

Risk Factors Comparison 2025-02-13 to 2024-02-15 Form: 10-K

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In the normal course of our business activities, we are exposed to a variety of risks. The following is a discussion of material risk factors applicable to us. Additional information about our risk management framework is included under “ Risk Management ” in Management’ s Discussion and Analysis in this Form 10- K. Additional risks beyond those described in our Management’ s Discussion and Analysis or in the following discussion may apply to our activities or operations as currently conducted, or as we may conduct them in the future, or in the markets in which **State Street Corporation | 20** we operate or may in the future operate. Strategic ~~Risks~~ **Risks** ~~We~~ **We** are subject to intense competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability. The markets in which we operate across all facets of our business are both highly competitive and global. These markets are changing as a result of financial and technological innovation and new and evolving laws and regulations applicable to financial services institutions. Market changes, macroeconomic developments and other factors cannot always be anticipated, and may adversely affect the demand for, and profitability of, the products and services that we offer. In addition, new market entrants and competitors may address or influence changes in the markets more rapidly than we do, may have materially greater resources to invest in infrastructure and product development than we do, or may provide clients with a more attractive or cost- efficient offering of products and services, adversely affecting our business. Our efforts to develop and market new products, particularly in the “ Fintech ” sector including through State Street Alpha and State Street Digital **or in attractive areas of focus such as wealth servicing and alternative investment management**, may position us in new markets with pre- existing competitors with strong market position. We have also experienced, and anticipate that we will continue to experience, significant pricing pressure in many of our core businesses, particularly our custodial and investment management services. This pricing pressure has and may continue to impact our revenue growth and operational margins and may limit the positive impact of new client demand and growth in AUC / A. Many of our businesses compete with other domestic and international banks and financial services companies, such as custody banks, investment advisors, broker / dealers, outsourcing companies, information providers, data analytics and processing companies. Further consolidation within the financial services industry could also pose challenges to us in the markets we serve, including potentially increased downward pricing pressure across our businesses. Some of our competitors, including our competitors in core services, have substantially greater capital resources than we do, are not subject to as stringent capital or other regulatory requirements as we are, or may not be as constrained as we are by these requirements due to the relative size of our balance sheet. In some of our businesses, we are service providers to significant competitors. These competitors are in some instances significant clients, and the retention of these clients involves additional risks, such as the avoidance of actual or perceived conflicts of interest and the maintenance of high levels of service quality and intra- company confidentiality. Our relationships with other businesses, including competitors, necessarily involve the sharing of confidential information, and we cannot be certain, notwithstanding the existence of confidentiality obligations on the part of those other businesses, that our information will not be used to the competitive advantage of others. The ability of a competitor to offer comparable or improved products or services at a lower price would likely negatively affect our ability to maintain or increase our profitability. Many of our core services are subject to contracts that have relatively short terms or may be terminated by our ~~State Street Corporation | 24~~ client after a short notice period. In addition, pricing pressures as a result of the activities of competitors, client pricing reviews, and rebids, as well as the introduction of new products, may result in a reduction in the prices we can charge for our products and services. We are subject to variability in our assets under custody and / or administration and assets under management, and in our financial results, due to the significant size of our relationship with many of our institutional clients, and are also subject to significant pricing pressure due to trends in the market for custodial services and the considerable market influence exerted by those clients. Our clients include institutional investors, such as mutual funds, collective investment funds, UCITS, hedge funds and other investment pools, corporate and public retirement plans, insurance companies, official institutions, foundations, endowments and investment managers. In both our asset servicing and asset management businesses, we endeavor to attract institutional investors controlling large and diverse pools of assets, as those clients typically have the opportunity to benefit from the full range of our expertise and service offerings. Due to the large pools of assets controlled by these clients, the loss or gain of one client, or even a portion of the assets controlled by one client, or a client’ s decision to in- source certain services that we provide, could have a significant effect on our AUC / A or our AUM, as applicable, in the relevant period. Loss of all or a portion of the servicing of a client’ s assets can occur for a variety of reasons. For example, as previously disclosed in early 2021, due to a decision to diversify providers, one of our large asset servicing clients is moving a significant portion of its ETF assets currently with State Street to one or more other providers. The transition began in 2022. Prior to the commencement of the transition of assets, we estimated that the financial impact of this transition represented approximately 1. 9 % of our 2021 total fee revenue. Our AUM or AUC / A are also affected by decisions by institutional owners to favor or disfavor certain investment instruments or categories. **State Street Corporation | 21** Similarly, if one or more clients change the asset class in which a significant portion of assets are invested (e. g., by shifting investments from emerging markets to the **United States U. S.**), those changes could have a significant effect on our results of operations in the relevant period, as our fee rates often change based on the type of asset classes we are servicing or managing. As our fee revenue is significantly impacted by our levels of AUC / A and AUM, changes in levels of different asset classes could have a corresponding significant effect on our results of operations in the relevant period. Large institutional clients also, by their nature, are often able to exert considerable market influence, and this, combined with strong competitive forces in the markets for our services, has resulted in, and may continue to result in,

significant pressure to reduce the fees we charge for our services in both our asset servicing and asset management lines of business. Our **historical strategy of focusing** ~~focus our efforts~~ on the segments of the market for investor services represented by very large asset managers and asset owners causes us to be particularly impacted by this industry trend. Many of these large clients are also under competitive and regulatory pressures that are driving them to manage the expenses that they and their investment products incur more aggressively, which in turn exacerbates their pressures on our fees. As a result, the servicing fees we generate from any particular client, or any specific client mandate over time, may be less than the servicing fees we expect as a result of that client or mandate at the time we win that business. Development and completion of new products and services, including State Street Alpha and those related to **wealth servicing, alternative investment management or digital assets and or incorporating** artificial intelligence, may impose costs on us, involve dependencies on third parties and may expose us to increased ~~operational, model and other~~ risks. Our financial performance depends, in part, on our ability to develop and market new and innovative services and to adopt or develop new technologies that differentiate our products, **appeal to varied market segments** or provide cost efficiencies, while avoiding increased related expenses. This dependency is exacerbated in the current “ Fintech ” environment, where financial institutions are investing significantly in evaluating new technologies, such as distributed ledger technology (e. g., blockchain and artificial intelligence), and developing potentially industry- changing products, services and standards. The introduction of new products and services can require significant time and resources, including regulatory approvals and the development and implementation of technical data management, control and model validation requirements and effective security and resiliency elements. New products and services, such as State Street Alpha and those related to **wealth servicing, alternative investment management or digital assets and or incorporating** artificial intelligence, often also involve dependencies on third parties to, among other things, access innovative technologies, develop new distribution channels or form collaborative product and service offerings, and can require complex strategic alliances and joint venture relationships. Substantial risks and uncertainties are associated with the introduction of new products and services, strategic alliances and joint ventures, including rapid technological change in the industry, our ability to access and use technical, data and other information from our clients, significant and ongoing investments required to bring new products and services to market in a timely manner at competitive prices, sharing of benefits in those relationships, conflicts with existing business partners and clients, understanding third party rights, delineating ownership **and exit** rights, protection ~~State Street Corporation~~ **25** of intellectual property and other confidential information, ~~the~~ competition for employees with the necessary expertise and experience, and **maintaining** sales and other materials that fully and accurately describe the product or service and its underlying risks and are compliant with applicable regulations. New products or services may fail to operate or perform as expected and may not be suitable for the intended client or may not produce anticipated efficiencies, savings or benefits for either the client or us. Our failure to manage these risks and uncertainties also exposes us to enhanced risk of operational lapses and third party claims, which may result in the recognition of financial statement liabilities. Regulatory and internal control requirements, capital requirements, competitive alternatives, vendor relationships and shifting market preferences may also determine if such initiatives can be brought to market in a manner that is timely and attractive to our clients. Failure to successfully manage all of the above risks in the development and implementation of new products or services, including ~~continued development of~~ State Street Alpha and those related to **wealth servicing, alternative investment management or digital assets and or incorporating** artificial intelligence, could have a material adverse effect on our business and reputation, consolidated results of operations or financial condition. Acquisitions, strategic alliances, joint ventures and divestitures pose risks for our business. We acquire complementary businesses and technologies, enter into strategic alliances and **divest portions of our business. These transactions include** joint ventures **and that we may subsequently acquire in full, change our ownership level of or** divest **entirely** portions of our business. We undertake transactions of varying sizes to, among other reasons, gain advantages of scale, expand our geographic footprint, access new clients, distribution channels, technologies or services, enhance our operating model, expand or enhance our product offerings, develop closer or more collaborative **State Street Corporation | 22** relationships with our business partners, efficiently deploy capital or leverage cost savings or other business or financial opportunities. We **may not complete these transactions following announcement or we** may not achieve the expected benefits of these transactions, which could result in increased costs, lowered revenues, ineffective deployment of capital, regulatory concerns, exit costs or diminished competitive position or reputation. Transactions of this nature also involve a number of risks and financial, accounting, tax, regulatory, strategic, **client relationship,** managerial, operational, **cybersecurity,** cultural and employment challenges, which could adversely affect our consolidated results of operations and financial condition. For example, the businesses that we acquire or our strategic alliances or joint ventures may under- perform relative to the price paid or the resources committed by us; we may not achieve anticipated revenue growth, cost savings or operational improvements or efficiencies; or we may otherwise be adversely affected by acquisition- related charges. The intellectual property of an acquired business may be an important component of the value that we agree to pay for it. However, such acquisitions are subject to the risks that the acquired business may not own the intellectual property that we believe we are acquiring, that the intellectual property is dependent on licenses from third parties, that the acquired business infringes on the intellectual property rights of others, that the technology does not have the acceptance in the marketplace that we anticipated or that the technology requires significant investment to remain competitive. Similarly, such transactions present risks to our ability to retain the acquired **clients and** talent, which may be essential to achieve our **financial and other** objectives in the acquisition. The integration of an acquired business ~~’~~ information technology infrastructure into ours has in the past and may in the future also expose us to additional ~~security~~ **cybersecurity** and resiliency risks. Further, past acquisitions have resulted in the recognition of goodwill and other significant intangible assets in our consolidated statement of condition. For example, we recorded goodwill and intangible assets of approximately \$ 2. 46 billion associated with our acquisition of CRD in 2018. These assets are not eligible for inclusion in regulatory capital under applicable requirements. In addition, we may be required to record impairment in our consolidated statement of income in future periods if we determine that the value of these assets has

declined. **Divestitures additionally present risks of client dissatisfaction or loss, loss or restricted access to intellectual property and key talent, challenges presented by the post-divestiture operating model, contractual arrangements or responsibility for contingent or other liabilities of the divested business or reduced opportunities due to the effects of non-competition or other restrictive covenants.**

Through our acquisitions or joint ventures, we may also assume unknown or undisclosed business, operational, tax, regulatory and other liabilities, fail to properly assess known contingent liabilities or assume businesses with internal control deficiencies. While in most of our transactions we seek to mitigate these risks through, among other things, due diligence, indemnification provisions or insurance, these or other risk-mitigating provisions we put in place may not be sufficient to address these liabilities and contingencies and involve credit and execution risks associated with successfully seeking recourse from a third party, such as the seller or an insurance provider. Other major financial services firms have paid significant penalties to resolve government investigations into matters conducted in significant part by acquired entities. Various regulatory approvals or consents, formal or informal, are generally required prior to closing of these transactions, which may include approvals, non-objections or regulatory exceptions from the Federal Reserve and other domestic U.S. and non-U.S. regulatory authorities. These regulatory authorities may impose conditions on the completion of the acquisition or require changes to its terms that materially affect the terms of the transaction or our ability to capture some of the opportunities presented by the transaction, or may not approve, or may take State Street Corporation | 26 substantial time to review, the transaction. Any such conditions, or any associated regulatory delays, could limit the benefits of the transaction. U.S. anti-trust and banking agencies continue to express concerns about the growth of large banking institutions, and competition authorities in many jurisdictions have increased the scrutiny and standards they apply in their review of transactions.

Acquisitions or joint ventures we announce may not be completed if we do not receive the required regulatory approvals, if regulatory approvals are significantly delayed or if other closing conditions are not satisfied. As an example, after consideration of both regulatory feedback and potential transaction modifications to address that feedback, we determined in November 2022 to no longer pursue our acquisition of the **Brown Brothers Harriman's Investor Services business announced in September 2021.**

Any failure to complete a transaction, including that of Brown Brothers Harriman's Investor Services business acquisition, announced in September 2021. Any failure to complete a transaction presents reputational, counterparty and competitive risks that could affect our business, results of operations and financial condition, potentially materially, and may also challenge our ability to enter into future transactions on terms acceptable to us. The integration and the retention and development of the benefits of our acquisitions **State Street Corporation | 23** result in risks to our business and other uncertainties. In recent years, we have undertaken acquisitions, including **our 2024 acquisition of CF Global**, our 2021 acquisition of Mercatus and our 2018 acquisition of CRD. The integration of acquisitions presents risks that differ from the risks associated with our ongoing operations. Integration activities are complicated and time consuming and can involve significant unforeseen costs. We may not be able to effectively assimilate services, technologies, key personnel or businesses of acquired companies into our business or service offerings as anticipated, and we may not achieve related revenue growth or cost savings. We also face the risk of being unable to retain, or cross-sell our products or services to, the clients of acquired companies or joint ventures and the risk of being unable to cross-sell acquired products or services to our existing clients. In particular, some clients, including significant clients, of an acquired business may have the right to transition their business to other providers on short notice for convenience, fiduciary or other reasons and may take the opportunity of the acquisition or market, commercial, relationship, service satisfaction or other developments following the acquisition to terminate, reduce or renegotiate the fees or other terms of our relationship. Any such client losses, reductions or renegotiations likely will reduce the expected benefits of the acquisition, including revenues, cross-selling opportunities and market share, cause impairment to goodwill and other intangibles or result in reputational harm, which effects could be material, and we may not have recourse against the seller of the business or the client. The risk of client loss is even greater where the client is a competitor of ours or has key strategic commercial relationships with our competitors. Acquisitions of Investment Servicing businesses entail information technology systems conversions, which involve operational risks, as well as fiduciary and other risks associated with client retention. Acquisitions of Asset Management businesses similarly involve fiduciary and similar risks associated with client retention, distribution channels and additional servicing opportunities, as well as potential cultural conflicts. Acquisitions of technology firms can involve extensive information technology integration, with associated risk of defects, security breaches and resiliency lapses and product enhancement and development activities, the costs of which can be difficult to estimate, as well as heightened cultural and compliance concerns in integrating an unregulated firm into a bank regulatory environment. Joint ventures involve all of these risks, as well as risks associated with shared control and decision-making (even in majority-owned situations), minority rights and exit rights, which can delay, challenge or foreclose execution on material opportunities or initiatives, create regulatory risks and limit divestment opportunities. With any acquisition, the integration of the operations and resources of the businesses could result in the loss of key employees, the disruption of our and the acquired company's ongoing businesses or inconsistencies in standards, controls, procedures or policies that could adversely affect our ability to maintain relationships with clients, business partners or employees, maintain regulatory compliance or achieve the anticipated benefits of the acquisition. Integration efforts may also divert management attention and resources. Competition for qualified members of our workforce is intense, and we may not be able to attract and retain the personnel we need to support our business. Our success depends, in large part, on our ability to attract and retain qualified personnel. Competition for labor in most activities in which we engage can be intense, including for both individuals identified as key talent and for other personnel. We may not be able to hire people or retain them, particularly in light of challenges associated with compensation restrictions applicable, or which may become applicable, to banks and some asset managers and that are not applicable to other financial services firms in all jurisdictions or to technology or other firms with which we compete for personnel, generally. This can be particularly constraining when competing for skill sets which are **State Street Corporation | 27** in high demand, such as technology and information security. The unexpected loss of services of personnel in business units, control functions, information technology, operations or other areas could have a

