuance, \$1.00 par value per share, of which 503,879,642 shares were issued, 138,472,445 shares were held in treasury, and 365,407,197 shares were outstanding as of June 30, 2018. Our common stock is listed on the New York Stock Exchange under the ticker symbol STT. Outstanding shares of our common stock are validly issued, fully paid and non-assessable. Holders of our common stock are not, and will not be, subject to any liability as shareholders. For more information on our regulatory capital instruments, see pages 15-18 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

Preferred Stock

The following table presents the details on each of the series of the preferred stock issued and outstanding as of June 30, 2018:

TABLE 5: PREFERRED STOCK

	<u>Issuance Date</u>	<u>Depository Shares Issued</u>	<u>Ownership Interest Per Depository Share</u>	<u>Liquidation Preference Per Share</u>	<u>Liquidation Preference Per Depository Share</u>	<u>Net Proceeds of Offering (in millions)</u>	<u>Redemption Date⁽¹⁾</u>
Preferred Stock:⁽²⁾							
Series C	August 2012	20,000,000	1/4,000th	\$ 100,000	\$ 25	\$ 488	September 15, 2017
Series D	February 2014	30,000,000	1/4,000th	100,000	25	742	March 15, 2024
Series E	November 2014	30,000,000	1/4,000th	100,000	25	728	December 15, 2019
Series F	May 2015	750,000	1/100th	100,000	1,000	742	September 15, 2020
Series G	April 2016	20,000,000	1/4,000th	100,000	25	493	March 15, 2026

⁽¹⁾ On the redemption date, or any dividend declaration date thereafter, the preferred stock and corresponding depository shares may be redeemed by us, in whole or in part, at the liquidation price per share and liquidation price per depository share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

⁽²⁾ The preferred stock and corresponding depository shares may be redeemed at our option in whole, but not in part, prior to the redemption date upon the occurrence of a regulatory capital treatment event, as defined in the certificate of designation, at a redemption price equal to the liquidation price per share and liquidation price per depository share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

Qualifying Subordinated Long-Term Debt

Subordinated debt included in our tier 2 capital is comprised of one issuance with a 2023 maturity. As is necessary to qualify for inclusion in tier 2 capital, among other things, this issuance has a minimum original maturity of at least five years. As required by Basel III, in the last five years before its maturity, the amount of an issuance included in tier 2 capital is discounted downward by cumulative increments of 20% per year until its maturity. When the remaining maturity is less than one year, the amount is excluded from tier 2 capital.

Total Risk-Weighted Assets

The following tables present the components of our total RWA and, where applicable, sub-components, related to credit risk, operational risk and market risk for State Street and State Street Bank, calculated under the advanced approaches provisions of the Basel III final rule as of the dates indicated:

TABLE 6: COMPONENTS OF TOTAL RISK-WEIGHTED ASSETS

(In millions)	State Street			
	June 30, 2018		March 31, 2018	
	RWA	EAD ⁽¹⁾	RWA	EAD ⁽¹⁾
Credit risk:				
Wholesale	\$ 32,714	\$ 274,869	\$ 32,640	\$ 266,225
Securitizations ⁽²⁾	4,719	13,930	5,206	15,638
Equity ⁽²⁾	5,619	5,938	5,648	5,891
All other ⁽³⁾	5,256	4,536	5,349	4,811
Total credit risk⁽⁴⁾	\$ 48,308	\$ 299,273	\$ 48,843	\$ 292,565
Operational risk⁽⁵⁾	\$ 45,991	NA	\$ 46,039	NA
Market risk:				
		Sixty-Day Average VaR		Sixty-Day Average VaR
Value-at-risk ⁽⁶⁾	251	7	249	7
Stressed value-at-risk ⁽⁶⁾	1,426	38	1,283	34
Credit valuation adjustment ⁽⁷⁾	2,526	NA	2,098	NA
Total market risk	4,203		3,630	
Total risk-weighted assets	\$ 98,502		\$ 98,512	
State Street Bank				
(In millions)	June 30, 2018		March 31, 2018	
	RWA	EAD ⁽¹⁾	RWA	EAD ⁽¹⁾
	RWA	EAD ⁽¹⁾	RWA	EAD ⁽¹⁾
Credit risk:				
Wholesale	\$ 32,809	\$ 273,754	\$ 32,320	\$ 264,828
Securitizations ⁽²⁾	4,719	13,930	5,206	15,638
Equity ⁽²⁾	3,594	4,927	3,593	4,831
All other ⁽³⁾	4,567	4,082	5,045	4,578
Total credit risk⁽⁴⁾	\$ 45,689	\$ 296,693	\$ 46,164	\$ 289,875
Operational risk⁽⁵⁾	\$ 45,423	NA	\$ 45,488	NA
Market risk:				
		Sixty-Day Average VaR		Sixty-Day Average VaR
Value-at-risk ⁽⁶⁾	251	7	249	7
Stressed value-at-risk ⁽⁶⁾	1,426	38	1,283	34
Credit valuation adjustment ⁽⁷⁾	2,528	NA	2,100	NA
Total market risk	4,205		3,632	
Total risk-weighted assets	\$ 95,317		\$ 95,284	

NA = Not Applicable

⁽¹⁾ EAD represents our estimated exposure to a counterparty if that counterparty defaults; EAD is more fully described under "Advanced Internal Ratings-Based Approach" in our Supplemental Public Disclosure of Basel III as of December 31, 2017.

⁽²⁾ Additional detail with respect to the RWA and EAD of securitizations and equity exposures is provided under "Securitizations" and "Equity Exposures Not Subject to Market Risk Rule," respectively, in this Disclosure.

