DILLARDS INC
Form 4
February 02, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SQUIRES BURT

(Last) (First) (Middle)

1600 CANTRELL ROAD

(Street)

LITTLE ROCK, AR 72201

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DILLARDS INC [DDS]

3. Date of Earliest Transaction (Month/Day/Year)
01/29/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Corporate VP Stores

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Class A	01/29/2016		A		369	A	$ 69.86	5,674	D	
Common Class A	02/02/2016		A		4	A	$ 69.62	5,678	D	
Common Class A - Retirement Plan								26,333	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SQUIRES BURT 1600 CANTRELL ROAD LITTLE ROCK, AR 72201			Corporate VP Stores	

Signatures

/s/ Burt Squires	02/02/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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136

459

426

Processing fees and other

66

5

209

155

Total fee revenue
2,242

2,079

6,675

6,102

Net interest income:

Interest income
761

647

2,111

1,896

Interest expense
158

110

423

326

Net interest income
603

537

1,688

1,570

Gains (losses) related to investment securities, net:

Gains (losses) from sales of available-for-sale securities, net
1

6

(39
)

7

Losses from other-than-temporary impairment
—

(2
)

—

(2
)
Gains (losses) related to investment securities, net
1

Explanation of Responses:

4

(39
)

5

Total revenue
2,846

2,620

8,324

7,677

Provision for loan losses
3

—

4

8

Expenses:

Compensation and employee benefits
1,090

1,013

3,327

3,109

Information systems and communications
296

285

866

827

Transaction processing services
215

200

619

601

Occupancy
118

107

344

331

Acquisition and restructuring costs
33

42

133

166

Professional services

71

95

262

270

Amortization of other intangible assets
54

55

160

153

Other
144

187

427

437

Total expenses
2,021

1,984

6,138

5,894

Income before income tax expense
822

636

2,182

1,775

Income tax expense (benefit)
137

72

375

226

Net income from non-controlling interest
—

(1
)

—

1

Net income
$
685

$
563

$
1,807

$
1,550

Net income available to common shareholders
$
629

$
507

$
1,659

$
1,411

Earnings per common share:

Basic
$
1.69

$
1.31

$
4.41

$
3.58

Diluted
1.66

1.29

4.35

3.54

Average common shares outstanding (in thousands):

Basic
372,765

388,358

376,430

393,959

Diluted
378,518

393,212

381,779

398,413

Cash dividends declared per common share
$
.42

$
.38

$
1.18

$
1.06

The accompanying condensed notes are an integral part of these consolidated financial statements.

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended September 30,	
(In millions)	2017	2016
Net income	$685	$563
Other comprehensive income (loss), net of related taxes:		
Foreign currency translation, net of related taxes of ($7) and ($14), respectively	259	38
Net unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment and net of related taxes of $28 and ($11), respectively	47	(13)
Net unrealized gains (losses) on available-for-sale securities designated in fair value hedges, net of related taxes of $4 and $9, respectively	4	13
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit, net of related taxes of $1 and $1, respectively	1	2
Net unrealized gains (losses) on cash flow hedges, net of related taxes of ($15) and ($27), respectively	(27)	(39)
Net unrealized gains (losses) on retirement plans, net of related taxes of $0 and ($1), respectively	2	3
Other comprehensive income (loss)	286	4
Total comprehensive income	$971	$567

	Nine Months Ended September 30,	
(In millions)	2017	2016
Net income	$1,807	$1,550
Other comprehensive income (loss), net of related taxes:		
Foreign currency translation, net of related taxes of $6 and ($24), respectively	785	132
Net unrealized gains (losses) on available-for-sale securities, net of reclassification adjustment and net of related taxes of $336 and $347, respectively	519	533
Net unrealized gains (losses) on available-for-sale securities designated in fair value hedges, net of related taxes of $9 and ($6), respectively	13	(9)
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit, net of related taxes of $2 and $3, respectively	3	5
Net unrealized gains (losses) on cash flow hedges, net of related taxes of ($179) and ($144), respectively	(274)	(213)
Net unrealized gains (losses) on retirement plans, net of related taxes of $2 and $2, respectively	10	1
Other comprehensive income (loss)	1,056	449
Total comprehensive income	$2,863	$1,999

The accompanying condensed notes are an integral part of these consolidated financial statements.