material adverse impact on our business and operations because of the loss of skills, knowledge of our markets, operations and clients, years of industry experience and, in some cases, the difficulty of promptly finding qualified replacement personnel. These adverse impacts may be exacerbated by increased costs and expenses driven by the competitive labor market in several jurisdictions in which we operate, particularly with regard to the ability to meet compensation and hybrid working expectations. In addition, the loss of personnel, either individually or as a group, could adversely affect our clients' perception of our ability to continue to manage certain types of investment management or servicing mandates to provide other services to them or to maintain a culture of innovation and proficiency. **State Street Corporation | 24** Financial Market Risks Political, geopolitical and economic conditions and developments could adversely affect us, particularly if we face increased uncertainty and unpredictability in managing our businesses. **Global financial Domestic or international** markets can suffer from substantial volatility, illiquidity, or disruption, particularly as a result of political or geopolitical events, high inflation, slowing economic growth, **uncertainty associated with changes in U. S. Presidential Administrations**, concerns related to the U. S. **trade policy**, federal debt ceiling and monetary policy uncertainty across key central banks. If such volatility, illiquidity or disruption were to result in an adverse economic environment in the United States or in international markets or result in a lack of confidence in the financial stability of major developed or emerging markets, such developments could have an adverse effect on our business, as well as the businesses of our clients and our significant counterparties, and could also increase the difficulty and unpredictability of aligning our business strategies, our infrastructure and our operating costs in light of uncertain market and economic conditions. Market disruptions can adversely affect our consolidated results of operations if the value of our AUC / A or AUM decline, while the costs of providing the related services remain constant or increase. They may also result in investor preference trends towards asset classes and markets deemed more secure, such as cash or non- emerging markets, with respect to which our fee rates are often lower. These factors could reduce the profitability of our asset- based fee revenue and could also adversely affect our transaction- based revenue, such as revenues from securities finance and foreign exchange activities, and the volume of transactions that we execute for or with our clients. Further, the degree of volatility in foreign exchange rates can affect our foreign exchange trading revenue. In general, increased currency volatility tends to increase our market risk but also increases our opportunity to generate foreign exchange revenue. Conversely, periods of lower currency volatility tend to decrease our market risk but also decrease our foreign exchange revenue. In addition, as our business grows globally and a significant percentage of our revenue is earned (and of our expenses paid) in currencies other than U. S. dollars, our exposure to foreign currency volatility could affect our levels of consolidated revenue, our consolidated expenses and our consolidated results of operations, as well as the value of our investment in our non- U. S. operations and our non- U. S. investment portfolio holdings. The extent to which changes in the strength of the U. S. dollar relative to other currencies affect our consolidated results of operations, including the degree of any offset between increases or decreases to both revenue and expenses, will depend upon the nature and scope of our operations and activities in the relevant jurisdictions during the relevant periods, which may vary from period to period. As our product offerings expand, in part as we seek to take advantage of perceived opportunities arising under various regulatory reforms and resulting market changes, the degree of our exposure to various market and credit risks will evolve, potentially resulting in greater revenue volatility. We have significant global operations, and clients, that can be adversely impacted by disruptions in key ~~global~~ economies, including local, regional and geopolitical developments affecting those economies. Economic conditions across the world face continued uncertainty due to, among other things, elevated geopolitical risks in multiple regions, including Ukraine, Israel and the Middle East, among others, an uncertain monetary policy environment, and slowing growth and heightened volatility in key emerging markets. New or continued economic deterioration may increase concerns about sovereign debt sustainability, interdependencies among financial institutions and sovereigns, and political and other risks. Continued uncertainty in the external environment has led to increased concern around the near- to medium- term outlook for economic progress in the regions in which we operate, including **the United States**, Europe, the Middle East and Asia. Given the scope of our global operations, economic or market uncertainty, volatility, illiquidity or disruption resulting from these and related factors could have a material adverse impact on our consolidated results of operations or financial condition, with a greater relative impact as compared to our peers. **State Street Corporation | 28** Our investment securities portfolio, consolidated financial condition and consolidated results of operations could be adversely affected by changes in the financial markets, governmental action or monetary policy. For example, among other risks, ~~increases~~ **changes** in prevailing interest rates or other market conditions have led, and were they to occur in the future could further lead, to ~~reduced levels of client deposits and resulting~~ decreases in our NII or to portfolio management decisions resulting in reductions in our capital or liquidity ratios. Our investment securities portfolio represented approximately ~~34~~ **30** % of our total assets as of December 31, ~~2023~~ **2024**. The gross interest income associated with our investment portfolio represented approximately ~~16~~ **17** % of our total gross revenue for the year ended December 31, ~~2023~~ **2024**, and has represented as much as 31 % of our total gross revenue in the **State Street Corporation | 25** fiscal years since 2007. As such, our consolidated financial condition and results of operations are materially exposed to the risks associated with our investment portfolio, including changes in interest rates, credit spreads, credit performance (including risk of default), **and** credit ratings, our access to liquidity ~~and~~ foreign exchange markets and mark- to- market valuations, and our ability to profitably manage changes in repayment rates of principal with respect to our portfolio securities. ~~While recent increases in interest rates are beneficial to NII, uncertain~~ **Uncertain** economic and monetary policy environments continue to drive risks for ongoing **NII** volatility. Managing reinvestment for both higher and lower rate outcomes will continue to be a challenge. **Our** ~~The extent to which the Federal Reserve engages in quantitative tightening activities, the market effects and the associated challenges in managing our investment portfolio,~~ consolidated financial condition and consolidated results of operations, including our capital ratios and share repurchase program, may differ from or be exacerbated by the effects of changes in interest rates and also may be volatile and difficult to predict, presenting even further challenges. In addition, certain regulatory liquidity standards, such as the LCR, require that we maintain minimum levels of HQLA in our investment portfolio, which generally generate lower rates

of return than other investment assets. This has resulted in increased levels of HQLA as a percentage of our investment portfolio and an associated negative impact on our NII and our NIM. As a result, we may not be able to attain our prior historical levels of NII and NIM. For additional information regarding these liquidity requirements, refer to the “Liquidity Coverage Ratio and Net Stable Funding Ratio” section of “Supervision and Regulation” in Business in this Form 10-K. We may enter into derivative transactions to hedge or manage our exposure to interest rate risk, as well as other risks, such as foreign exchange risk and credit risk. Derivative instruments that we hold for these or other purposes may not achieve their intended results and could result in unexpected losses or stresses on our liquidity or capital resources. Our investment securities portfolio represents a greater proportion of our consolidated statement of condition and our loan portfolio represents a smaller proportion (approximately 12 % of our total assets as of December 31, 2023-2024), in comparison to many other major financial institutions. In some respects, the accounting and regulatory treatment of our investment securities portfolio may be less favorable to us than a more traditional held-for-investment lending portfolio. For example, under the Basel III rule, after-tax changes in the fair value of AFS investment securities are recognized in AOCI and included in Tier 1 capital. Since loans held for investment are not subject to a fair value accounting framework, changes in the fair value of loans (other than expected credit losses) are not similarly included in the determination of Tier 1 capital under the Basel III rule. Due to this differing treatment, we may experience increased variability in our Tier 1 capital relative to other major financial institutions for which loan- and- lease portfolios represent a larger proportion of their consolidated total assets than ours. Additionally, accounting rules may constrain our ability to sell HTM securities, for example to generate liquidity in times of stress or if we are unable to monetize through repurchase agreements or use of the Federal Reserve’s discount window or other federal facilities at which we can pledge securities classified as HTM. Any decision to sell investment securities classified as HTM would likely require us to recognize all HTM securities at fair value, with any difference between amortized cost and fair value recognized in either AOCI (if transferred to AFS classification) or through earnings. Securities classified as AFS that have experienced a reduction in fair value below their amortized cost, reflect our determination, as of the relevant period end, that we did not have the intent to sell, nor was it more likely than not that we will be required to sell, any of those securities. If that determination changes in the future, we could be required to recognize a loss in earnings for the entire difference between fair value and amortized cost of those securities. Potential regulatory changes could also result in a decrease in our ability to include HQLA classified as HTM in our calculation of LCR, which could materially impact the calculation of that ratio. Additional risks associated with our investment portfolio include:

- Asset class concentration. Our investment portfolio continues to have significant concentrations in several classes of securities, including agency residential MBS, commercial MBS and other ABS, and securities with concentrated exposure to consumers. These classes and types of State Street Corporation | 29 securities experienced significant liquidity, valuation and credit quality deterioration during the financial crisis that began in mid- 2007. We also hold non- U. S. government securities, non- U. S. MBS and ABS with exposures to European countries, whose sovereign- debt markets have experienced increased stress at times since 2011 and may continue to experience stress in the future. For further information, refer to the risk factor titled “We have significant global operations and clients, that can be adversely impacted by disruptions in key global economies, including local, regional and geopolitical developments affecting those economies”. Further, we hold a portfolio of U. S. state and municipal bonds, the value of which may be affected by the budget deficits that a number of states and municipalities currently face, resulting in risks associated with this portfolio.
- Effects of market conditions. If market conditions deteriorate, our investment State Street Corporation | 26 portfolio could experience a decline in market value, whether due to a decline in liquidity or an increase in the yield required by investors to hold such securities, regardless of our credit view of our portfolio holdings. In addition, in general, deterioration in credit quality, or changes in management’s expectations regarding repayment timing or in management’s investment intent to hold securities to maturity, in each case with respect to our portfolio holdings, could result in recognition of an allowance for expected credit losses or an impairment. Similarly, if a material portion of our investment portfolio were to experience credit deterioration, our capital ratios as calculated pursuant to the Basel III rule could be adversely affected. This risk is greater with portfolios of investment securities that contain credit risk than with holdings of U. S. Treasury securities. Both AFS and HTM securities in our investment portfolio carry liquidity risk if there is lower demand for either the sale or sale under repurchase agreement of these securities.
- Effects of interest rates. Our investment portfolio is further subject to changes in both U. S. and non- U. S. (primarily in Europe) interest rates, and could be negatively affected by changes in those rates, whether or not expected. This is particularly true in the case of a quicker- than- anticipated increase- decrease in interest rates, which would negatively affect decrease market values in the near- term, or our monetary policy that results in investment portfolio reinvestment, NII and NIM, or persistently low or negative rates of interest on certain investments. The latter has been the case, for example, with respect to past ECB monetary policy, including negative interest rates in some jurisdictions, with associated negative effects on our investment portfolio reinvestment, NII and NIM. The effect on our NII has been exacerbated by the effects in recent fiscal years of the strong U. S. dollar relative to other currencies, particularly the Euro. If European interest rates remain low or decrease and the U. S. dollar strengthens relative to the Euro, the negative effects on our NII likely will continue or increase. The overall level of NII can also be impacted by the size and mix (i. e., interest bearing vs. non- interest bearing) of our deposit base, as further increases in interest rates could lead to reduced deposit levels and also lower overall NII. Further, a reduction in deposit levels could increase the requirements under the regulatory liquidity standards requiring us to invest a greater proportion of our investment portfolio holdings in HQLA that have lower yields than other investable assets. See also, “Our business activities expose us to interest rate risk” in this section. Our business activities expose us to interest rate risk. In our business activities, we assume interest rate risk by investing short- term deposits received from our clients in our investment portfolio of longer- and intermediate- term assets. Our NII and NIM, and ability to attract deposits from our clients, are affected by among other things, the levels of interest rates in global markets, changes in the relationship between short- and long- term interest rates, the direction and speed of interest rate changes and the asset and liability spreads relative to the currency and geographic mix of our interest- earning assets and interest- bearing

liabilities. These factors are influenced, among other things, by a variety of economic and market forces and expectations, including monetary policy and other activities of central banks, such as the Federal Reserve and ECB, that we do not control. Our ability to anticipate changes in these factors or to hedge the related on- and off- balance sheet exposures, and the cost of any such hedging activity, can significantly influence the success of our asset and liability management activities and the resulting level of our NII and NIM. The impact of changes in interest rates and related factors will depend on the relative duration and fixed- or floating- rate nature of our assets and liabilities. Sustained lower interest rates, a flat or inverted yield curve and narrow credit spreads generally have a constraining effect on our NII. In addition, our ability to reduce deposit rates in response to declines in prevailing interest rates and other market and related factors is limited by client relationship considerations. The impact of interest rates on our investment portfolio and consolidated financial results, including AOCI, can also affect our ability to maintain our capital ratios within our target ranges as well as the amount and timing of our future share repurchases. For example, in the first half of 2022 unrealized losses on AFS securities within AOCI, driven by the significant increase in interest rates across the yield curve, contributed to a decrease in CET1 capital. For additional information about the effects on interest rates on our business, refer to the Market Risk Management section, “ Asset and Liability Management Activities ” in our Management’s Discussion and Analysis in this Form 10- K. We assume significant credit risk to of counterparties, many of which are major financial institutions. These financial institutions and other counterparties may also have substantial financial dependencies with other financial institutions and sovereign entities. These credit exposures and concentrations could expose us to financial loss. **State Street Corporation | 30**