⁽³⁾ "All Other" consists of assets not assigned to an exposure category and exposures defined as "not material".

⁽⁴⁾ RWA reflect 1.06 supervisory scaling factor described earlier in this Public Disclosure under "Regulatory Capital Requirements."

⁽⁵⁾ RWA for operational risk are calculated using required capital measured by an internally developed loss distribution model; refer to "Operational Risk" in this Disclosure.

⁽⁶⁾ RWA for market risk associated with trading activities are calculated based on respective 60-day moving averages of VaR and stressed-VaR measures; refer to "Market Risk" in this Disclosure.

⁽⁷⁾ CVA reflects the risk of potential fair-value adjustments for credit risk reflected in our valuation of over-the-counter derivative contracts. CVA was not provided for in the final market risk capital rule; however, it is required by the advanced approaches provisions of the Basel III final rule. We do not use an internal model to calculate RWA related to the CVA; we use the simple CVA approach in conformity with the Basel III final rule.

RISK MANAGEMENT

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

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

For more information on our risk management framework, see pages 20-32 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

WHOLESALE CREDIT RISK

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

For more information about our credit risk management, see pages 26-36 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

The following tables present the EAD of our wholesale credit risk exposures by type as of the dates indicated, and the average EAD for the periods indicated:

TABLE 7: WHOLESALE CREDIT RISK EXPOSURE AT DEFAULT

(In millions)	June 30, 2018	Quarter Ended June 30, 2018
	EAD	Average EAD ⁽¹⁾
Wholesale credit risk exposures⁽²⁾		
Cash and due from, and interest-bearing deposits with, banks ⁽³⁾	\$ 110,904	\$ 99,904
Investment securities - wholesale	73,900	72,983
Loans and leases ⁽⁴⁾	51,901	53,332
OTC derivative contracts ⁽⁵⁾	21,223	18,481
Repo-style transactions ⁽⁶⁾	10,217	10,820
Other wholesale	6,724	5,474
Total	\$ 274,869	\$ 260,994

(In millions)	March 31, 2018	Quarter Ended March 31, 2018
	EAD	Average EAD ⁽¹⁾
Wholesale credit risk exposures⁽²⁾		
Cash and due from, and interest-bearing deposits with, banks ⁽³⁾	\$ 104,330	\$ 89,867
Investment securities - wholesale	70,904	70,805
Loans and leases ⁽⁴⁾	57,131	53,332
OTC derivative contracts ⁽⁵⁾	17,550	16,430
Repo-style transactions ⁽⁶⁾	11,106	11,244
Other wholesale	5,204	4,901
Total	\$ 266,225	\$ 246,579

⁽¹⁾ Amounts represent the average of the three month-end EAD amounts in the quarter.

⁽²⁾ Amounts exclude securitizations, equity exposures, assets not in a defined exposure category and exposures classified as "not material."

⁽³⁾ Amounts predominantly consist of deposits with banks and central banks.

⁽⁴⁾ Amounts include unused commitments and financial standby letters of credit.

⁽⁵⁾ Amounts reflect the benefit of netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁶⁾ Amounts include the aggregate of indemnified agency securities lending and enhanced custody and reverse repurchase and repurchase agreements; exposure reflects the benefit of collateral and netting permitted by GAAP and the Basel III final rule, as applicable.

The following tables present the EAD of our wholesale credit risk exposures by major geographic region as of the dates indicated:

TABLE 8: WHOLESALE CREDIT RISK EXPOSURE AT DEFAULT - GEOGRAPHIC MIX

June 30, 2018

(In millions)	EAD	Americas	Europe	Asia/ Pacific	Other ⁽⁶⁾
Wholesale credit risk exposures⁽¹⁾					
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 110,904	\$ 37,551	\$ 59,021	\$ 14,282	\$ 50
Investment securities - wholesale	\$ 73,900	58,339	11,083	4,478	—
Loans and leases ⁽³⁾	\$ 51,901	45,453	6,201	235	12
OTC derivative contracts ⁽⁴⁾	\$ 21,223	6,035	10,875	4,247	66
Repo-style transactions ⁽⁵⁾	\$ 10,217	7,278	1,225	1,554	160
Other wholesale	\$ 6,724	4,945	1,378	306	95
Total	\$ 274,869	\$ 159,601	\$ 89,783	\$ 25,102	\$ 383

March 31, 2018

(In millions)	EAD	Americas	Europe	Asia/ Pacific	Other ⁽⁶⁾
Wholesale credit risk exposures⁽¹⁾					
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 104,330	\$ 40,279	\$ 53,596	\$ 10,343	\$ 112
Investment securities - wholesale	70,904	57,495	8,991	4,418	—
Loans and leases ⁽³⁾	57,131	51,004	6,023	63	41
OTC derivative contracts ⁽⁴⁾	17,550	6,092	8,126	3,248	84
Repo-style transactions ⁽⁵⁾	11,106	7,948	1,661	1,339	158
Other wholesale	5,204	4,072	934	188	10
Total	\$ 266,225	\$ 166,890	\$ 79,331	\$ 19,599	\$ 405

⁽¹⁾ Amounts exclude securitizations, equity exposures, assets not in a defined exposure category and exposures classified as "not material."

⁽²⁾ Amounts predominantly consist of deposits with banks and central banks.

⁽³⁾ Amounts include unused commitments and financial standby letters of credit.

⁽⁴⁾ Amounts reflect the benefit of netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁵⁾ Amounts include the aggregate of indemnified agency securities lending and enhanced custody and reverse repurchase and repurchase agreements; exposure reflects the benefit of collateral and netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁶⁾ "Other" geographic region represents our exposures primarily in Africa and the Middle East.