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CONDITION
(UNAUDITED)

(Dollars in millions, except per share amounts)	September 30, 2017	December 31, 2016
Assets:	(Unaudited)	
Cash and due from banks	$ 3,939	$ 1,314
Interest-bearing deposits with banks	60,956	70,935
Securities purchased under resale agreements	3,465	1,956
Trading account assets	1,135	1,024
Investment securities available-for-sale	56,238	61,998
Investment securities held-to-maturity (fair value of $36,836 and $34,994)	36,850	35,169
Loans and leases (less allowance for losses of $57 and $53)	23,581	19,704
Premises and equipment (net of accumulated depreciation of $3,750 and $3,333)	2,167	2,062
Accrued interest and fees receivable	3,043	2,644
Goodwill	5,997	5,814
Other intangible assets	1,658	1,750
Other assets	36,957	38,328
Total assets	$ 235,986	$ 242,698
Liabilities:		
Deposits:		
Non-interest-bearing	$ 49,850	$ 59,397
Interest-bearing—U.S.	49,394	30,911
Interest-bearing—non-U.S.	80,019	96,855
Total deposits	179,263	187,163
Securities sold under repurchase agreements	3,867	4,400
Other short-term borrowings	1,253	1,585
Accrued expenses and other liabilities	17,390	16,901
Long-term debt	11,716	11,430
Total liabilities	213,489	221,479
Commitments, guarantees and contingencies (Notes 9 and 10)		
Shareholders’ equity:		
Preferred stock, no par, 3,500,000 shares authorized:		
Series C, 5,000 shares issued and outstanding	491	491
Series D, 7,500 shares issued and outstanding	742	742
Series E, 7,500 shares issued and outstanding	728	728
Series F, 7,500 shares issued and outstanding	742	742
Series G, 5,000 shares issued and outstanding	493	493
Common stock, $1 par, 750,000,000 shares authorized:		
503,879,642 and 503,879,642 shares issued	504	504
Surplus	9,803	9,782
Retained earnings	18,675	17,459
Accumulated other comprehensive income (loss)	(984)	(2,040)
Treasury stock, at cost (133,038,955 and 121,940,502 shares)	(8,697)	(7,682)
Total shareholders’ equity	22,497	21,219
Total liabilities and shareholders' equity	$ 235,986	$ 242,698

The accompanying condensed notes are an integral part of these consolidated financial statements.

STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

(Dollars in millions, except per share amounts, shares in thousands)	PREFERRED STOCK	COMMON STOCK Shares	COMMON STOCK Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	TREASURY STOCK Shares	TREASURY STOCK Amount	Total
Balance as of December 31, 2015	$ 2,703	503,880	$ 504	$ 9,746	$ 16,049	$ (1,442)	104,228	$ (6,457)	$ 21,103
Net income					1,550				1,550
Other comprehensive income (loss)						449			449
Preferred stock issued	493								493
Cash dividends declared:									
Common stock - $1.06 per share					(414)				(414)
Preferred stock					(137)				(137)
Common stock acquired							16,861	(1,040)	(1,040)
Common stock awards and options exercised, including income tax benefit of $6				32			(2,765)	114	146
Other					(1)		(15)	1	—
Balance as of September 30, 2016	$ 3,196	503,880	$ 504	$ 9,778	$ 17,047	$ (993)	118,309	$ (7,382)	$ 22,150
Balance as of December 31, 2016	$ 3,196	503,880	$ 504	$ 9,782	$ 17,459	$ (2,040)	121,941	$ (7,682)	$ 21,219
Net income					1,807				1,807
Other comprehensive income (loss)						1,056			1,056
Cash dividends declared:									
Common stock - $1.18 per share					(442)				(442)
Preferred stock					(146)				(146)
Common stock acquired							13,131	(1,100)	(1,100)
Common stock awards exercised				21			(2,033)	85	106
Other					(3)				(3)
Balance as of September 30, 2017	$ 3,196	503,880	$ 504	$ 9,803	$ 18,675	$ (984)	133,039	$ (8,697)	$ 22,497

The accompanying condensed notes are an integral part of these consolidated financial statements.