The financial markets are characterized by extensive interdependencies among numerous parties, including banks, central banks, broker / dealers, insurance companies and other financial institutions. These financial institutions also include collective investment funds, such as mutual funds, UCITS and hedge funds that share these interdependencies. Many financial institutions, including collective investment funds, also hold, or are exposed to, loans, sovereign debt, fixed- income securities, derivatives, counterparty and other forms of credit risk in amounts that are material to their financial condition. As a result of our own business practices and these interdependencies, we and many of our clients have concentrated counterparty exposure to other financial institutions and collective investment funds, particularly large and complex institutions, sovereign issuers, mutual funds, UCITS and hedge funds. Although we have procedures for monitoring both individual and aggregate counterparty risk, significant individual and aggregate counterparty exposure is inherent in our business, as our focus is on servicing large institutional investors. In the normal course of our business, we assume concentrated credit risk at the individual obligor, counterparty or group level. Such concentrations may be material. Our material counterparty exposures change daily, and the counterparties or groups of related counterparties to which our risk exposure is concentrated are also variable during any reported period; our largest exposures tend to be to other financial institutions. Concentration of counterparty exposure presents significant risks to us and to our clients because the failure or perceived weakness of our counterparties (or in some cases of our clients’ counterparties) has the potential to expose us to risk of financial loss. Changes in market perception of the financial strength of particular financial institutions or sovereign issuers can occur rapidly, are often based on a variety of factors and are difficult to predict. This was observed during the financial crisis that began in 2007- 2008, when economic, market, political and other factors contributed to the perception of many financial institutions and sovereign issuers as being less credit worthy. This led to credit downgrades of numerous large U. S. and non- U. S. financial institutions and several sovereign issuers (which exposure stressed the perceived creditworthiness of financial institutions, many of which invest in, accept collateral in the form of, or value other transactions based on the debt or other securities issued by sovereigns) and substantially reduced value and liquidity in the market for their credit instruments. These or other factors could again contribute to similar consequences or other market risks associated with reduced levels of liquidity. ~~Though more contained than the 2007-2008 financial crisis, Silicon Valley Bank and Signature Bank failed in early 2023.~~

As a result, we may be exposed to increased counterparty risks, either resulting from our role as principal or because of commitments we make in our capacity as agent for some of our clients. Additional areas where we experience exposure to credit risk include:

- Short- term credit: The degree of client demand for short- term credit tends to increase during periods of market turbulence, which may expose us to further counterparty- related risks. For example, investors in collective investment vehicles for which we act as a custodian may experience significant redemption activity due to adverse market or economic news. Our relationship with our clients and the nature of the settlement process for some types of payments may result in the extension of short- term credit in such circumstances. We also provide committed lines of credit to support such activity. For some types of clients, we provide credit to allow them to leverage their portfolios, which may expose us to potential loss if the client experiences investment losses or other credit difficulties.
- Industry and country risks: In addition to our exposure to financial institutions, we are from time to time exposed to concentrated credit risk at an industry or country level. This concentration risk also applies to groups of unrelated counterparties that may have similar investment strategies involving one or more particular industries, regions, or other characteristics. **State Street Corporation | 31** These unrelated counterparties may concurrently experience adverse effects to their performance, liquidity or reputation due to events or other factors affecting such investment strategies. Though potentially not material individually (relative to any one such counterparty), our credit exposures to such a group of counterparties could expose us to a single market or political event or a correlated set of events that, in the aggregate, could have a material adverse impact on our business.
- Subcustodian risks: With the exception of the United States, Canada, Germany and the United Kingdom, we maintain subcustodian relationships in all jurisdictions in which our clients invest, including emerging and other underdeveloped markets, and markets subject to sanctions. Our use of unaffiliated subcustodians exposes us to operational, reputational and regulatory risk, as we are dependent upon the subcustodians in performing several of our services to clients in those markets. Operational risk includes risks of the legal and regulatory systems and market practices of the jurisdictions in which **State Street Corporation | 28** the subcustodians operate. Our operating model exposes us to risk of unaffiliated subcustodians to a degree greater than some of our competitors who have banking operations in more jurisdictions than we do. The risks of maintaining custody services in such markets are amplified

due to evolving regulatory and sanctions requirements with respect to our financial exposures in the event those subcustodians, or we, are unable to return, transfer or reinvest clients' assets. In some regulatory regimes, such as the **European Union's** E.U.'s UCITS V directive, we are subject to requirements that we be responsible for resulting losses suffered by our clients, and we may agree to similar or more stringent standards with clients that are not subject to such regulations. In addition, to the extent we maintain currencies on our consolidated balance sheet (where the client deposit liability is with State Street and State Street, as principal, maintains cash on deposit with a subcustodian or clearing agency) or are subject to regulatory requirements to return assets placed in custody, we are also subject to the risk of credit exposure to such subcustodians and clearing agencies. Depending upon the currency and jurisdiction of the client, a significant portion of our deposit exposure in non- U. S. currencies is recognized on our consolidated balance sheet. In some jurisdictions, such as Russia, sanctions programs or government intervention inhibit our clients' and our ability to access or transfer cash or securities held for clients through subcustodians and clearing agencies. If such client deposit liabilities are on our consolidated balance sheet, we maintain a corresponding amount of cash on deposit with the subcustodian or clearing agency, which increases our credit exposure to that entity and can accumulate over time based upon distributions on, or other activities related to, our clients' assets. If the subcustodian or clearing agency were to become insolvent in circumstances not involving expropriation of assets or other circumstances that excuse performance under force majeure or other provisions, the risk of loss on such cash on deposit would be ours rather than the clients. **Currently As of December 31, 2023,** we held cash on deposit with our subcustodian and clearing agencies in Russia, which amount is expected to increase **substantially materially** over time as long as the sanctions and other restrictions remain in effect, and which currently is subject to restrictions on our ability to access such deposits. Our subcustodians are also directly affiliated with or are subsidiaries of large, global financial institutions with whom we have other credit exposures. This credit exposure to these financial institutions or subcustodians can limit the financial relationship we may have with these counterparties and has in the past made, and may in the future make, compliance with specific U. S. regulatory single counterparty credit limits (SCCL) more challenging. For additional information, see Note 1 to the consolidated financial statements in this Form 10- K. • Settlement risks: We are exposed to settlement risks, particularly in our payments and foreign exchange activities. Those activities may lead to extension of credit and consequent losses in the event of a counterparty breach or an operational error, including the failure to provide credit. Due to our membership in several industry clearing or settlement exchanges, we may be required to guarantee obligations and liabilities, or provide financial support, in the event that other members do not honor their obligations or default. Moreover, not all of our counterparty exposure is secured, and even when our exposure is secured, the realizable value of the collateral may have declined by the time we exercise our rights against that collateral. This risk may be particularly acute **State Street Corporation | 32** if we are required to sell the collateral into an illiquid or temporarily- impaired market or with respect to clients protected by sovereign immunity. We are exposed to risk of short-term credit or overdraft of our clients in connection with the process to facilitate settlement of trades and related foreign exchange activities, particularly when contractual settlement has been agreed with our clients. The occurrence of overdrafts at peak volatility could create significant credit exposure to our clients depending upon the value of such clients' collateral at the time. Our settlement- related activities and obligations are also subject to regulatory risk, including the risk of regulators globally accelerating the timeline to settlement, such as the SEC's recent rule to shorten the standard settlement cycle for securities transactions in the United States from trade date plus two business days (T 2) to trade date plus one business day (T 1) in May 2024. This rule presents the risk of non- compliance, as well as careful coordination with and dependencies on other industry participants and additional risks associated with technology development and **State Street Corporation | 29** implementation, change management and operational errors, any of which could be material in light of the magnitude and volume of our settlement- related activities and obligations. **Although we have budgeted for anticipated expenses associated with implementing the rule, due to the nature of these risks and considerations, these and risks will also be relevant in other risks and considerations, jurisdictions that may similarly change their settlement cycles can be no assurance actual costs will not exceed our expectations.** • Securities lending and repurchase agreement indemnification: On behalf of clients enrolled in our securities lending program, we lend securities to banks, broker / dealers and other institutions. In the event of a failure of the borrower to return such securities, we typically agree to indemnify our clients for the amount by which the fair market value of those securities exceeds the proceeds of the disposition of the collateral posted by the borrower in connection with such transaction. We also lend and borrow securities as principal, and in connection with those transactions receive a security interest in securities held by the borrowers in their securities portfolios and advance cash or securities as collateral to securities lenders. Borrowers are generally required to provide collateral equal to a contractually agreed percentage equal to or in excess of the fair market value of the loaned securities. As the fair market value of the loaned securities or collateral changes, additional collateral is provided by the borrower or a portion of collateral is returned to the borrower. In addition, our agency securities lending clients often purchase securities or other financial instruments from financial counterparties, including broker / dealers, under repurchase arrangements, frequently as a method of reinvesting the cash collateral they receive from lending their securities. Under these arrangements, the counterparty is obligated to repurchase these securities or financial instruments from the client at the same price (plus an agreed rate of return) at some point in the future. The value of the collateral is intended to exceed the counterparty's payment obligation, and collateral is adjusted daily to account for shortfall under, or excess over, the agreed-upon collateralization level. As with the securities lending program, we agree to indemnify our clients from any loss that would arise on a default by the counterparty under these repurchase arrangements if the proceeds from the disposition of the securities or other financial assets held as collateral are less than the amount of the repayment obligation by the client's counterparty. In such instances of counterparty default, for both securities lending and repurchase agreements, we, rather than our client, are exposed to the risks associated with collateral value. • Repurchase and resale transactions: We enter into repurchase and resale transactions in eligible securities with sponsored clients and with other FICC members and, pursuant to FICC Government Securities Division rules, submit, novate and net the transactions when specific netting criteria are met. We may sponsor clients

to clear their eligible repurchase or resale transactions with FICC, backed by our guarantee to FICC of the prompt and full payment and performance of our sponsored member clients' respective obligations. Although we obtain a security interest from our sponsored clients in the collateral that they receive, we are exposed to the associated risks, including insufficiency of the value of collateral.

- **Stable value arrangements:** We enter into stable value wrap derivative contracts with unaffiliated stable value funds that allow a stable value fund to provide book value coverage to its participants. During the 2008 financial crisis, the book value of obligations under many of these contracts exceeded the market value of the underlying portfolio **State Street Corporation | 33** holdings. Concerns regarding the portfolio of investments protected by such contracts, or regarding the investment manager overseeing such an investment option, may result in redemption demands from stable value products covered by benefit- responsive contracts at a time when the portfolio's market value is less than its book value, potentially exposing us to risk of loss.
- **Private equity subscription finance credit facilities:** We provide credit facilities to private equity funds. The portfolio consists of capital call lines of credit, the repayment of which is dependent on the receipt of capital calls from the underlying limited partner investors in the funds managed by these firms.
- **U. S. municipal obligations remarketing credit facilities:** We provide credit facilities in connection with the remarketing of U. S. municipal obligations, potentially exposing us to credit exposure to the municipalities issuing such bonds and contingent liquidity risk.
- **Leveraged loans:** We invest in leveraged loans, both in the United States and in Europe. We invest in these loans to non- investment grade borrowers through participation in loan syndications in the non- investment grade lending market. We rate **State Street Corporation | 30** these loans as " speculative " under our internal risk- rating framework, and these loans have significant exposure to credit losses relative to higher- rated loans. We are therefore at a higher risk of default with respect to these investments relative to other of our investments activities. In addition, unlike other financial institutions that may have an active role in managing individual loan compliance, our investment in these loans is generally as a passive investor with limited control. Over time, our allowance for credit losses related to these loans has increased, and may in the future further increase, through additional provisions for credit losses.
- **Commercial real estate:** We finance commercial and multi- family properties, which serve as collateral for our loans. Although collateralized, these loans may become under- secured if the value of the collateral was over- estimated or declines. Loan payments are dependent on the successful operation and management of the underlying collateral property to generate sufficient cash flow to repay the loan in a timely fashion. A material decline in real estate markets or economic conditions could negatively impact value or property performance, which could adversely impact timely loan repayment, which may result in increased provision for credit losses on loans, and actual losses, either of which would have an adverse impact on our net income. We **have** observed these effects in **2024 and some commercial real estate markets during 2023**, resulting in a commercial real estate- related **provision allowance** for credit losses on loans of **\$ 41-102 million for that period as of December 31, 2024**. Were conditions, or our evaluation of conditions, in those or other markets to worsen in **2024-2025** or subsequent years, we could experience similar or more significant effects during those periods.
- **Unavailability of netting:** We are generally not able to net exposures across counterparties that are affiliated entities and may not be able in all circumstances to net exposures to the same legal entity across multiple products. As a consequence, we may incur a loss in relation to one entity or product even though our exposure to an entity's affiliates or across product types is over- collateralized. In some cases, for example in our securities finance and foreign exchange activities, we are able to enter into netting agreements that allow us to net offsetting exposures and payment obligations against one another. In the event we become unable, due to operational constraints, actions by regulators, changes in accounting principles, law or regulation (or related interpretations) or other factors, to net some or all of our offsetting exposures and payment obligations under those agreements, we would be required to gross up our assets and liabilities on our statement of condition and our calculation of RWA, accordingly. This would result in a potentially adverse impact on our regulatory ratios, including LCR, and present increased credit, liquidity, asset -and -liability management and operational risks, some of which could be material. Under currently prevailing regulatory restrictions on credit exposure, we are required to limit our exposures to specific issuers or counterparties or groups of counterparties, including financial institutions and sovereign issuers. These credit exposure restrictions have and may further adversely affect certain of our businesses, may require that we expand our credit exposure to a broader range of issuers and counterparties, including issuers and counterparties that represent increased credit risk, may reduce or foreclose our ability to enter into advantageous transactions or ventures with particular counterparties and may require that we modify our operating models or the policies and practices we use to manage our consolidated statement of condition. The effects of these considerations may increase **State Street Corporation | 34** when evaluated under a stressed environment in stress testing, including CCAR. In addition, we are an adherent to the International Swaps and Derivatives Association 2015 Universal Resolution Stay Protocol and as such are subject to restrictions against the exercise of rights and remedies against fellow adherents, including other major financial institutions, in the event they or an affiliate of theirs enters into resolution. Although our overall business is subject to these factors, several of our activities are particularly sensitive to them including our currency trading business and our securities finance business. For a discussion of regulatory requirements applicable to our counterparty exposures, see -" Enhanced Prudential Standards " under " Supervision and Regulation " in Business in this Form 10- K. Given the limited number of strong counterparties in the current market, we are not able to mitigate all of our and our clients' counterparty credit risk. Fee revenue represents a significant majority of our consolidated revenue and is subject to decline, among other things, in the event of a reduction in, or changes to, the level or type of investment activity by our clients. We rely primarily on fee- based services to derive our revenue. This contrasts with commercial banks that may rely more heavily on interest- based sources of revenue, such as loans. During **2023-2024**, total fee revenue represented approximately **79-78%** of our total revenue. Fee revenue generated by our Investment **State Street Corporation | 31** Servicing and Investment Management businesses is augmented by foreign exchange trading services, securities finance, software and processing fees and other fee revenue. The level of these fees is influenced by several factors, including the mix and volume of our AUC / A and our AUM, the value and type of securities positions held (with respect to AUC / A) and the volume of our clients' portfolio transactions, and the types of products and