The following tables present the EAD of our wholesale credit risk exposures by counterparty type as of the dates indicated:

TABLE 9: WHOLESALE CREDIT RISK EXPOSURE AT DEFAULT - COUNTERPARTY TYPE

June 30, 2018

(In millions)	EAD	Governments, central banks and supra- nationals ⁽⁶⁾	Commercial Banks	Broker/ Dealers	Funds	Other ⁽⁷⁾
Wholesale credit risk exposures⁽¹⁾						
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 110,904	\$ 99,149	\$ 11,656	\$ 50	\$ 47	\$ 2
Investment securities - wholesale	\$ 73,900	67,488	3,812	—	—	2,600
Loans and leases ⁽³⁾	\$ 51,901	9,623	169	250	34,027	7,832
OTC derivative contracts ⁽⁴⁾	\$ 21,223	1,251	5,417	853	13,072	630
Repo-style transactions ⁽⁵⁾	\$ 10,217	1,218	922	1,894	6,108	75
Other wholesale	\$ 6,724	681	1,361	466	774	3,442
Total	\$ 274,869	\$ 179,410	\$ 23,337	\$ 3,513	\$ 54,028	\$ 14,581

March 31, 2018

(In millions)	EAD	Governments, central banks and supra- nationals ⁽⁶⁾	Commercial Banks	Broker/ Dealers	Funds	Other ⁽⁷⁾
Wholesale credit risk exposures⁽¹⁾						
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 104,330	\$ 94,941	\$ 9,259	\$ 113	\$ 12	\$ 5
Investment securities - wholesale	70,904	64,157	3,977	—	—	2,770
Loans and leases ⁽³⁾	57,131	9,772	184	302	38,944	7,929
OTC derivative contracts ⁽⁴⁾	17,550	1,548	4,821	686	10,310	185
Repo-style transactions ⁽⁵⁾	11,106	951	1,310	2,746	6,035	64
Other wholesale	5,204	647	289	248	604	3,416
Total	\$ 266,225	\$ 172,016	\$ 19,840	\$ 4,095	\$ 55,905	\$ 14,369

⁽¹⁾ Amounts exclude securitizations, equity exposures, assets not in a defined exposure category and exposures classified as "not material."

⁽²⁾ Amounts predominantly consist of deposits with banks and central banks.

⁽³⁾ Amounts include unused commitments and financial standby letters of credit.

⁽⁴⁾ Amounts reflect the benefit of netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁵⁾ Amounts include the aggregate of indemnified agency securities lending and enhanced custody and reverse repurchase and repurchase agreements; exposure reflects the benefit of collateral and netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁶⁾ Amounts include municipalities, government agencies and multi-lateral development banks.

⁽⁷⁾ "Other" counterparty type category represents our exposures primarily to corporates and insurance companies.

The following tables present the EAD of our wholesale credit risk exposures by remaining contractual maturity as of the dates indicated:

TABLE 10: WHOLESALE CREDIT RISK EXPOSURE AT DEFAULT - REMAINING CONTRACTUAL MATURITY

June 30, 2018

(In millions)	EAD	< = 1 year	1 - 3 years	> 3 years ⁽⁶⁾
Wholesale credit risk exposures⁽¹⁾				
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 110,904	\$ 110,904	\$ —	\$ —
Investment securities - wholesale	73,900	7,838	12,097	53,965
Loans and leases ⁽³⁾	51,901	31,778	10,838	9,285
OTC derivative contracts ⁽⁴⁾	21,223	20,964	228	31
Repo-style transactions ⁽⁵⁾	10,217	10,217	—	—
Other wholesale	6,724	6,643	81	—
Total	\$ 274,869	\$ 188,344	\$ 23,244	\$ 63,281

March 31, 2018

(In millions)	EAD	< = 1 year	1 - 3 years	> 3 years ⁽⁶⁾
Wholesale credit risk exposures⁽¹⁾				
Cash and due from, and interest-bearing deposits with, banks ⁽²⁾	\$ 104,330	\$ 104,330	\$ —	\$ —
Investment securities - wholesale	70,904	7,777	12,325	50,802
Loans and leases ⁽³⁾	57,131	37,307	10,192	9,632
OTC derivative contracts ⁽⁴⁾	17,550	17,241	273	36
Repo-style transactions ⁽⁵⁾	11,106	11,106	—	—
Other wholesale	5,204	4,964	240	—
Total	\$ 266,225	\$ 182,725	\$ 23,030	\$ 60,470

⁽¹⁾ Amounts exclude securitizations, equity exposures, assets not in a defined exposure category and exposures classified as "not material."

⁽²⁾ Amounts predominantly consist of deposits with banks and central banks.

⁽³⁾ Amounts include unused commitments and financial standby letters of credit.

⁽⁴⁾ Amounts reflect the benefit of netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁵⁾ Amounts include the aggregate of indemnified agency securities lending and enhanced custody and reverse repurchase and repurchase agreements; exposure reflects the benefit of collateral and netting permitted by GAAP and the Basel III final rule, as applicable.

⁽⁶⁾ Exposures with remaining contractual maturities of greater than five years are capped at five years for RWA calculation purposes as per the Basel III final rule.