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STATE STREET CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
(In millions)	2017	2016
Operating Activities:		
Net income	$1,807	$1,550
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred income tax (benefit)	(217)	31
Amortization of other intangible assets	160	153
Other non-cash adjustments for depreciation, amortization and accretion, net	636	517
Losses (gains) related to investment securities, net	39	(5)
Change in trading account assets, net	(111)	(214)
Change in accrued interest and fees receivable, net	(399)	(248)
Change in collateral deposits, net	(1,232)	(615)
Change in unrealized losses on foreign exchange derivatives, net	1,136	853
Change in other assets, net	(2,063)	(457)
Change in accrued expenses and other liabilities, net	1,733	399
Other, net	368	312
Net cash provided by operating activities	1,857	2,276
Investing Activities:		
Net decrease in interest-bearing deposits with banks	9,979	(3,752)
Net (increase) decrease in securities purchased under resale agreements	(1,509)	962
Proceeds from sales of available-for-sale securities	7,122	424
Proceeds from maturities of available-for-sale securities	21,619	21,564
Purchases of available-for-sale securities	(20,891)	(22,625)
Proceeds from maturities of held-to-maturity securities	2,647	7,184
Purchases of held-to-maturity securities	(3,961)	(5,581)
Net (increase) in loans and leases	(3,859)	(2,678)
Business acquisitions	—	(437)
Purchases of equity investments and other long-term assets	(32)	(265)
Purchases of premises and equipment, net	(485)	(477)
Proceeds from sale of joint venture investment	172	—
Other, net	77	129
Net cash provided by (used in) investing activities	10,879	(5,552)
Financing Activities:		
Net (decrease) increase in time deposits	(16,790)	9,077
Net increase (decrease) in all other deposits	8,890	(1,938)
Net (decrease) in other short-term borrowings	(865)	(476)
Proceeds from issuance of long-term debt, net of issuance costs	747	1,492
Payments for long-term debt and obligations under capital leases	(482)	(1,430)
Proceeds from issuance of preferred stock, net	—	493
Purchases of common stock	(942)	(1,029)
Excess tax benefit related to stock-based compensation	—	6
Repurchases of common stock for employee tax withholding	(101)	(95)
Payments for cash dividends	(577)	(541)
Other, net	9	—

Net cash (used in) provided by financing activities	(10,111)	5,559
Net increase	2,625	2,283
Cash and due from banks at beginning of period	1,314	1,207
Cash and due from banks at end of period	$3,939	$3,490

The accompanying condensed notes are an integral part of these consolidated financial statements.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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We use acronyms and other defined terms for certain business terms and abbreviations, as defined in the acronyms list and glossary accompanying these consolidated financial statements.

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accounting and financial reporting policies of State Street Corporation conform to U.S. GAAP. State Street Corporation, the Parent Company, is a financial holding company headquartered in Boston, Massachusetts. Unless otherwise indicated or unless the context requires otherwise, all references in these notes to consolidated financial statements to “State Street,” “we,” “us,” “our” or similar references mean State Street Corporation and its subsidiaries on a consolidated basis. Our principal banking subsidiary is State Street Bank.

The accompanying Consolidated Financial Statements should be read in conjunction with the financial and risk factor information included in our 2016 Form 10-K, which we previously filed with the SEC.

The consolidated financial statements accompanying these condensed notes are unaudited. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the consolidated results of operations in these financial statements, have been made. Certain previously reported amounts presented in this Form 10-Q have been reclassified to conform to current-period presentation.

Events occurring subsequent to the date of our consolidated statement of condition were evaluated for potential recognition or disclosure in our

consolidated financial statements through the date we filed this Form 10-Q with the SEC.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions in the application of certain of our significant accounting policies that may materially affect the reported amounts of assets, liabilities, equity, revenue, and expenses. As a result of unanticipated events or circumstances, actual results could differ from those estimates. These accounting estimates reflect the best judgment of management, but actual results could differ.