services used by our clients. Our fee revenue would be negatively affected, potentially materially, by a decline in the market value of client portfolios resulting from a broad market correction **or otherwise**, especially in equity markets. In addition, our clients include institutional investors, such as mutual funds, collective investment funds, UCITS, hedge funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers. Economic, market or other factors that reduce the level or rates of savings in or with those institutions, either through reductions in financial asset valuations or through changes in investor preferences, could materially reduce our fee revenue and have a material adverse effect on our consolidated results of operations. If we are unable to effectively manage our capital and liquidity, including by continuously attracting deposits and other short-term funding, our consolidated financial condition, including our regulatory capital ratios, our consolidated results of operations and our business prospects, could be adversely affected. Liquidity management, including on an intra-day basis, is critical to the management of our consolidated statement of condition and to our ability to service our client base. We generally use our liquidity to: • meet clients' demands for return of their deposits; • extend credit to our clients in connection with our investor services businesses; and • fund the pool of long- and intermediate-term assets that are included in the investment securities and loan portfolio carried in our consolidated statement of condition. Because the demand for credit by our clients, particularly settlement related extensions of credit, is difficult to predict and control, and may be at its peak at times of disruption in the securities markets, and because the average maturity of our investment securities and loan portfolios is longer than the contractual maturity of our client deposit base, we need to continuously attract, and are dependent on access to, various sources of short-term funding. Since the 2008 financial crisis, the level of client deposits held by us has tended to increase during times of market disruption; however, since such deposits are considered to be transitory, we have historically deposited so-called excess deposits with U. S. and non-U. S. central banks and in other highly liquid instruments. These levels of excess client deposits, when they manifest, have increased our NII but have adversely affected our NIM. There can be no assurance that client behavior in a market disruption will be similar in the future or that our level of deposit funding will not decrease. In managing our liquidity, our primary source of short-term funding is client deposits, which are predominantly transaction-based deposits by institutional investors. Our ability to continue to attract these deposits, and other short-term funding sources such as certificates of deposit, is subject to variability based on a number of factors, including volume and volatility in global financial markets, the volume of client settlement related activities, the interest rates that we are prepared to pay for these deposits, the loss or gain of one or more clients, client interest in reducing non-interest-bearing deposits, the perception of safety of these deposits or short-term obligations relative to alternative short-term investments available to our clients, including the capital markets, and the classification of certain **State Street Corporation | 35** deposits for regulatory purposes and related discussions we may have from time to time with clients regarding better balancing our clients' cash management needs with our economic and regulatory objectives. The Parent Company is a non-operating holding company and generally maintains only limited cash and other liquid resources at any time primarily to meet anticipated near-term obligations. To effectively manage our liquidity, we routinely transfer assets among affiliated entities, subsidiaries and branches. Internal or external factors, such as regulatory requirements and standards, including resolution planning and restrictions on dividend distributions, influence our liquidity management and may limit our ability to effectively transfer liquidity internally which could, among other things, restrict our ability to fund operations, dividends or stock repurchases or pay interest on debt securities or require us to seek external and potentially more costly capital and impact our liquidity position. In addition, while not obligations of ours, the investment products that we manage for third parties may be exposed to liquidity risks. These products may be funded on a short-term basis or the clients participating in these products may have a right to the return of cash or assets on limited notice. These business activities include, among others, securities finance collateral pools, money market and other short-term investment funds and liquidity facilities utilized in connection with municipal bond programs. If clients demand a return of their cash or assets, **State Street Corporation | 32** particularly on limited notice, and these investment pools do not have the liquidity to support those demands, we could be forced to sell investment securities held by these asset pools at unfavorable prices, damaging our reputation as a service provider and potentially exposing us to claims related to our management of the pools. The availability and cost of credit in short-term markets are highly dependent on the markets' perception of our liquidity and creditworthiness. Our efforts to monitor and manage our liquidity risk, including on an intra-day basis, may not be successful or sufficient to deal with dramatic or unanticipated changes in the global securities markets or other event-driven reductions in liquidity. As a result of such events, among other things, our cost of funds may increase, thereby reducing our NII, or we may need to dispose of a portion of our investment securities portfolio, which, depending on market conditions, could result in a loss from such sales of investment securities being recorded in our consolidated statement of income. Our calculations of credit, market and operational risk exposures, total RWA and capital ratios for regulatory purposes depend on data inputs, formulae, models, correlations and assumptions that are subject to change over time, which changes, in addition to our consolidated financial results, could materially impact our risk exposures, our total RWA and our capital ratios from period to period. To calculate our credit, market and operational risk exposures, our total RWA and our capital ratios for regulatory purposes, the current Basel III rule involves the use of current and historical data, including our own loss data and similar information from other industry participants, market volatility measures, interest rates and spreads, asset valuations, credit exposures and the creditworthiness of our counterparties. These calculations also involve the use of quantitative formulae, statistical models, historical correlations and significant assumptions. We refer to the data, formulae, models, correlations and assumptions, as well as our related internal processes, as our "advanced systems." While our advanced systems are generally quantitative in nature, significant components involve the exercise of judgment based on, among other factors, our and the financial services industry's evolving experience. Any of these judgments or other elements of our advanced systems may not, individually or collectively, precisely represent or calculate the scenarios, circumstances, outputs or other results for which they are designed or intended. Collectively, they represent only our estimate of associated risk. In addition, our advanced systems are subject to update and periodic revalidation in response to changes in our business activities

and our historical experiences, forces and events experienced by the market broadly or by individual financial institutions, changes in regulations and regulatory interpretations and other factors, and are also subject to continuing regulatory review and approval. For example, a significant operational loss experienced by another financial institution, even if we do not experience a related loss, could result in a material change in the output of our advanced systems and a corresponding material change in our risk exposures, our total RWA and our capital ratios compared to prior periods. An operational loss that we experience could also result in a material change in our capital requirements for operational risk under the advanced approaches, depending on the severity of the loss event, its characterization among the seven Basel- defined UOM, and the stability of the distributional approach for a particular UOM. This change in our capital requirements could be without direct correlation to the effects of the loss event or the timing of such effects on our results of operations. Due to the influence of changes in our advanced systems, whether resulting ~~State Street Corporation | 36~~ from changes in data inputs, regulation or regulatory supervision or interpretation, specific to us or more general market, or individual financial institution- specific, activities or experiences, or other updates or factors, we expect that our advanced systems and our credit, market and operational risk exposures, our total RWA and our capital ratios calculated under the Basel III 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. We may need to raise additional capital or debt in the future, which may not be available to us or may only be available on unfavorable terms. We may need to raise additional capital or debt in order to maintain our credit ratings, in response to regulatory changes, including capital rules, or for other purposes, including financing acquisitions and joint ventures and optimizing capital management. However, our ability to access the capital markets, if needed, on a timely basis or at all will depend on a number of factors, such as the state of the financial markets and securities law requirements and standards. In the event of rising interest rates, disruptions in financial markets, negative perceptions of our business or our financial strength, or other factors that would increase our cost of borrowing, we cannot be sure of our ability to raise additional capital or debt, if needed, on terms acceptable to us. Any diminished ability to raise additional capital or debt, if needed, could adversely affect our business and our ability to implement our business plan, capital plan and strategic goals, including the financing of acquisitions and joint ventures, our efforts to maintain **State Street Corporation | 33** regulatory compliance and optimize our capital management activities. Any downgrades in our credit ratings, or an actual or perceived reduction in our financial strength, could adversely affect our borrowing costs, capital costs and liquidity position and cause reputational harm. Major independent rating agencies publish credit ratings for our debt obligations based on their evaluation of a number of factors, some of which relate to our performance and other corporate developments, including financings, acquisitions and joint ventures, and some of which relate to general industry conditions. For example, ~~in-between~~ November 2023 ~~and November 2024~~, Moody's Investors Service **advised issued a notice advising** that its outlooks for State Street Bank's long- term issuer and deposit ratings, and **State Street Corporation's** senior unsecured ratings, ~~is were~~ negative. We anticipate that the rating agencies will continue to review our ratings regularly based on our consolidated results of operations and developments in our businesses, including regulatory considerations such as resolution planning. One or more of the major independent credit rating agencies have in the past downgraded, and may in the future downgrade, our credit ratings, or have negatively revised their outlook for our credit ratings. The current market and regulatory environment and our exposure to financial institutions and other counterparties, including sovereign entities, increase the risk that we may not maintain our current ratings, and we cannot provide assurance that we will continue to maintain our current credit ratings. Downgrades in our credit ratings may adversely affect our borrowing costs, our capital costs and our ability to raise capital and, in turn, our liquidity. A failure to maintain an acceptable credit rating may also preclude us from being competitive in various products. Additionally, our counterparties, as well as our clients, rely on our financial strength and stability and evaluate the risks of doing business with us. If we experience diminished financial strength or stability, actual or perceived, due to the effects of market or regulatory developments, announced or rumored business developments, consolidated results of operations, a decline in our stock price or a downgrade to our credit rating, our counterparties may be less willing to enter into transactions, secured or unsecured, with us, our clients may reduce or place limits on the level of service we provide to them or seek to transfer the business, in whole or in part, to other service providers or our prospective clients may select other service providers. Any, or all of these may have adverse effects on our business and reputation. The risk that we may be perceived as less creditworthy than other market participants is higher as a result of recent market developments, which include an environment in which the consolidation, and in some instances failure, of financial institutions, including major global financial institutions, has resulted in a smaller number of much larger counterparties and competitors. If our counterparties perceive us to be a less viable counterparty, our ability to enter into financial transactions on terms acceptable to us or our clients, on our or our clients' behalf, will be materially compromised. If our clients reduce their deposits with us or select other service providers for all or a portion of the services we provide to them, our revenues will decrease accordingly. ~~State Street Corporation | 37~~ Compliance and Regulatory Risks Our business and capital- related activities, including our ability to return capital to shareholders and repurchase our capital stock, may be adversely affected by our implementation of regulatory capital and liquidity standards that we must meet or as a result of regulatory capital stress testing. Basel III and Dodd- Frank Act We are required to calculate our risk- based capital ratios under both the Basel III advanced approaches and the Basel III standardized approach, and we are subject to the more stringent of the risk- based capital ratios calculated under the advanced approaches and those calculated under the standardized approach in the assessment of our capital adequacy. ~~In implementing various aspects of these capital regulations, we are making interpretations of the regulatory intent. The Federal Reserve may determine that we are not in compliance with the capital rules and may require us to take actions to come into compliance that could adversely affect our business operations, our regulatory capital structure, our capital ratios or our financial performance, or otherwise restrict our growth plans or strategies. In addition, banking Banking~~ regulators could change the Basel III rule or their interpretations as they apply to us, including changes to these standards or interpretations made in regulations implementing provisions of the Dodd- Frank Act, which could adversely affect us and our ability to comply with

the Basel III rule. For example, on July 27, 2023, the U. S. Agencies issued a proposed rule—the 2023 Basel III Endgame Proposal to implement the Basel III endgame agreement for large banks. The proposed rule—2023 Basel III Endgame Proposal would introduce the expanded risk- based approach, reflecting new RWA methodologies that generally align with changes to the global Basel Accord adopted by the BCBS. The 2023 Basel III Endgame proposal Proposal would, among other things, eliminate the current Basel III rule’s advanced approaches and effectively replace it with the expanded risk- based approach, which more heavily relies on standardized methodologies. As compared with the standardized approach, the proposed expanded approach includes more granular risk weights for credit risk and introduces a new market risk framework. In addition, unlike the existing standardized approach, the proposed expanded risk- based approach includes new standardized approaches for operational risk and CVA credit valuation adjustment-RWA components. State Street Corporation | 34

Based on our current understanding of the Basel III endgame proposed rule, we estimate that, if the expanded risk- based approach had been applied on a fully phased- in basis as of December 31, 2023, and in the absence of taking any actions to mitigate its impact, our expanded risk- based approach RWA as of that date would have been approximately 15% higher than our actual standardized approach RWA as of that date. Any estimate of how the expanded risk- based approach may impact us is subject to uncertainty, as actual results may differ from the anticipated results and may be materially affected by and dependent on a range of factors, including business performance, future capital actions, the results of future supervisory stress tests, and interpretations (including changes in interpretations) of, and potential modifications by the U. S. Agencies to, the proposal. For additional information on these requirements, including the 2023 Basel III Endgame Proposal and its potential re- proposal, refer to the “Regulatory Capital Adequacy and Liquidity Standards” section under “Supervision and Regulation” in Business in this Form 10- K. Along with the Basel III rule, banking regulators also introduced additional requirements, such as the SLR, LCR and NSFR, each of which presents compliance risks. For example, these regulatory requirements could have a material effect on our business activities, including the management and composition of our investment securities portfolio and our ability to extend credit through committed facilities, loans to our clients or our principal securities lending activities as the structure of our balance sheet changes. In addition, further capital and liquidity requirements are being implemented or are under consideration by U. S. and international banking regulators. Any of these rules, or any additional regulatory initiatives introduced under the current administration, could have a material effect on our capital and liquidity planning and related activities, including the management and composition of our investment securities portfolio and our ability to extend committed contingent credit facilities to our clients. The full effects of these rules, and of other regulatory initiatives related to capital or liquidity, on us and State Street Bank are subject to further regulatory guidance, action or rule- making. In implementing various aspects of these capital and liquidity regulations, we are making interpretations of the regulatory intent. The Federal Reserve may determine that we are not in compliance with their expectations regarding the capital rules or the liquidity rules and may require us to take actions to come into compliance that could adversely affect our business operations, our regulatory capital structure, our capital ratios or our financial performance, or otherwise restrict our growth plans or strategies.