The following tables present EAD and related information associated with our wholesale credit risk exposures, by range of PD, as of the dates or for the periods indicated:

TABLE 11: WHOLESALE CREDIT RISK EXPOSURE - PROBABILITY OF DEFAULT

June 30, 2018

(Dollars in millions, except where otherwise noted)

PD range	EAD ⁽¹⁾⁽²⁾	Weighted-Average LGD	Weighted-Average PD	Weighted-Average Risk Weight	Unfunded Commitments ⁽³⁾	Average EAD (in thousands)
0.00 to < 0.03% ⁽⁴⁾	\$ 113,992	16.82%	0.01%	1.01%	\$ —	\$ 103,818
0.03 to < 0.10%	120,523	34.19	0.04	9.10	20,158	477
0.10 to < 0.15%	11,351	41.82	0.10	23.76	1,880	345
0.15 to < 0.20%	3,537	26.76	0.17	21.27	774	387
0.20 to < 1.00%	19,132	35.51	0.35	44.25	5,015	511
1.00 to < 5.00%	5,991	36.25	2.02	105.84	744	1,320
5.00 to < 10.00%	84	35.43	5.00	139.65	19	2,224
10.00 to < 20.00%	258	35.80	10.00	139.02	—	3,589
20.00 to < 100%	1	78.09	24.27	414.27	—	291
100%	—	—	—	—	—	—
Total	\$ 274,869				\$ 28,590	

March 31, 2018

(Dollars in millions, except where otherwise noted)

PD range	EAD ⁽¹⁾⁽²⁾	Weighted-Average LGD	Weighted-Average PD	Weighted-Average Risk Weight	Unfunded Commitments ⁽³⁾	Average EAD (in thousands)
0.00 to < 0.03% ⁽⁴⁾	\$ 106,936	24.26%	0.01%	0.86%	\$ —	\$ 122,634
0.03 to < 0.10%	118,459	34.10	0.04	8.36	20,254	485
0.10 to < 0.15%	12,749	45.17	0.10	25.63	2,219	390
0.15 to < 0.20%	3,483	26.04	0.17	20.85	746	366
0.20 to < 1.00%	19,923	40.25	0.36	51.70	4,971	471
1.00 to < 5.00%	4,552	38.07	2.08	118.64	363	1,664
5.00 to < 10.00%	69	47.68	5.00	187.56	—	1,677
10.00 to < 20.00%	47	63.55	10.00	281.42	—	672
20.00 to < 100%	4	78.23	26.01	411.65	—	656
100%	3	66.19	100.00	100.00	—	16
Total	\$ 266,225				\$ 28,553	

⁽¹⁾ EAD does not reflect the effect of credit risk mitigation, such as collateral and netting, except for OTC derivatives and securities finance exposures, which reflect the benefit of netting and collateral, as applicable.

⁽²⁾ Amounts exclude securitizations, equity exposures, assets not in a defined exposure category and exposures classified as "not material."

⁽³⁾ Unfunded commitments represent contractual unfunded amount prior to credit conversion.

⁽⁴⁾ Amounts include sovereign exposures and exposures to, or directly and unconditionally guaranteed by, the Bank for International Settlements, the International Monetary Fund, the European Commission, the European Central Bank and multilateral development banks.

The following tables present information with respect to the EAD of our credit risk exposures that meet the definition of OTC derivative contracts as of the dates indicated:

TABLE 12: OVER-THE-COUNTER DERIVATIVE CONTRACTS⁽¹⁾⁽²⁾

June 30, 2018

(in millions)	Gross Positive Fair Value	Potential Future Exposure	Netting Benefit	Net Positive Fair Value	EAD
Foreign exchange contracts	\$ 16,986	\$ 21,537	\$ 17,317	\$ 7,609	\$ 21,094
Other contracts ⁽³⁾⁽⁴⁾⁽⁵⁾	124	11	6	124	129
Total	\$ 17,110	\$ 21,548	\$ 17,323	\$ 7,733	\$ 21,223

March 31, 2018

(in millions)	Gross Positive Fair Value	Potential Future Exposure	Netting Benefit	Net Positive Fair Value	EAD
Foreign exchange contracts	\$ 10,727	\$ 21,455	\$ 14,545	\$ 4,605	\$ 17,394
Other contracts ⁽³⁾⁽⁴⁾⁽⁵⁾	147	21	12	147	156
Total	\$ 10,874	\$ 21,476	\$ 14,557	\$ 4,752	\$ 17,550

⁽¹⁾ Exposure is calculated using the current exposure method.

⁽²⁾ Amounts exclude contracts treated as securitizations; refer to "Securitizations" in this Disclosure.

⁽³⁾ "Other contracts" include cleared transactions with central counterparties where State Street acts as agent, riskless principal and principal.

⁽⁴⁾ EAD and RWA for "Other contracts" include the benefit of collateral, which predominantly consists of cash and government securities.

⁽⁵⁾ "Other contracts" may reflect a 0.71 scaling factor, which represents a five-day holding period, as outlined in the Basel III final rule.

The following tables present information with respect to our exposures treated as repo-style transactions, by type of exposure and treatment methodology as of the dates indicated. The first table presents information with respect to EAD associated with reverse repurchase and repurchase agreements, which predominantly result from our activities executed on behalf of our clients; the second table presents information with respect to EAD associated with our indemnified agency securities lending and enhanced custody business, which is State Street's principal securities finance for our custody clients:

TABLE 13: REVERSE REPURCHASE AND REPURCHASE AGREEMENTS

June 30, 2018

(In millions)	Gross Exposure ⁽¹⁾	Collateral ⁽²⁾	Net EAD ⁽³⁾
Agreements centrally cleared	\$ 87,892	\$ 87,104	\$ 799
Agreements not centrally cleared	7,980	7,961	323
Total	\$ 95,872	\$ 95,065	\$ 1,122

March 31, 2018

(In millions)	Gross Exposure ⁽¹⁾	Collateral ⁽²⁾	Net EAD ⁽³⁾
Agreements centrally cleared	\$ 68,489	\$ 67,873	\$ 644
Agreements not centrally cleared	4,389	4,358	166
Total	\$ 72,878	\$ 72,231	\$ 810

⁽¹⁾ Gross exposure does not reflect the benefits of legally enforceable netting agreements and collateral. In instances, wherein State Street facilitates both sides of the same trade (i.e. repurchase agreement on one side and reverse repurchase agreement on the other), the gross exposure includes State Street's exposure on both sides.