Systemic Importance As a G- SIB, we are generally subject to the most stringent provisions under the Basel III rule. For example, we are subject to the Federal Reserve’s rules on the implementation of capital surcharges for U. S. G- SIBs, and on TLAC, LTD and clean holding company requirements for U. S. G- SIBs which we refer to as the “TLAC rule”. For additional information on these requirements, including proposed amendments thereof the 2023 G- SIB Surcharge Proposal, refer to the “Regulatory Capital Adequacy and Liquidity Standards” section under “Supervision and Regulation” in Business in this Form 10- K. Not all of our competitors have similarly been designated as systemically important nor are all of them subject to the same degree of regulation as a bank or financial holding company, and therefore State Street Corporation | 38

some of our competitors are not subject to the same additional capital requirements. Supervisory Stress Testing and Capital Planning We are required by the Federal Reserve to conduct periodic stress testing of our business operations and to develop an annual capital plan and are subject to supervisory stress testing, all as part of the Federal Reserve’s stress testing and capital planning processes. The stress testing and capital planning processes, the severity and other characteristics of which may evolve from year- to- year, are used by the Federal Reserve to evaluate our management of capital and the adequacy of our regulatory capital and to determine the SCB that we must maintain above our minimum regulatory capital requirements in order for us to make capital distributions and discretionary bonuses without limitation. The results of the supervisory stress testing process are difficult to predict due, among other things, to the Federal Reserve’s use of proprietary stress models that differ from our internal models. The results of the Federal Reserve’s supervisory stress tests may result in an increase in our SCB requirement. The amounts of the planned capital actions in our capital plan in any year, including stock repurchases and dividends, may be substantially reduced from the amounts included in prior capital plans. These reductions may reflect changes in one or more different factors, including our business prospects and related capital needs, our capital position, proposed acquisitions or other uses of capital, the models used in our capital planning process, the supervisory models used by the Federal Reserve to stress our balance sheet, the Federal Reserve’s hypothetical economic scenarios for the supervisory stress testing process, the Federal Reserve’s stress testing instructions and the Federal Reserve’s supervisory expectations for the capital planning process. Any of these potential events could require us, as applicable, to revise our stress- testing or capital- management approaches, resubmit our capital plan or postpone, cancel or alter our planned capital actions. In addition, changes in our business strategy, merger or acquisition activity or uses of capital could result in a change in our capital plan and its associated capital actions, and may require us to resubmit our capital plan to the Federal Reserve, which could prompt the Federal Reserve to recalculate our SCB requirement. We are also subject to asset quality reviews and stress testing by the ECB and in the future we may be subject to similar reviews and testing by other regulators. Our implementation of capital and liquidity requirements may not be approved or may be objected to by the Federal Reserve, and the Federal Reserve may impose capital requirements in excess of our expectations or require us to maintain levels of liquidity that are higher than we may expect and State Street Corporation | 35 which may adversely affect our consolidated revenues. In the event that our implementation of capital and liquidity

requirements under regulatory initiatives, or our current capital structure are is determined not to conform with current and future capital requirements, our ability to deploy capital in the operation of our business or our ability to distribute capital to shareholders or to repurchase our capital stock may be constrained, and our business may be adversely affected. In addition, we may choose to forgo business opportunities, due to their impact on our capital plan or stress tests, including our SCB requirement. Likewise, in the event that regulators in other jurisdictions in which we have banking subsidiaries determine that our capital or liquidity levels do not conform with current and future regulatory requirements, our ability to deploy capital, our levels of liquidity or our business operations in those jurisdictions may be adversely affected. For additional information about the above matters, refer to “Regulatory Capital Adequacy and Liquidity Standards” section under “Supervision and Regulation” in Business and “Capital” section under “Financial Condition” in our Management’s Discussion and Analysis in this Form 10-K. We face extensive and changing government regulation and supervision globally in **the U. S. and non- U. S.** jurisdictions in which we operate, which may increase our costs and expose us to risks related to compliance. Most of our businesses are subject to extensive regulation and supervision by multiple regulatory and supervisory bodies, and many of the clients to which we provide services are themselves subject to a broad range of regulatory requirements. These regulations may affect the scope of, and the manner and terms of delivery of, our services. ~~For example, potential changes in the regulation of money market funds have the potential to alter the marketplace for and increase the complexity and costs of providing services to those funds.~~ As a financial institution with substantial international operations, we are subject to extensive regulation and supervisory oversight, both inside and outside of the **United States U. S.** This regulation and supervisory oversight affects, among other things, the scope of our activities and client services, our capital **operational** and organizational **structure structures**, our ability to fund the operations of our subsidiaries, our lending practices, our dividend policy, our common share repurchase actions, the manner in which we market our services, our acquisition activities and our interactions with foreign regulatory agencies and officials. In particular, we are registered with the Federal Reserve as a bank holding company pursuant to the Bank Holding Company Act of 1956. The Bank Holding Company Act generally limits the activities in **State Street Corporation | 39** which we and our non-banking subsidiaries may engage to managing or controlling banks and to activities considered to be closely related to banking. As a bank holding company that has elected to be treated as a financial holding company under the Bank Holding Company Act, we and some of our non-banking subsidiaries may also engage in a broader range of activities considered to be “financial in nature.” Financial holding company status may be denied if we and our banking subsidiaries do not remain well capitalized and well managed or fail to comply with Community Reinvestment Act obligations. We are unable to predict what, if any, changes to the regulatory environment may be enacted by Congress, **or both chambers of which will have a majority from the current and next same political party, or the new** presidential administration and what the impact of any such changes will be on our results of operations or financial condition, including increased expenses or changes in the demand for our services or our ability to engage in transactions, **to expand our business or operate in non- United States jurisdictions**, or on the U. S.- domestic or global economies or financial markets. Moreover, the **current turnover of the** presidential administration **has made is expected to result in** certain changes in the leadership and senior staffs of the federal banking agencies **and may make additional changes in the future.** Such changes are likely to impact the rulemaking, supervision, examination and enforcement priorities and policies of the agencies. In addition, changes in key personnel at the agencies that regulate such banking organizations, including the federal banking agencies, may result in differing interpretations of existing rules and guidelines and potentially **different more stringent enforcement priorities and more severe penalties** than previously. The potential impact of any changes in agency personnel, policies, priorities and interpretations on the financial services sector, including us, cannot be predicted **at this time.** Furthermore, fiduciary, anti-competitive, voting power, governance, and other concerns with ESG investment strategies, **as well as corporate sustainability and diversity, equity and inclusion practices and programs,** continue to be the subject of legislative **and,** regulatory **and administrative** debate globally, particularly at the federal and state level in the United States, the outcomes of which could impact both our asset management business and the clients that we service, as well as, **potentially,** our investment servicing activities more broadly **and our corporate activities, practices and programs. Additional attention or publicity associated with our asset management business due to this debate may result in additional scrutiny of, and litigation or regulatory enforcement regarding, those or other of our asset management activities or our corporate, Investment Servicing or other activities, practices or programs.** We expect that our business will remain subject to extensive regulation and supervision. Several other aspects of the regulatory environment in which we operate, and related risks, are discussed below. **State Street Corporation | 36** Additional information is provided under “Supervision and Regulation” in Business in this Form 10-K. Resolution Planning We are required to periodically submit a plan for rapid and orderly resolution in the event of material financial distress or failure commonly referred to as a resolution plan or a living will to the Federal Reserve and the FDIC under Section 165 (d) of the Dodd- Frank Act. Through resolution planning, we seek, in the event of insolvency, to maintain State Street Bank’s role as a key infrastructure provider within the financial system, while minimizing risk to the financial system and maximizing value for the benefit of our stakeholders. Significant management attention and resources are devoted in an effort to meet regulatory expectations with respect to resolution planning. In the event of material financial distress or failure, our preferred resolution strategy is the SPOE Strategy. Our resolution plan, including our implementation of the SPOE Strategy with a secured support agreement, may result in significant risks, including that: (1) the SPOE Strategy and the obligations under the related secured support agreement may result in the recapitalization of and / or provision of liquidity to State Street Bank and our other material entities and the commencement of bankruptcy proceedings by the Parent Company at an earlier stage of financial stress than might otherwise occur without such mechanisms in place; (2) as an expected effect of the SPOE Strategy, together with applicable TLAC regulatory requirements, our losses will be imposed on Parent Company shareholders and the holders of long- term debt and other forms of TLAC securities currently outstanding or issued in the future by the Parent Company, as well as on any other Parent Company creditors, before any of our losses are imposed on the holders

of the debt securities of State Street Bank or certain of the Parent Company's other operating subsidiaries or any of their depositors or creditors and before U. S. taxpayers are put at risk; (3) there can be no assurance that there would be sufficient recapitalization resources available to ensure that State Street Bank and our other material entities are adequately capitalized following the triggering of the requirements to provide capital and / or liquidity under the secured support agreement; and (4) there can be no assurance that credit rating agencies, in response to our resolution plan or the secured support agreement, will not downgrade, place on negative watch or change their outlook on our debt credit ratings, generally or on specific debt securities. Additional information about the SPOE Strategy, including related risks, is provided under "Recovery and Resolution Planning" in Business in this Form 10-K. Systemic ImportanceOur qualification in the United States as a SIFI, and our designation by the Financial Stability Board as a G-SIB, to which certain regulatory capital surcharges may apply, subjects us to incrementally higher capital and prudential requirements, increased scrutiny of our activities and potential additional State Street Corporation | 40 regulatory requirements or heightened regulatory expectations as compared to those applicable to some of the financial institutions with which we compete as a custodian or asset manager. This qualification and designation also has significantly increased, and may continue to increase, our expenses associated with regulatory compliance, including personnel and systems, as well as implementation and related costs to enhance our programs. Global and Non- U. S. Regulatory RequirementsThe breadth of our business activities, together with the scope of our global operations and varying business practices in relevant jurisdictions, increase the complexity and costs of meeting our regulatory compliance obligations, including in areas that are receiving significant regulatory scrutiny. We are, therefore, subject to related risks of non-compliance, including fines, penalties, lawsuits, regulatory sanctions, difficulties in obtaining governmental approvals, limitations on our business activities or reputational harm, any of which may be significant. For example, the global nature of our client base requires us to comply with complex laws and regulations of multiple jurisdictions relating to economic sanctions and money laundering. In addition, we are required to comply not only with the U. S. Foreign Corrupt Practices Act, but also with the applicable anti-corruption laws of other jurisdictions in which we operate. Beyond the risks of non-compliance, these requirements potentially expose us to increased counterparty credit risk and exposures to our clients created due to complications associated with compliance, including country risk, market risk, restrictions on asset transfers and inability to access assets. Further, our global operating model requires that we comply with information security, resiliency and outsourcing oversight requirements, including with respect to affiliated entities, of multiple jurisdictions and enable our clients to comply with information security, resiliency and outsourcing oversight requirements imposed upon them. Regulatory scrutiny of compliance with these and other laws and regulations is increasing and may, in some respects, impede the implementation of our global operating model that is central to both delivery of client service requirements and cost efficiency. We sometimes face inconsistent laws and regulations across the various jurisdictions in which we operate. The evolving regulatory landscape may interfere with our ability to conduct our operations, hamper our State Street Corporation | 37 pursuit of a common global operating model or impede our ability to compete effectively with other financial institutions operating in those jurisdictions which may be subject to different regulatory requirements than apply to us. In particular, non- U. S. regulations and initiatives that may be inconsistent or conflict with current or proposed regulations in the United States U. S.-could create increased compliance and other costs that would adversely affect our business, operations or profitability. Geopolitical events also have the potential to increase the complexity and cost of regulatory compliance. In addition to U. S. regulatory initiatives, we are further affected by non- U. S. regulatory initiatives, including the implementation of the Basel prudential framework, the E. U. Digital Operational Resilience Act, Corporate Sustainability Reporting Directive and Sustainable Finance Disclosures Regulation, as well as proposals for amending the AIFM Directive and under the Capital Markets Union Action Plan. Recent, proposed or potential regulations in the United States U. S.-and European Union E. U.-with respect to the supervision of digital assets and of climate and environmental risks, short-term wholesale funding, such as repurchase agreements or securities lending, or other non-bank finance activities, could also adversely affect not only our own operations but also the operations of the clients to which we provide services. Concerns regarding the liquidity and valuation of prime money market funds and similar products, as well as potential related regulation, may adversely impact the cash management products we offer. In addition, anti-competitive, voting power, governance and other concerns with passive investment strategies continue to be the subject of legislative and regulatory debate which could significantly impact both our asset management business and the clients that we service. Consequences of Regulatory Environment and Compliance RisksDomestic and international regulatory reform could limit our ability to pursue certain business opportunities, increase our regulatory capital requirements, alter the risk profile of certain of our core activities and impose additional costs on us, otherwise adversely affect our business, our consolidated results of operations or financial condition and have other negative consequences, including, a reduction of our credit ratings. Different countries may respond to the market and economic environment in different and potentially conflicting manners, which could increase the cost of compliance for us. The evolving regulatory environment, including changes to existing regulations and the introduction of new regulations, may also contribute to decisions we may make to suspend, reduce or withdraw from existing businesses, activities, markets or initiatives. In addition to potential lost revenue associated with any such suspensions, reductions or withdrawals, any such suspensions, reductions or withdrawals may result in significant restructuring or related costs or exposures or may result in inefficiencies or increased costs due to associated changes in our operating model. State Street Corporation | 41 If we do not comply with governmental regulations, we may be subject to fines, penalties, lawsuits, delays, or difficulties in obtaining regulatory approvals or restrictions on our business activities or harm to our reputation, which may significantly and adversely affect our business operations and, in turn, our consolidated results of operations. The willingness of regulatory authorities to impose meaningful sanctions, and the level of fines and penalties imposed in connection with regulatory violations, has increased substantially since the 2008 financial crisis. Regulatory agencies may, at times, limit our ability to disclose their findings, related actions or remedial measures. Similarly, many of our clients are subject to significant regulatory requirements and retain our services in order for us to assist them in complying with those legal

requirements. Changes in these regulations can significantly affect the services that we are asked to provide, as well as our costs. Adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal, regulatory or contractual requirements could affect our ability to attract and retain clients. If we cause clients to fail to comply with any regulatory requirements, we may be liable to them for losses and expenses that they incur. In recent years, regulatory oversight and enforcement have increased substantially, imposing additional costs and increasing the potential risks associated with our operations. If this regulatory trend continues, it could continue to adversely affect our operations and, in turn, our consolidated results of operations and financial condition. For additional information, see the risk factor “ Our businesses may be adversely affected by government enforcement and litigation. ” Our businesses may be adversely affected by government enforcement and litigation. The businesses in which we operate are highly- regulated and subject to extensive external scrutiny that may be directed generally to participants in the businesses or markets in which we are involved or may be specifically directed at us, including as a result of whistleblower and qui tam claims. In the course of our business, we are frequently subject to various regulatory, governmental and law enforcement inquiries, investigative demands and subpoenas, and from time to time, our clients, or the government on its own behalf or on behalf of our **State Street Corporation | 38** clients or others, make claims and take legal action relating to, among other things, our performance of our fiduciary, contractual, **legal** or regulatory responsibilities. Often, the announcement of any such matters, or of any settlement of a claim or action, whether it involves us or others in our industry, may spur the initiation of similar claims by other clients or governmental parties. Regulatory authorities have, and are likely to continue to, initiate cross industry reviews when a **material-notable** issue is identified at a financial institution. Such inquiries involve costs and management time and may lead to proceedings relating to our own activities. Regardless of the outcome of any governmental enforcement or litigation matter, responding to such matters is time- consuming and expensive and can divert the attention of senior management **and lead to unfavorable publicity**. Governmental enforcement and litigation matters can involve claims for disgorgement, demands for substantial monetary damages, the imposition of civil or criminal penalties, and the imposition of remedial sanctions or other required changes in our business practices, any of which could result in increased expenses, loss of client demand for our products or services, or harm to our reputation. The exposure associated with any proceedings that may be threatened, commenced or filed against us could have a material adverse effect on our consolidated results of operations for the period in which we establish a reserve with respect to such potential liability or upon our reputation. In government settlements since the 2008 financial crisis, the fines imposed by authorities have increased substantially and may exceed in some cases the profit earned or harm caused by the regulatory or other breach. For example, in 2021, we paid a \$ 115 million penalty to the office of the United **Sates States** Attorney for the District of Massachusetts to resolve potential criminal claims arising from the **previously disclosed** invoicing matter. In addition, in connection with the resolution of a transition management matter, we agreed to pay a fine of £ 22. 9 million (approximately \$ 37. 8 million) to the U. K. FCA in 2014 and fines of \$ 32. 3 million to each of the **DOJ Department of Justice** and the SEC in 2017. As a further example, we paid an aggregate of \$ 575 million in 2016 to resolve a series of investigations and governmental and private claims alleging that our indirect foreign exchange rates prior to 2008 were not adequately disclosed or were otherwise improper. These matters have also resulted in regulatory focus on the manner in which we charge clients and related disclosures. This focus may lead to increased and prolonged governmental inquiries and client, qui tam and whistleblower claims associated with the amount and disclosure of compensation we receive for our products and services. Moreover, U. S. , **including federal and state,** and certain international governmental authorities have increasingly brought criminal actions against financial institutions, and criminal prosecutors have increasingly sought and obtained criminal guilty pleas, deferred prosecution agreements or other criminal sanctions from financial institutions. For example, in 2017 we entered into a deferred prosecution agreement with the U. S. Department of Justice in connection with the **State Street Corporation | 42** resolution of a transition management matter and in May 2021, we entered into a deferred prosecution agreement with the office of the **United States U. S.** Attorney for the District of Massachusetts in connection with the invoicing matter and such agreement could increase the likelihood that governmental authorities will seek criminal sanctions against us in pending proceedings or future litigation legal proceedings. Government authorities may also pursue criminal claims against current or former employees, and these matters can, among other things, involve continuing reputational harm to us. For example, four of our former employees were indicted by U. S. prosecutors on charges of criminal conspiracy in connection with their involvement in the transition management matter. Two of these individuals pled guilty, and a third was convicted in 2018. In many cases, we are required or may choose to report inappropriate or non- compliant conduct to the authorities, and our failure or delay to do so may represent an independent regulatory violation or be treated as an indication of non- cooperation with governmental authorities. Even when we promptly report a matter, we may nonetheless experience regulatory fines, liabilities to clients, harm to our reputation or other adverse effects. Moreover, our settlement or other resolution of any matter with any one or more regulators or other applicable party may not forestall other regulators or parties in the same or other jurisdictions from pursuing a claim or other action against us with respect to the same or a similar matter. For more information about current contingencies relating to legal proceedings, see Note 13 to the consolidated financial statements in this Form 10- K. The resolution of certain pending or potential legal or regulatory matters could have a material adverse effect on our consolidated results of operations for the period in which the relevant matter is resolved or an accrual is determined to be required, on our consolidated financial condition or on our reputation. In view of the inherent difficulty of predicting the outcome of legal and regulatory matters, we cannot provide assurance as to the outcome of any pending or potential matter or, if determined adversely against us, the costs associated with any such matter, particularly where the claimant seeks very large or **State Street Corporation | 39** indeterminate damages or where the matter presents novel legal theories, involves a large number of parties, involves the discretion of governmental authorities in seeking sanctions or negotiated resolution or is at a preliminary stage. We may be unable to accurately estimate our exposure to the risks of legal and regulatory contingencies when we record reserves for probable and estimable loss contingencies. As a result, any reserves we establish may not be sufficient to cover our actual

financial exposure. Similarly, our estimates of the aggregate range of reasonably possible loss for legal and regulatory contingencies are based upon then- available information and are subject to significant judgment and a variety of assumptions and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the estimate at any time. Our businesses may be adversely affected by increased and conflicting political and regulatory scrutiny of asset management, stewardship and corporate sustainability or ESG practices **in the jurisdictions in which we operate**. Our Investment Management line of business provides investment management strategies and products that may incorporate the consideration of sustainability or ESG factors into the investment process. For clients and fund investors who want an investment solution that purposefully takes into consideration sustainability or ESG factors, we offer investment funds and strategies that consider sustainability or ESG factors as a material component of the investment strategy or index methodology. Where clients have delegated to us authority to vote securities on their behalf at shareholder meetings of the public companies held in their investment portfolios, we may also take into consideration sustainability or ESG issues that we believe are relevant to the long- term performance of the companies in which our clients invest. As part of our asset stewardship program, we regularly engage with representatives of companies held in client portfolios, and these engagements may involve discussion of risks and opportunities relating to sustainability or ESG issues **affecting relevant to** these companies. We have also become members of various organizations focused on climate change and other sustainability or ESG issues. Our sustainability- or ESG- related investment management practices **and historical memberships in certain climate- oriented investor groups** have recently become the subject of significant scrutiny by regulatory agencies and government officials. Certain U. S. officials have suggested that sustainability- or ESG- related investing practices, **including memberships in certain climate- oriented investor groups**, may result in violations of law – including antitrust laws – and breaches of fiduciary duty. Views on sustainability or ESG practices, particularly those related to climate issues, have also become political issues, which can amplify the reputational risks associated with such allegations. Overall expectations of our stakeholders, including regulators and clients, outside the United States, particularly in Europe, concerning sustainability or ESG issues can be markedly different from expectations in the United States. Given we conduct our asset stewardship activities on a global basis, conflicting U. S. and non- U. S. global expectations complicate our ability to mitigate the risks. We have ~~State Street Corporation | 43~~ received information requests from various government entities in connection with their investigations of sustainability or ESG investing practices **and memberships in certain climate- oriented investor groups**. We are, therefore, subject to related risks of non- compliance with relevant legal requirements, including fines, penalties, lawsuits, regulatory sanctions, difficulties in obtaining governmental approvals, limitations on our business activities or reputational harm, any of which may be significant. We also face potential risks presented by ~~recently adopted~~ **the adoption of proposed rules currently under consideration by the SEC rules**, which would impose new disclosure requirements and naming conventions for ~~sustainability- or ESG- related funds and other sustainability-~~ **new disclosure requirements for SEC- registered investment advisors or ESG- related disclosure obligations on public companies more generally**. Regulations in other jurisdictions could have similar effects or present conflicting or inconsistent regulatory obligations across jurisdictions. We also face potential risks associated with the enactment of various state laws aimed at sustainability- or ESG- related investing practices and proxy voting. Governmental enforcement action could also spark civil litigation claims by clients and fund shareholders asserting violations of law, fiduciary duties and contractual obligations. Regardless of the outcome of any governmental enforcement or litigation matter, responding to such matters is time- consuming and expensive and can divert the attention of senior management. In Europe, we are subject to potential fines and other regulatory consequences if regulators conclude we are not managing or reducing climate risk consistent with their expectations, not only in our own operations, but also through the vendors we use and, potentially, the clients we service. State law and / or political pressure may also prevent governmental clients from using service providers, such as us, either as asset manager or investment servicer, if the legislators or governmental officials in such jurisdictions believe our sustainability- or ESG- related practices are not consistent with requirements under state law or the views of such legislators or officials. Adverse publicity and damage to our reputation arising from the failure or perceived failure to comply with legal, regulatory or contractual requirements **State Street Corporation | 40** could affect our ability to attract and retain clients. Moreover, aside from any governmental enforcement or litigation activity, public criticism levelled at sustainability or ESG investing practices, **including memberships in certain climate- oriented investor groups**, could result in reduced investor demand for sustainability- or ESG- related products, which could in turn negatively effect our assets under management and resulting fee revenues. As a general matter, large index fund providers, such as State Street Global Advisors, have been and are expected to continue to be subject to legislative and regulatory proposals, **litigation** or investigations from both sides of the political spectrum due to a perception that they exert inappropriate influence over publicly traded companies. For additional information, see the risk factor “ Our businesses may be adversely affected by government enforcement and litigation. ” Any theft, loss, damage to or other misappropriation or inadvertent disclosure of, or inappropriate access to, the confidential information we possess could have an adverse impact on our business and could subject us to regulatory actions, litigation and other adverse effects. Our businesses and relationships with clients are dependent on our ability to maintain the confidentiality of our and our clients’ ~~trade secrets and other confidential information (including client transactional and holdings data and personal data about our clients, our clients’ clients and our employees)~~. **Although we are not aware of any material incidents to date, Unauthorized- unauthorized access, or failure of our controls with respect to granting access to our systems, or failure of our other data loss prevention controls, have in the past occurred and** may in the future occur, resulting in theft, loss, damage to or other misappropriation of such information. Our personnel or our vendors have in the past and may in the future, inadvertently or deliberately, disclose client or other confidential information **and -In addition-** our systems or systems of our vendors have in the past or may in the future be inadvertently or deliberately exploited resulting in disclosure of client or other confidential information. Any theft, loss, damage to other misappropriation or inadvertent disclosure of confidential information could have a material adverse impact on our competitive position, our

relationships with our clients and our reputation and could subject us to regulatory inquiries, enforcement and fines, civil litigation and possible financial liability or costs. To the extent any of these events involve personal information, the risks of enhanced regulatory scrutiny and the potential financial liabilities are exacerbated, particularly under data protection regulations such as the GDPR. Changes in accounting standards may adversely affect our consolidated financial statements. New accounting standards, or changes to existing accounting standards, resulting both from initiatives of the FASB as well as changes in the interpretation of existing accounting standards potentially could affect our consolidated results of operations, cash flows and financial condition. These changes can materially affect how we record and report our consolidated results of operations, cash flows, financial condition and other financial information. In some cases, we could elect, or be required, to apply a new or revised standard retroactively, resulting in the revised treatment of certain transactions or activities, and, in some cases, the revision of our consolidated financial statements ~~State Street Corporation | 44~~ for prior periods. For additional information regarding changes in accounting standards, refer to the “Recent Accounting Developments” section of Note 1 to the consolidated financial statements in this Form 10-K. Changes in tax laws, rules or regulations, challenges to our tax positions with respect to historical transactions, and changes in the composition of our pre-tax earnings may increase our effective tax rate and thus adversely affect our consolidated financial statements. Our businesses can be directly or indirectly affected by new tax legislation, the expiration of existing tax laws or the interpretation of existing tax laws worldwide. The U. S. federal and state governments, including Massachusetts, and jurisdictions around the world continue to review and enact proposals to amend tax laws, rules and regulations, including those related to corporate and global minimum taxes, applicable to our businesses that could have a negative impact on our capital or after-tax earnings. In the normal course of our business, we are subject to review by U. S. and non-U. S. tax authorities. A review by any such authority could result in an increase in our recorded tax liability. In addition to the aforementioned risks, our effective tax rate is dependent on the nature and geographic composition of our pre-tax earnings and could be negatively affected by changes in these factors. We could face liabilities for withholding and other non-income taxes as a result of tax authority examinations. In addition to income tax, we are at present, and in the future will be, under audit or other examination, and litigation or other dispute resolution proceedings, with U. S. and non-U. S. tax authorities regarding non-income-based tax matters. Our interpretations or application of tax laws and regulations, including with respect to withholding, transfer, wage, sales, use, stamp, value added, service and other non-income taxes, could differ from that of the relevant governmental taxing authority, or we may experience **State Street Corporation | 41** timing or other compliance deficiencies in connection with our efforts to comply with applicable tax laws and regulations, which could result in the requirement to pay additional taxes, penalties and / or interest, which could be material. Our tax exposure may also be impacted by tax positions taken by our clients and counterparties. Our businesses may be negatively affected by adverse publicity or other reputational harm. Our relationship with many of our clients is predicated on our reputation as a fiduciary and a service provider that adheres to the highest standards of ethics, service quality and regulatory compliance, as well as a leading provider of the products and services we offer. Adverse publicity, regulatory actions or fines, litigation, operational failures, loss of client opportunities or market share ~~or~~, the failure to meet client expectations or fiduciary or other obligations **or poor financial performance** could materially and adversely affect our reputation, our ability to attract and retain clients or key employees or our sources of funding for the same or other businesses. For example, over the past decade we have experienced adverse publicity with respect to our indirect foreign exchange trading, and this adverse publicity has contributed to a shift of client volume to other foreign exchange execution methods. Similarly, governmental actions and reputational issues in our transition management business in the **United Kingdom U.K.** have adversely affected our transition management revenue and, with criminal convictions or guilty pleas of three of our former employees in 2018 and the deferred prosecution agreement we entered into in early 2017 and the related SEC settlement, these effects have the potential to continue. The client invoicing matter we announced in late 2015, and the related deferred prosecution agreement entered into in May 2021, have had similar effects. For additional information about these matters, see the risk factor “Our businesses may be adversely affected by government enforcement and litigation.” Preserving and enhancing our reputation also depends on maintaining systems, procedures and controls that address known risks, regulatory standards and client expectations, as well as our ability to timely identify, understand and mitigate additional risks that arise due to changes in our businesses and the marketplaces in which we operate, the regulatory environment and client business practices. Operational, **Cyber** and Technology **RisksAny RisksOur business may be negatively affected by.....** use of lower cost jurisdictions. **Any** failures of or damage to, attack on or unauthorized access to our information technology systems or facilities or disruptions to our continuous operations, including the systems, facilities or operations of third parties with which we do business, such as resulting from cyber-attacks, could result in significant costs and reputational damage and impact our ability to conduct our business activities. Our businesses depend on information technology infrastructure, both internal and external, to, among other things, record and process a large volume of increasingly complex transactions and other data, in many currencies, on a daily basis, across numerous and diverse markets and jurisdictions and to maintain that data securely. In recent years, several financial services firms have suffered successful cyber-attacks launched both domestically and from abroad, resulting in the disruption of services to clients, loss or misappropriation of sensitive or private data and reputational harm. We also have been the target of certain cyber-attacks, and although we have not to our knowledge suffered a material breach or suspension of our systems, it is possible that we could suffer such a breach or suspension in the future or that we may be unaware of a prior attack. Cyber-threats are sophisticated and continually evolving. We may not implement effective systems and other measures to effectively identify, detect, prevent, mitigate, recover from or remediate all potential cyber-threats or improve and adapt such systems and measures as such threats evolve and advance. A failure to protect the technology infrastructure, systems and information of ~~us-ours~~, our clients ~~and-or~~ others against cybersecurity threats, could result in the theft, loss, unauthorized access to, disclosure, misuse or alteration of information, system failures or outages or loss of access to information. The expectations of our clients and regulators with respect to the resiliency of our systems and the adequacy of our control environment with respect to such systems has and is