⁽²⁾ Collateral consists primarily of cash, U.S. Treasury securities and U.S. government agency securities. The amount of collateral may exceed the measure for gross exposure for individual agreements, because certain repo-style transactions are over-collateralized, while others are under-collateralized. In instances wherein State Street facilitates both sides of the same trade (i.e. repurchase agreement on one side and reverse repurchase agreement on the other), the collateral includes the fair value of cash and the securities received by State Street on both sides.

⁽³⁾ Under the collateral haircut approach, EAD for repo-style transactions is calculated using a supervisory formula that incorporates the benefits of legally enforceable netting agreements and collateral, as well as prescribed supervisory haircuts for market price volatility and currency mismatches.

TABLE 14: INDEMNIFIED AGENCY LENDING AND ENHANCED CUSTODY

June 30, 2018			
(In millions)	Base EAD⁽²⁾	Netting Benefit⁽³⁾	Net EAD⁽⁸⁾
Indemnified Agency Lending⁽¹⁾	\$ 3,940	\$ 2,807	\$ 1,134
(In millions)	Gross Exposure⁽⁵⁾	Collateral⁽⁶⁾	Net EAD⁽⁷⁾⁽⁸⁾
Enhanced Custody⁽⁴⁾	\$ 74,891	\$ 79,828	\$ 7,961
March 31, 2018			
(In millions)	Base EAD⁽²⁾	Netting Benefit⁽³⁾	Net EAD⁽⁸⁾
Indemnified Agency Lending⁽¹⁾	\$ 7,096	\$ 4,746	\$ 2,350
(In millions)	Gross Exposure⁽⁵⁾	Collateral⁽⁶⁾	Net EAD⁽⁷⁾⁽⁸⁾
Enhanced Custody⁽⁴⁾	\$ 73,921	\$ 79,127	\$ 7,945

⁽¹⁾ EAD is calculated by applying a VaR methodology.

⁽²⁾ Base EAD represents the net exposure of repurchase and securities lending or borrowing agreements at a client or counterparty level under a single agreement.

⁽³⁾ The netting benefit for indemnified agency securities lending represents the benefit of collateral arrangements under a qualifying master netting agreement that allows for the netting, as applicable, of repurchase and securities lending exposures to a particular counterparty. The netting benefit for enhanced custody represents the benefit of netting, as applicable, of repurchase and securities lending or securities borrowing exposures to a particular counterparty under a qualifying master netting agreement.

⁽⁴⁾ EAD is calculated by applying the collateral haircut approach

⁽⁵⁾ Gross exposure does not reflect the benefits of legally enforceable netting agreements and collateral.

⁽⁶⁾ The amount of collateral may exceed the measure for gross exposure for individual agreements, because certain repo-style transactions are over-collateralized, while others are under-collateralized.

⁽⁷⁾ Under the collateral haircut approach, EAD for repo-style transactions is calculated using a supervisory formula that incorporates the benefits of legally enforceable netting agreements and collateral, as well as prescribed supervisory haircuts for market price volatility and currency mismatches.

⁽⁸⁾ As of June 30, 2018, approximately \$47 MM (approximately 4.1%) of Net EAD for indemnified agency lending and approximately \$2 MM (approximately 0.03%) of Net EAD for enhanced custody is currently covered by guarantees considered eligible for Basel III purposes.

Impairment Analysis and Allowance for Loan and Lease Losses

There were no loans modified during the six months ended June 30, 2018 and the year ended December 31, 2017. As of June 30, 2018 and the year ended December 31, 2017, there were no loans or leases on non-accrual status, and no loans or leases were 90 days or more contractually past due.

Our reserve for off-balance sheet credit exposures totaled approximately \$18 million as of June 30, 2018. The following table presents our allowance for loan and lease losses as of June 30, 2018 and June 30, 2017:

TABLE 15: ALLOWANCE FOR LOAN AND LEASE LOSSES

	Six Months Ended June 30,	
	2018	2017
(In millions)		
Beginning balance	\$ 54	\$ 53
Provision for loan losses ⁽¹⁾	2	1
Charge-offs ⁽²⁾	(1)	—
Recoveries	—	—
Ending balance	\$ 55	\$ 54

⁽¹⁾ The provision for loan and lease losses is related to commercial and financial loans in the quarters ended June 30, 2018 and 2017.

⁽²⁾ The charge-offs are related to commercial and financial loans.

SECURITIZATIONS

We engage in securitization activities primarily as an investor. Most of our aggregate securitization exposure (approximately 95%), measured by EAD, is carried in our investment securities portfolio in our consolidated statement of condition. We purchase various types of securitized financial assets in the form of U.S. and non-U.S. asset-backed securities which meet the definition of securitizations under the Basel framework. These securities are typically collateralized by various types of assets, including, for example, FFELP and private student loans, credit card receivables, residential mortgages, automobile and equipment leases and commercial mortgages. Our primary objective with respect to our investment in asset-backed securities is to generate interest income. For more information on securitizations, see page 44 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

The following tables present the EAD, capital requirement and RWA of our securitization exposures, by type of exposure as of the dates indicated.

TABLE 16: SECURITIZATION EXPOSURES

June 30, 2018

(In millions)	EAD	Capital Requirement	RWA ⁽²⁾
Asset class			
U.S. asset-backed	\$ 5,794	\$ 143	\$ 1,790
U.S. residential mortgage-backed	330	21	265
U.S. commercial mortgage-backed	1,123	19	238
Collateralized loan obligations	1,293	22	274
Non-U.S. asset-backed	1,365	40	500
Non-U.S. residential mortgage-backed	3,348	121	1,507
Re-securitizations	—	—	—
Other ⁽¹⁾	677	12	145
Total	\$ 13,930	\$ 378	\$ 4,719

March 31, 2018

(In millions)	EAD	Capital Requirement	RWA ⁽²⁾
Asset class			
U.S. asset-backed	\$ 6,903	\$ 163	\$ 2,037
U.S. residential mortgage-backed	356	24	298
U.S. commercial mortgage-backed	1,155	20	245
Collateralized loan obligations	1,123	19	238
Non-U.S. asset-backed	1,611	45	564
Non-U.S. residential mortgage-backed	3,756	133	1,668
Re-securitizations	—	—	—
Other ⁽¹⁾	734	13	156
Total	\$ 15,638	\$ 417	\$ 5,206

⁽¹⁾ Amounts include structured loans which meet the definition of securitizations.

⁽²⁾ Amounts reflect 1.06 supervisory scaling factor described in our Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017 under "Regulatory Capital Requirements."

The following tables present the EAD, capital requirement and RWA of our securitization exposures, by range of risk weights as of the dates indicated:

TABLE 17: SECURITIZATION EXPOSURES - RANGE OF RISK WEIGHTS

June 30, 2018

(In millions)

Risk Weight Range	EAD	Capital Requirement	RWA⁽¹⁾
Asset Securitizations			
20%-100%	\$ 13,602	\$ 239	\$ 2,983
101%-200%	90	10	130
201%-500%	109	25	307
501%-1000%	69	43	539
1001%-1250%	60	61	760
Total Asset Securitizations	\$ 13,930	\$ 378	\$ 4,719
Re-securitizations			
20%-100%	\$ —	\$ —	\$ —
101%-200%	—	—	—
201%-500%	—	—	—
501%-1000%	—	—	—
1001%-1250%	—	—	—
Total Re-securitizations	\$ —	\$ —	\$ —
Total	\$ 13,930	\$ 378	\$ 4,719

March 31, 2018

(In millions)

Risk Weight Range	EAD	Capital Requirement	RWA⁽¹⁾
Asset Securitizations			
20%-100%	\$ 15,283	\$ 266	\$ 3,317
101%-200%	103	13	162
201%-500%	107	24	298
501%-1000%	82	49	613
1001%-1250%	63	65	816
Total Asset Securitizations	\$ 15,638	\$ 417	\$ 5,206
Re-securitizations			
20%-100%	\$ —	\$ —	\$ —
101%-200%	—	—	—
201%-500%	—	—	—
501%-1000%	—	—	—
1001%-1250%	—	—	—
Total Re-securitizations	\$ —	\$ —	\$ —
Total	\$ 15,638	\$ 417	\$ 5,206

⁽¹⁾ Amounts reflect 1.06 supervisory scaling factor described in our Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017 under "Regulatory Capital Requirements."

EQUITY EXPOSURES NOT SUBJECT TO MARKET RISK RULE

We carry two major categories of equity exposures: investments in entities and investments in funds. These investments include the following:

- Tax-advantaged investments, primarily composed of equity investments in alternative energy and low-income housing projects;
- Investments in joint ventures and other partnerships, and Community Reinvestment Act investments.
- Seed capital investments in sponsored investment funds;
- General investments in investment funds;
- Investments in connection with our BOLI program; and
- Stable value wrap contracts.

For more information on equity exposures not subject to the market risk rule, see page 48 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

Significant Accounting Policies

The following provides information on State Street's significant accounting policies associated with equity investments. We generally account for our equity investments under one of the approaches described below.

Investment Securities Available for Sale

Prior to January 1, 2018, our investments in funds carried in our investment securities portfolio were held as AFS securities, and represented investments that we intended to hold for an indefinite period. We carry AFS securities at fair value, with after-tax net unrealized gains and losses recorded in AOCI. Gains or losses realized on sales of AFS securities are recorded in gains (losses) related to investment securities, net, in our consolidated statement of income.

Subsequent to January 1, 2018, our investments in funds carried in our investment securities portfolio are held at fair value through profit and loss.

When measuring the fair value of these investments, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing the asset or liability. Investments in money market funds are valued at a net asset value of \$1 per share.

Additional information with respect to our accounting for AFS securities is provided under "Securitized Investments" in our Supplemental Public Disclosure for Basel III as of December 31, 2017.

Equity Method Investments

We account for certain investments, such as low-income housing, under the equity method of accounting, if we as an investor have the ability to exercise significant influence over the operations of the investee. Investments of more than five percent in limited partnerships and investments in joint ventures are generally accounted for under the equity method, due to the presumed presence of significant influence.

We initially record equity-method investments in other assets at cost. Subsequent to the date that significant influence is achieved, we adjust the carrying amount of our investment each reporting period to recognize our share of earnings/losses as reported by the investee. Our share of earnings/losses from investments accounted for under the equity method is recorded in our consolidated statement of income. Dividends received from an investee reduce the carrying amount of our investment.