expected to increase as the risk of cyber- attacks, which is presently elevated due to the current geopolitical environment and global human capital footprint at State Street, and the consequences of those attacks become more pronounced. We may not be successful in meeting those expectations or in our efforts to identify, detect, prevent, mitigate and respond to such cyber- attacks or for our systems to recover in a manner that does not disrupt our ability to provide services to our clients. The failure to maintain an adequate technology infrastructure and applications with effective cybersecurity controls could impact operations, adversely affect our financial results, result in loss of business, damage our reputation or impact our ability to comply with **State Street Corporation | 42** regulatory obligations, leading to regulatory fines and sanctions. We may be required to expend significant additional resources to investigate or remediate vulnerabilities or other exposures arising from cybersecurity threats. Our networks, technology systems, facilities and information have suffered and in the future may suffer disruptions or otherwise fail to operate properly or become disabled, overloaded or damaged as a result of a number of factors, including events that are wholly or partially beyond our control, which can adversely affect our ability to process transactions, provide services, maintain systems availability, maintain information security, comply with internal controls or regulations or otherwise appropriately conduct our business activities. For example, in addition to cyber- attacks, there could be sudden increases in transaction or data volumes, electrical or telecommunications outages, natural disasters, or employee or contractor error or malfeasance. Third parties may also attempt to place individuals within State Street or fraudulently induce employees, vendors, clients or other users of our systems to disclose sensitive information in order to gain access to our systems or data or that of our clients or other parties. Any such disruptions or failures may require us, among other things, to reconstruct lost data (which may not be possible), reimburse our clients ¹² costs associated with such disruption or failure, result in loss of client business or damage our information technology infrastructure or those of our clients or other parties. While we have not in the past suffered material harm or adverse effects from such disruptions or failures, we may not successfully prevent, respond to or recover from such disruptions or failures in the future, and any such disruption or failure could adversely impact our ability to conduct our businesses, damage our reputation and cause losses, potentially materially. The third parties with which we do business, which facilitate our business activities, to whom we outsource operations or other activities, from whom we receive products or services or with whom we otherwise engage or interact, including financial intermediaries and technology infrastructure and service providers, are also susceptible to the foregoing risks (including the third parties with which they are similarly interconnected or on which they otherwise rely), and our or their business operations and activities have been and may in the future be adversely affected, perhaps materially, by failures, terminations, errors or malfeasance by, or attacks or constraints on, one or more financial, technology, infrastructure or government institutions or intermediaries with whom we or they are interconnected or conduct business. ~~State Street Corporation | 48~~ In particular, we, like other financial services firms, will continue to face increasing cyber- threats, including computer viruses, malicious code, distributed denial of service attacks, phishing attacks, ransomware, hacker attacks, limited availability of services, unauthorized access, information security breaches or employee or contractor error or malfeasance that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our, our clients ¹² or other parties ¹² confidential, personal, proprietary or other information or otherwise disrupt, compromise or damage our or our clients ¹² or other parties ¹² business assets, operations and activities. These and similar types of threats are occurring globally with greater frequency and intensity, and we may not anticipate or implement effective preventative measures against, or identify and detect one or more, such threats, particularly because the techniques used change frequently or may not be recognized until after they are launched. Our status as a G- SIB likely increases the risk that we are the target of such cyber- attacks. In addition, some of our service offerings, such as data warehousing, may also increase the risk that we are, and the consequences of being, targeted. We may be required to expend significant additional resources to investigate or remediate vulnerabilities or other exposures arising from cybersecurity threats. We therefore could experience significant related costs and legal and financial exposures, including lost or constrained ability to provide our services or maintain systems availability for clients, regulatory inquiries, enforcements, actions and fines, litigation, damage to our reputation or property and enhanced competition. Due to our dependence on technology and the important role it plays in our business operations, we are attempting to improve and update our information technology infrastructure, among other things: (1) as some of our systems are approaching the end of their useful life, are redundant or do not share data without reconciliation; (2) to be more efficient, meet increasing client and regulatory security, resiliency and other expectations and support opportunities of growth; and (3) to enhance resiliency and maintain business continuity. Updating these systems involves material costs and often involves implementation, integration and security risks, including risks that we may not adequately anticipate the market or technological trends, regulatory expectations or client needs or experience unexpected challenges that could cause financial, reputational and operational harm. Failing to properly respond to and invest in changes and advancements in technology can limit our ability to attract and retain clients, prevent us from offering similar products and services as those offered by our competitors, impair our ability to maintain continuous operations, inhibit our ability to meet regulatory requirements and subject us to regulatory inquiries, the result of which could be **State Street Corporation | 43** significant costs or limitations on our business activities. **RisksOur business may be negatively affected by our failure to update and maintain our** technology infrastructure. In order to maintain and grow our business, we must make strategic decisions about our current and future business plans and effectively execute upon those plans. Strategic initiatives that we are currently developing or executing against include cost initiatives, enhancements and efficiencies to our operational processes, improvements to existing and new service offerings and enhancements to existing and development of new information technology and other systems. Implementing strategic programs and creating cost efficiencies involves certain strategic, technological, operational and regulatory risks. Many features of our present initiatives include investment in systems integration and new technologies and also the development of new, and the evolution of existing, methods and tools to accelerate the pace of innovation, the introduction of new services and enhancements to the resiliency of our systems and operations. These initiatives also may fail to meet **State Street Corporation | 45** increasing regulatory and client expectations, may take longer than anticipated to implement

and may result in increases in operating losses, inadvertent data disclosures or other operating errors. Further, savings achieved as a result of operational, systems or other business process or organizational initiatives may not persist for the anticipated periods. We may not have sufficient resources to complete all of the systems development or projects that might enhance our product capabilities, resiliency of our operations or cost initiatives and, consequently, management makes judgments as to the priority to give to competing initiatives. In implementing these programs, we have material dependencies on third parties with contractual limits on their responsibilities to us. The transition to new operating processes and ~~cybersecurity or~~ technology infrastructure may also cause disruptions in our relationships with clients and employees or loss of institutional understanding and may present other unanticipated technical or operational hurdles. In addition, the relocation to or expansion of servicing activities and other operations in different geographic regions or vendors may entail client, regulatory and other third party data use, storage and security challenges, as well as other regulatory compliance, business continuity and other considerations. As a result, we may not achieve some or all of the anticipated cost savings, process improvement, compliance or other benefits and may experience unanticipated challenges from clients, regulators or other parties or reputational harm. Further, some new products and services may quickly be superseded in the marketplace, after significant investment by us, by more effective innovative technologies or solutions to which we may not have access. In addition, some systems development initiatives may not have access to significant resources or management attention and, consequently, may be delayed or unsuccessful. Many of our systems require enhancements to meet the requirements of evolving regulation and marketplace demands, to enhance security and resiliency and decommission obsolete technologies, to permit us to optimize our use of capital or to reduce the risk of operating error. In addition, the implementation of ~~complex products and services, such as State Street Alpha, State Street wealth servicing, digital~~ **Digital** asset servicing or incorporating **and products and services involving** artificial intelligence requires substantial systems development and expense. We may not have the resources to pursue all of these objectives simultaneously. Our risk management framework, models and processes may not be effective in identifying or mitigating risk and reducing the potential for related losses, and a failure or circumvention of our controls and procedures, or errors or delays in our operational and transaction processing, or those of third parties, could have an adverse effect on our business, financial condition, operating results and reputation. We have in the past failed and may in the future fail to identify and manage risks related to a variety of aspects of our business, including ~~cybersecurity operational risk and resiliency~~, information technology risk, ~~cybersecurity operational risk and resiliency~~, interest rate risk, foreign exchange risk, fiduciary risk, legal and compliance risk, liquidity risk and credit risk. We have adopted various risk frameworks, controls, procedures, policies and systems to monitor and manage risk. We cannot provide assurance that those frameworks, controls, procedures, policies and systems are or will be adequate to identify and mitigate internal and external risks, including risks related to third-party service providers, in our various businesses and corporate functions. The risk of individuals, either employees or contractors, engaging in conduct harmful or misleading to clients or to us, such as consciously circumventing established control mechanisms, for example to exceed trading or investment management limitations, commit fraud or improperly sell products or services to clients, is particularly challenging to manage through a risk framework, controls or other measures. In addition, we are subject to increasing resiliency risk and client and regulatory expectations, requiring continuous reinvestment, enhancement and improvement in and of our information technology and operational infrastructure, controls and personnel which may not be effectively or timely deployed or integrated. Moreover, the financial and reputational impact of control or conduct failures can be significant. ~~Transitions to new or evolving operational systems or State Street Corporation | 44 processes or to new technologies, and the introduction of new products and services client types or jurisdictions, can exacerbate these risks.~~ Persistent or repeated issues with respect to controls, information technology and **operational** resiliency or individual conduct have raised and may in the future raise concerns among regulators regarding our culture, governance and control environment. There can be no assurance that our efforts to address such risks will be effective. While we seek to effectively manage ~~operational risks~~ **risk** and their adverse impacts to our business, financial condition, operating results and reputation, the degree of protection that we are able to achieve varies, and our potential exposure may be greater than the revenue we anticipate that we will earn from servicing our clients. In addition, our businesses and the markets in which we operate are continuously evolving. We will need to make additional investments to develop an appropriate operational infrastructure and to enhance our **compliance and** risk management frameworks and capabilities to support our businesses through their evolution, which may increase the operating expenses of such businesses. Moreover, we may fail to identify or fully understand the implications of changes in our businesses or the financial markets and fail to adequately or timely enhance our risk framework to address those changes. To the extent that our risk framework is ineffective, either because it fails to keep pace with changes in the financial **State Street Corporation | 46** markets, regulatory or industry requirements, technology and cybersecurity developments, our businesses, our counterparties, clients or service providers or for other reasons, we could incur losses, suffer reputational damage or find ourselves out of compliance with applicable regulatory or contractual mandates or expectations, and subject to regulatory inquiry or action against us. Operational risk is inherent in all of our business activities. As a leading provider of services to institutional investors, we provide a broad array of services that expose us to operational risk and potential loss resulting from inadequate or failed internal processes, employee supervision or monitoring mechanisms, service-provider processes or other systems or controls, which could materially affect our future consolidated results of operations. In addition, these services generate a broad array of complex and specialized servicing, confidentiality and fiduciary requirements, many of which involve the opportunity for human, systems or process errors. We face the risk that the policies, procedures and controls we have established to, among other things, manage operational, ~~cyber, and~~ technology **and information security** risks, will fail or be inadequate, in whole or in part, to mitigate risk and may become outdated. Additionally, several of our processes for specific clients, often large clients with a high volume and large magnitude of transactions and activities, are bespoke and require additional attention, oversight and controls which involve an enhanced risk of episodic or continued failure as well as additional costs. Given the volume and magnitude of transactions we process on a daily basis, ~~and our overall AUA and AUM~~, operational losses represent a

potentially significant financial risk for our business. Operational errors that result in us remitting funds to a failing or bankrupt entity may be irreversible, and may subject us to losses. In addition to the financial losses associated with operational errors, these errors present the risk of client dissatisfaction and loss and reputational risk. We may also be subject to disruptions from external events that are wholly or partially beyond our control, which could cause delays or disruptions to operational functions, including information processing and financial market settlement functions. In addition, our clients, vendors and counterparties could suffer from such events. Should these events affect us, or the clients, vendors or counterparties with which we conduct business, our consolidated results of operations could be negatively affected. When we record balance sheet accruals for probable and estimable loss contingencies related to operational losses, we may be unable to accurately estimate our potential exposure, and any accruals we establish to cover operational losses may not be sufficient to cover our actual financial exposure, which could have a material adverse effect on our consolidated results of operations. Outsourcing of work to global hub locations may expose us to increased operational risk and reputational harm and may not result in expected cost savings. We manage our operations and expenses across a global model, which may include migrating certain business processes and business support functions to emerging market-based geographic hub locations, such as India, Poland and China, and by outsourcing to vendors and joint ventures in various jurisdictions. This effort, which includes our recent consolidation of our joint ventures in India, exposes us to the risk that we may not effectively transition the relevant processes and activities, and that we may not maintain service quality, control and effective management or business resiliency within these operations during and after transitions. These migrations also involve risks that our outsourcing vendors or joint ventures may not comply with their servicing and other contractual obligations to us, including with respect to indemnification and information security, and to the risk that we may not satisfy applicable regulatory responsibilities regarding the management and oversight of outsourcing providers, joint ventures and other third parties. Our geographic footprint also exposes us to the relevant macroeconomic, political, legal and similar risks generally involved in doing business in the jurisdictions in which we establish lower-cost State Street Corporation | 45 locations or joint ventures or in which our outsourcing vendors locate their operations, particularly in locations where we have a concentration of our operational activities, such as India, Poland and China. The increased elements of risk that arise from certain operating processes being conducted in some jurisdictions could lead to an increase in reputational risk. Given changes in client perception of geopolitical risk, clients may question or object to some or many of our services for them being conducted in particular jurisdictions. During periods of transition of operations, either directly or via changes in ownership, greater operational risk and client concerns exist with respect to maintaining a high level of service delivery and business continuity. The extent and pace at which we are able to move functions to lower-cost locations, joint ventures and outsourcing providers may also be affected by political, regulatory and client acceptance issues, including with respect to data use, storage and security. Such relocation or outsourcing of functions also entails costs, such as technology, real estate and restructuring expenses, which may offset or exceed the expected financial benefits of the relocation or outsourcing. In addition, the financial benefits of lower-cost locations and of

outsourcing may diminish over time or could be offset in the event that the United States or other jurisdictions impose tax, trade barrier or other State Street Corporation | 47 measures which seek to discourage the use of lower cost jurisdictions. Any