Cost Method Investments

Investments where we, as investor, do not have the ability to exercise significant influence over the operations of the investee are recorded in other assets and are accounted for under the cost method of accounting. Examples of such investments are our alternative energy investments and certain Community Reinvestment Act investments. We initially record our investment at cost and subsequently re-measure at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer until it is sold or otherwise disposed of, or written down due to impairment in value that we deem to be other than temporary. Dividends received in excess of the investee's earnings subsequent to the date of our investment are considered a return of capital, and reduce the carrying value of our investment.

The following tables present our equity exposures by type and risk-weighting approach as of the dates indicated:

TABLE 18: EQUITY EXPOSURES

June 30, 2018

(In millions)	Risk Weight	Carrying Value ⁽¹⁾	EAD	Capital Requirement	RWA ⁽⁴⁾
Simple risk-weight approach:					
Equity investments in the 0% risk-weight category	0 %	\$ 348	\$ 348	\$ —	\$ —
Equity investments in the 20% risk-weight category	20	28	28	—	6
Community development equity exposures	100	753	753	64	798
Non-significant equity exposures	100	1,140	1,140	97	1,208
Significant exposures to financial institutions ⁽²⁾	250	—	—	—	—
Non-publicly traded equity investments	400	1	1	—	3
Total simple risk-weight approach		2,270	2,270	161	2,015
Investment funds:					
Full look-through approach		154	154	29	364
Alternative modified look-through approach		497	497	37	458
Simple modified look-through approach		233	233	88	1,098
Other ⁽³⁾		2,768	2,784	135	1,684
Total investment funds		3,652	3,668	289	3,604
Total equity investments		\$ 5,922	\$ 5,938	\$ 450	\$ 5,619

March 31, 2018

(In millions)	Risk Weight	Carrying Value ⁽¹⁾	EAD	Capital Requirement	RWA ⁽⁴⁾
Simple risk-weight approach:					
Equity investments in the 0% risk-weight category	0 %	\$ 348	\$ 348	\$ —	\$ —
Equity investments in the 20% risk-weight category	20	28	28	—	6
Community development equity exposures	100	777	777	66	824
Non-significant equity exposures	100	991	991	84	1,050
Significant exposures to financial institutions ⁽²⁾	100	—	—	—	—
Non-publicly traded equity investments	400	1	1	—	3
Total simple risk-weight approach		2,145	2,145	150	1,883
Investment funds:					
Full look-through approach		152	152	29	359
Alternative modified look-through approach		222	561	38	474
Simple modified look-through approach		561	222	89	1,118
Other ⁽³⁾		2,796	2,811	145	1,814
Total investment funds		3,731	3,746	301	3,765
Total equity investments		\$ 5,876	\$ 5,891	\$ 451	\$ 5,648

⁽¹⁾ Amounts represent the fair value of investments recorded in AFS securities, as well as investments recorded in other assets that are accounted for under either the equity method or the cost method. Refer to "Significant Accounting Policies" section in our Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

⁽²⁾ Represents equity investments in unconsolidated financial institutions considered "significant" as defined in the Basel III final rule, which are not deducted from common equity tier 1 capital and are assigned a transitional risk weight of 100% until 2017. Such risk weight was changed to 250% in 2018.

⁽³⁾ Amounts consist of our investment in BOLI and contingencies related to stable value wrap contracts. Carrying value includes adjusted notional exposure of stable value wrap contracts, which is off-balance sheet and is not recorded in our consolidated statement of condition.

⁽⁴⁾ Amounts reflect 1.06 supervisory scaling factor described in our Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017 under "Regulatory Capital Requirements."

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk encompasses fiduciary risk and legal risk. Fiduciary risk is defined as the risk that State Street fails to properly exercise its fiduciary duties in its provision of products or services to clients. Legal risk is the risk of loss resulting from failure to comply with laws and contractual obligations as well as prudent ethical standards in business practices in addition to exposure to litigation from all aspects of State Street's activities.

Operational risk is inherent in the performance of investment servicing and investment management activities on behalf of our clients. Whether it be fiduciary risk, risk associated with execution and processing or other types of operational risk, a consistent, transparent and effective operational risk framework is key to identifying, monitoring and managing operational risk.

We have established an operational risk framework that is based on three major goals:

- Strong, active governance;
- Ownership and accountability; and
- Consistency and transparency.

For more information on operational risk, see pages 51-54 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

MARKET RISK

Market risk is defined by U.S. banking regulators as the risk of loss that could result from broad market movements, such as changes in the general level of interest rates, credit spreads, foreign exchange rates or commodity prices. We are exposed to market risk in both our trading and certain of our non-trading, or asset-and-liability management, activities. For more information on market risk, see pages 54-59 in the Supplemental Public Disclosure of Basel III Regulatory Capital as of December 31, 2017.