Long-term contracts expose us to increased operational risk, pricing and performance risk. We frequently enter into long-term client servicing contracts in our Investment Servicing business, including with respect to our State Street Alpha services. These include outsourcing and other core services contracts and can involve information technology development. These arrangements generally set forth our fee schedule for the term of the contract and, absent a change in service requirements, do not permit us to re-price the contract for changes in our costs or for market pricing. The long-term contracts for these relationships require, in some cases, considerable up-front investment by us, including technology and conversion costs, and carry the risk that pricing for the products and services we provide might not prove adequate to generate expected operating margins over the term of the contracts. The profitability of these contracts is largely a function of our ability to accurately calculate pricing for our services, efficiently assume our contractual responsibilities in a timely manner, control our costs and maintain the relationship with the client for an adequate period of time to recover our up-front investment. Our estimate of the profitability of these arrangements can be adversely affected by declines in or inaccurate projections of the assets under the clients' management, whether due to general declines in the securities markets or client-specific issues. In addition, the profitability of these arrangements may be based on our ability to cross-sell additional services to these clients, and we may be unable to do so. In addition, such contracts may permit early termination or reduction in services in the event that certain service levels are not met, which termination or service reduction may result in loss of upfront investment in onboarding the client. Performance risk exists in each contract, given our dependence on successful conversion and implementation onto our own operating platforms of the service activities provided. Our failure to meet specified service levels or implementation timelines may also adversely affect our revenue from such arrangements, or permit early termination of the contracts by the client. If the demand for these types of services were to decline, we could see our revenue decline. We may not be able to..... operate or market our products and services. The quantitative models we use to manage our business may contain errors that result in inadequate risk assessments, inaccurate valuations or poor business and risk management decisions, and lapses in disclosure controls and procedures or internal control over financial reporting could occur, any of which could result in material harm. We use quantitative models to help manage many different aspects of our businesses. As inputs to our overall assessment of capital adequacy, outputs of models are used to measure the amount of credit risk, market risk and operational risk we face. We also use models for interest rate risk management and liquidity planning. During the preparation of our consolidated financial statements, we sometimes use models to measure the value of asset and liability positions for which reliable market prices are not available. We also use models to support many different types of business decisions including trading activities, investment, credit underwriting, hedging, asset—and—liability management and whether to change business strategy. We also use artificial intelligence, generative artificial intelligence and machine learning models to automate or enhance certain business processes. Weaknesses in the underlying model including input data, assumptions, parameters, or implementation, as

well as inappropriate model use, could result in unanticipated and adverse consequences, including material loss and material non-compliance with regulatory requirements or expectations. Because of our widespread usage of models, potential weaknesses in our **Model model Risk risk Management management** practices pose an ongoing risk to us. We also use quantitative models in our risk measurement and may fail to accurately quantify the magnitude of the risks we face. Our measurement methodologies rely on many assumptions and **State Street Corporation | 46** historical analyses and correlations. These assumptions may be incorrect, and the historical correlations on which we rely may not continue to be relevant. Consequently, the measurements that we make for regulatory purposes may not adequately capture or express the true risk profiles of our businesses. Moreover, as businesses and markets evolve, our measurements may not accurately reflect this evolution. While our risk measures may indicate sufficient capitalization, they may underestimate the level of capital necessary to conduct our businesses. Additionally, our disclosure controls and procedures may not be effective in every circumstance, and, similarly, it is possible we may identify a material weakness or significant deficiency in internal control over financial reporting. Any such lapses or deficiencies may materially and adversely affect our business and consolidated results of operations or consolidated financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the lapses or deficiencies, expose us to regulatory or legal proceedings, subject us to fines, penalties or judgments or harm our reputation. We may not be able to protect our intellectual property, and we are subject to claims of third-party intellectual property rights. Our potential inability to protect our intellectual property and proprietary technology effectively may allow competitors to duplicate our technology and **State Street Corporation | 49** products and may adversely affect our ability to compete with them. To the extent that we do not protect our intellectual property effectively through patents, maintaining trade secrets or other means in all of the jurisdictions in which we operate or market our products and services, other parties, including former employees, with knowledge of our intellectual property may seek to exploit our intellectual property for their own or others' advantage. In addition, we may infringe on claims of third-party patents, and we may face intellectual property challenges from other parties, including clients or service providers with whom we may engage in the development or implementation of other products, services or solutions or to whose information we may have access for limited permitted purposes but with whom we also compete. The risk of such infringement is enhanced in the current competitive "Fintech" environment, particularly with respect to our development of new products and services containing significant technology elements and dependencies, any of which could become the subject of an infringement claim. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. Third-party intellectual rights, valid or not, may also impede our deployment of the full scope of our products and service capabilities in all jurisdictions in which we operate or **market our products and services**. Our reputation and business prospects may be damaged if investors in the collective investment pools we sponsor or manage incur substantial losses in these investment pools or are restricted in redeeming their interests in these investment pools. We manage assets on behalf of clients in several forms, including in collective investment pools, money market funds, securities finance collateral pools, cash collateral and other cash products and short-term investment funds. Our management of collective investment pools exposes us to reputational risk and operational losses. If investors incur substantial investment losses in these pools, receive redemptions as in-kind distributions rather than in cash, or experience significant under-performance relative to the market or our competitors' products, our reputation could be significantly harmed, which harm could significantly and adversely affect the prospects of our associated business units. Because we often implement investment and operational decisions and actions over multiple **State Street Corporation | 50** investment pools to achieve scale, we face the risk that losses, even small losses, may have a significant effect in the aggregate. Within our Investment Management business, we manage investment pools, such as mutual funds exchange traded funds and collective investment funds, that generally offer investors the ability to redeem their investments on relatively short notice, in many cases daily. This feature requires that we manage those pools in a manner that takes into account both maximizing the long-term return on the investment pool and retaining sufficient liquidity to meet reasonably anticipated liquidity requirements of investors in such investment pools and regulatory requirements. The importance of maintaining liquidity varies by product type, but it is a particularly important feature in certain money market funds and other products designed to maintain a constant net asset value of \$ 1.00. In the past, we have imposed restrictions on cash redemptions from the agency lending collateral pools, as the per-unit market value of those funds' assets had declined below the constant \$ 1.00 the funds employ to effect purchase and redemption transactions. Both the decline of the funds' net asset value below \$ 1.00 and the imposition of restrictions on redemptions had a significant client, reputational and regulatory impact on us, and the recurrence of such or similar circumstances in the future could adversely impact our consolidated results of operations and financial condition. We have also in the past continued to process purchase and redemption of units of investment products designed to maintain a constant net asset value at \$ 1.00 although the fair market value of the fund's assets **State Street Corporation | 47** were less than \$ 1.00. If in the future we were to continue to process purchases and redemptions from such products at \$ 1.00 when the fair market value of our collateral pools' assets is less than \$ 1.00, we could be exposed to significant liability and our reputation could be harmed. If higher than normal demands for liquidity from investors were to occur, managing the liquidity requirements of our collective investment pools could become more difficult. If such liquidity problems were to recur, our relationships with our clients and reputation with investors more generally may be adversely affected, and, we could, in certain circumstances, be required to consolidate the investment pools into our consolidated statement of condition, levels of redemption activity could increase, and our consolidated results of operations and business prospects could be adversely affected. In addition, if a money market fund that we manage were to have unexpected liquidity demands from investors in the fund that exceeded available liquidity, the fund could be required to sell assets to meet those redemption requirements, and selling the assets held by the fund at fair market value, if at all, may then be difficult. Because of the size of the investment pools that we manage, we may not have the financial ability or regulatory authority to support the liquidity or other demands of the investors in such investment pools. Any decision by us to provide financial support to an

investment pool to support our reputation in circumstances where we are not statutorily or contractually obligated to do so could result in the recognition of significant losses, could adversely affect the regulatory view of our capital levels or plans and could, in some cases, require us to consolidate the investment pools into our consolidated statement of condition. Any failure of the pools to meet redemption requests, or under- performance of our pools relative to similar products offered by our competitors, could harm our business and our reputation. We may incur losses arising from our investments in sponsored investment funds, which could be material to our consolidated results of operations in the periods incurred. In the normal course of business, we manage various types of sponsored investment funds through State Street Global Advisors. The services we provide to these sponsored investment funds generate management fee revenue, as well as servicing fees from our other businesses. From time to time, we may invest in the funds, which we refer to as seed capital, in order for the funds to establish a performance history for newly launched strategies. These funds may meet the definition of variable interest entities, as defined by U. S. GAAP, and if we are deemed to be the primary beneficiary of these funds, we may be required to consolidate these funds in our consolidated financial statements under U. S. GAAP. The funds follow specialized investment company accounting rules which prescribe fair value for the underlying investment securities held by the funds. In the aggregate, we expect any financial losses that we realize over time from these seed investments to be limited to the actual amount invested in the consolidated fund. However, in the event of a fund wind- down, gross gains and losses of the fund may be recognized for financial accounting purposes in different periods during the time the fund is consolidated but not wholly owned. Although we expect the actual economic loss to be limited to the amount invested, our losses in any period for financial accounting purposes could exceed the value of our economic interests in the fund and could exceed the value of our initial seed capital investment. In instances where we are not deemed to be the primary beneficiary of the sponsored investment fund, we do not include the funds in our consolidated ~~State Street Corporation | 51~~ financial statements. Our risk of loss associated with investment in these unconsolidated funds primarily represents our seed capital investment, which could become realized as a result of poor investment performance. However, the amount of loss we may recognize during any period would be limited to the carrying amount of our investment.

~~Our efforts to improve our billing processes and practices are ongoing and may result in the identification of additional billing errors. In 2015, we determined we had incorrectly invoiced some of our Investment Servicing clients for certain expenses. At that time, we began the process of remediating these errors, improving our billing processes and controls in the asset servicing business and other businesses, and testing these improved billing processes and controls. We are continuing to standardize, enhance, and, where necessary, replace and enhance controls and invest in new billing infrastructure. The objective of this billing transformation program is to obtain greater billing accuracy and timeliness. Because of the scale of our business, identifying and remediating all weaknesses and inefficiencies in our billing processes cannot be implemented concurrently. Accordingly, the costs to remediate billing errors which may be discovered in that process, would likely be incurred over a period that we are now unable accurately to determine. As we work through this process, we have discovered and may continue to discover areas where we believe our billing processes need improvement, where we believe we have made billing errors with respect to particular customers and categories of fees and expenses, and where we believe billing arrangements between ourselves and particular customers should be clarified. Such discoveries may lead to increased expense and decreased revenues, the need to remediate prior billing errors, government investigations, or litigation that may materially impact our business, financial results and reputation.~~

Climate change may increase the frequency and severity of major weather events and the ongoing transition to a low carbon economy may drive regulatory and business model change that could adversely affect our business operations and resiliency, our clients, our counterparties or other financial market participants and could adversely affect our consolidated results of operations and financial condition. Our businesses and the activities of our clients, our counterparties and financial market participants on which we and they rely could be adversely affected by major weather events, changing climate patterns or other disruptions caused by climate change affecting the regions, countries and locations in which we or they have operations or other interests. Potential events or disruptions of this nature include significant rainfall, flooding, increased frequency or intensity of wildfires, prolonged drought, rising sea levels and rising heat index. These events or disruptions, alone or in combination, also have the potential to strain or deplete infrastructure and response capabilities with respect to other weather events, such as hurricanes and other storms. The occurrence of any one or more of these events may negatively affect our ~~or our~~ clients', our counterparties' or financial markets participants' (including providers of **State Street Corporation | 48** financial market infrastructure' s) facilities, operations or personnel or may otherwise disrupt our or their business activities and resiliency capabilities, including our or their provision of products and services or the value of our or their portfolio investments, perhaps materially. These consequences, including a reduction in asset values affecting the levels of our AUC / A or AUM and repricing of credit risk of our counterparties or reflected in our portfolio assets, could materially adversely affect our results of operations or financial condition. In addition, impacts associated with a climate transition, including climate change- related legislative and regulatory initiatives and expectations, retrofitting of assets, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect us. For example, on October 24, 2023, the U. S. Agencies jointly issued guidance on climate- related financial risk management for large institutions, which applies to us. Our reputation and business prospects may also be damaged if we do not, or are perceived not to, effectively prepare for the potential business and operational opportunities and risks associated with climate change, including through the development and marketing of effective and competitive new products and services designed to address our clients' climate risk- related needs. These risks include negative market perception, diminished sales effectiveness and regulatory and litigation consequences associated with “ greenwashing ” claims or driven by association with clients, industries or products that may be inconsistent with our stated positions on climate change issues. Disclosure requirements and expectations related to sustainability or ESG are increasing ~~and~~, evolving ~~and may diverge across jurisdictions~~. Our inability to meet these requirements and expectations or to provide related information to clients facing similar requirements could cause regulatory or reputational harm and affect our ability to attract and retain clients. Requirements and expectations related to

disclosures around sustainability or ESG topics continue to increase globally. These requirements are distinct of typical financial reporting constructs, given their focus on the disclosure of future sustainability- ~~State Street Corporation | 52~~ or ESG- related goals and targets, the strategy and governance designed to achieve those targets, and reporting of relevant metrics delineating progress towards those targets. Additionally, sustainability- or ESG- related disclosure requirements may use different definitions of materiality than those used for financial statement disclosures, including a focus on so- called “ double materiality ”, which can evaluate a sustainability or ESG matter as material, regardless of its direct affect on State Street, based on the broader societal impact of the matter. Given evolving requirements and the associated standards, methodologies, processes, and controls related to sustainability- and ESG- related disclosures which may impact State Street or its clients, diverging requirements across jurisdictions, and distinct definitions and standards for materiality which could result in conflicting disclosures across frameworks, we may make incorrect or incomplete or fail to make required disclosures which may result in regulatory or reputational consequences or which may directly or indirectly impact our ability to attract and retain clients. We may incur losses or face negative impacts on our business and operations as a result of unforeseen events, including terrorist attacks, **geopolitical events, acute or chronic physical risk events,** natural disasters, ~~climate change,~~ pandemics, global conflicts ~~or a -an abrupt- banking crisis and other geopolitical events~~ which may have a negative impact on our business and operations. Acts of terrorism, natural disasters or the emergence of a new pandemic could significantly affect our business. We have instituted disaster recovery and continuity plans to address risks from terrorism, natural disasters and pandemics; however, anticipating or addressing all potential contingencies is not possible for events of this nature. Acts of terrorism, either targeted or broad in scope, or natural disasters could damage our physical facilities, harm our employees and disrupt our operations. A pandemic, or concern about a possible pandemic, could lead to operational difficulties and impair our ability to manage our business. Acts of terrorism, natural disasters and pandemics could also negatively affect our clients, counterparties and service providers, as well as result in disruptions in general economic activity and the financial markets. State Street Corporation | ~~53-49~~