The following tables present VaR and stressed VaR associated with our trading activities for covered positions held during the quarters ended June 30, 2018 and June 30, 2017, and as of June 30, 2018 and June 30, 2017, as measured by our VaR methodology:

Table 19: TEN-DAY VaR ASSOCIATED WITH TRADING ACTIVITIES FOR COVERED POSITIONS

(In thousands)	Quarter Ended June 30, 2018			Quarter Ended June 30, 2017			As of June 30, 2018	As of June 30, 2017
	Average	Maximum	Minimum	Average	Maximum	Minimum	VaR	VaR
Global Markets	\$ 6,396	\$ 12,946	\$ 3,607	\$ 7,759	\$ 16,160	\$ 4,590	\$ 3,851	\$ 7,577
Global Treasury	656	1,813	179	433	1,408	89	257	528
Total VaR	\$ 6,548	\$ 13,049	\$ 3,583	\$ 7,740	\$ 16,119	\$ 4,598	\$ 3,694	\$ 7,481

Table 20: TEN-DAY STRESSED VaR ASSOCIATED WITH TRADING ACTIVITIES FOR COVERED POSITION⁽¹⁾

(In thousands)	Quarter Ended June 30, 2018			Quarter Ended June 30, 2017			As of June 30, 2018	As of June 30, 2017
	Average	Maximum	Minimum	Average	Maximum	Minimum	Stressed VaR	Stressed VaR
Global Markets	\$ 38,594	\$ 54,517	\$ 21,608	\$ 26,691	\$ 44,875	\$ 14,301	\$ 26,691	\$ 15,192
Global Treasury	3,927	10,137	1,534	4,814	12,329	1,321	4,814	6,223
Total Stressed VaR	\$ 37,701	\$ 53,972	\$ 20,903	\$ 26,934	\$ 43,754	\$ 14,646	\$ 26,934	\$ 14,943

⁽¹⁾ The increase in the total stressed VaR-based measures as of June 30, 2018 compared to June 30, 2017, was mainly driven by higher interest rate risk in major and emerging market currencies as of June 30, 2018 as compared to June 30, 2017.

The following tables present the VaR and stressed-VaR associated with our trading activities attributable to foreign exchange risk, interest-rate risk and volatility risk as of June 30, 2018 and June 30, 2017. The totals of the VaR-based and stressed VaR-based measures for the three attributes in total exceeded the related total VaR and total stressed VaR presented in the foregoing tables as of each period-end, primarily due to the benefits of diversification across risk types.

Table 21: TEN-DAY VaR ASSOCIATED WITH TRADING ACTIVITIES BY RISK FACTOR⁽¹⁾

(In thousands)	As of June 30, 2018			As of June 30, 2017		
	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk
By component:						
Global Markets	\$ 2,386	\$ 3,114	\$ 467	\$ 6,167	\$ 3,042	\$ 506
Global Treasury	36	228	—	59	552	—
Total VaR	\$ 2,405	\$ 3,186	\$ 467	\$ 6,186	\$ 3,035	\$ 506

Table 22: TEN-DAY Stressed VaR ASSOCIATED WITH TRADING ACTIVITIES BY RISK FACTOR⁽¹⁾

(In thousands)	As of June 30, 2018			As of June 30, 2017		
	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk	Foreign Exchange Risk	Interest Rate Risk	Volatility Risk
By component:						
Global Markets	\$ 9,457	\$ 36,770	\$ 520	\$ 10,514	\$ 13,782	\$ 520
Global Treasury	130	3,391	—	104	6,439	—
Total Stressed VaR	\$ 9,589	\$ 35,958	\$ 520	\$ 10,570	\$ 15,036	\$ 520

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

ASSET AND LIABILITY MANAGEMENT ACTIVITIES

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

We quantify NII sensitivity using an earnings simulation model that includes our expectations for new business growth, changes in balance sheet mix and investment portfolio positioning. This measure compares our baseline view of NII over a twelve-month horizon, based on our internal forecast of interest rates, to a wide range of instantaneous and gradual rate shocks. Economic value of equity (EVE) sensitivity is a discounted cash flow model designed to estimate the fair value of assets and liabilities under a series of interest rate shocks over a long-term horizon. Each approach is routinely monitored as market conditions change and within internally-approved risk limits and guidelines.

For additional information on our Asset-and-Liability Management Activities, refer to pages 102 to 103 included under item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2017 Form 10-K.

TABLE 23: NII SENSITIVITY

(Dollars in millions)	Benefit (Exposure)	
	June 30, 2018	December 31, 2017
Rate change:		
+100 bps shock	\$ 430	\$ 435
-100 bps shock	(254)	(294)
+100 bps ramp	194	177
-100 bps ramp	(130)	(122)

We also routinely measure NII sensitivity to non-parallel rate shocks to isolate the impact of short-term or long-term market rates. In the up 100 bps instantaneous shock, approximately 80% of the expected benefit stems from the short-end of the yield curve. Additionally, we quantify how much of the change is a result of shifts in U.S. and non-U.S. rates. In the up 100 bps instantaneous shock, approximately 50% - 60% of the expected benefit is driven by U.S. rates.

The following table highlights our EVE sensitivity to a +/-200 bps instantaneous rate shock, relative to spot interest rates. Management compares the change in EVE sensitivity against State Street's aggregate tier 1 and tier 2 risk-based capital, calculated in conformity with current applicable regulatory requirements. EVE sensitivity is dependent on the timing of interest and principal cash flows. Also, the measure only evaluates the spot balance sheet and does not include the impact of new business assumptions.

TABLE 24: EVE SENSITIVITY

(Dollars in millions)	June 30, 2018	December 31, 2017
Rate change:	Benefit (Exposure)	
+200 bps shock	\$ (1,735)	\$ (1,507)
-200 bps shock	1,246	11

As of June 30, 2018, EVE sensitivity remains exposed to rising interest rates. Compared to December 31, 2017, the change in the up 200 bps instantaneous shocks was driven by higher US interest rates. The change in the down 200 bps instantaneous shock was primarily due to a modeling enhancement for negative rate currencies. The modeling enhancement allows for interest rate shocks to go below zero for certain currencies, such as Euro, where central banks have allowed negative rates. This update aligns our modeling approaches for negative rates in both EVE and NII sensitivity simulations.