Our consolidated statement of condition as of December 31, 2016 included in the accompanying consolidated financial statements was derived from the audited financial statements as of that date, but does not include all notes required by U.S. GAAP for a complete set of consolidated financial statements.

Dispositions

In the first quarter of 2017, we completed the sale of our joint venture interest in IFDS U.K. for approximately $175 million in cash and the exchange of our joint venture interest in BFDS stock for $158 million in State Street's common stock. We recognized a pre-tax gain of $30 million, in the aggregate, in the nine months ended September 30, 2017 on these dispositions.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Recent Accounting Developments
Relevant standards that were issued but not yet adopted

Standard	Description	Date of Adoption	Effects on the financial statements or other significant matters
ASU 2014-09, Revenue from Contracts with Customers (Topic 606)	The standard, and its related amendments, will replace existing revenue recognition standards and expand the disclosure requirements for revenue arrangements with customers. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method).	January 1, 2018	Based on our efforts to date, we expect both the timing and amount of our material revenue streams, including servicing fees, management fees, trading services, and securities finance, to remain substantially unchanged as these revenues likely will continue to be recognized over time. Specifically, under the new standard we expect to recognize revenue related to these activities ratably over the term of the related agreements with customers as the customer simultaneously benefits from the services as they are performed. Due to the complexity of certain of our agreements, the actual revenue recognition treatment required under the standard will be dependent on contract-specific terms, and certain aspects may vary in some instances from recognition ratably over the contract term. The standard does not apply to revenue associated with financial instruments, including loans and securities, or revenue recognized under other U.S. GAAP standards. Therefore NII, securities gains/ losses and revenue related to derivative instruments are not impacted by the standard. Our implementation efforts include the scoping of material revenue streams into cohorts, analysis of underlying contracts for each cohort, business unit workshops to further assess specific contracts and products, and the development of updated disclosures. We continue to monitor industry developments and focus our assessment

			on areas such as costs that may require capitalization under the new standard and the impact of changes to the principal and agent guidance. The new standard modified the principal and agent guidance which we expect to result in recognition of certain expenses on a gross basis, rather than offset against revenue. We are still assessing the completeness and materiality of these changes. We continue to assess the operational and disclosure impacts of each transition method and have not yet finalized the transition method to be applied.
ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities	The standard makes limited amendments to the guidance on the classification and measurement of financial instruments. Under the new standard, all equity securities will be measured at fair value through earnings with certain exceptions, including investments accounted for under the equity method of accounting. In addition, the FASB clarified the guidance related to valuation allowance assessments when recognizing deferred tax assets on unrealized losses on available-for-sale debt securities. This standard must be applied on a retrospective basis.	January 1, 2018	Based on our assessment, we do not anticipate this standard to have a material impact on our consolidated financial statements due to the limited number of investments on our consolidated statement of condition that are within scope of the standard.
ASU 2016-02, Leases (Topic 842)	The standard represents a wholesale change to lease accounting and requires all leases, other than short-term leases, to be reported on balance sheet through recognition of a right-of-use asset and a corresponding liability for future lease obligations. The standard also requires extensive disclosures for assets, expenses, and cash flows associated with leases, as well as a maturity analysis of lease liabilities.	January 1, 2019	We are currently assessing the impact of the standard on our consolidated financial statements, but we anticipate an increase in assets and liabilities due to the recognition of the required right-of-use asset and corresponding liability for all lease obligations that are currently classified as operating leases, primarily real estate leases for office space, as well as additional disclosure on all our lease obligations.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Relevant standards that were issued but not yet adopted

Standard	Description	Date of Adoption	Effects on the financial statements or other significant matters
ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	The standard requires immediate recognition of expected credit losses for financial assets carried at amortized cost, including trade and other receivables, loans and commitments, held-to-maturity debt securities and other financial assets, held at the reporting date to be measured based on historical experience, current conditions and reasonable supportable forecasts. Credit losses on available-for-sale securities will be recorded as an allowance versus a write-down of the amortized cost basis of the security and will allow for a reversal of impairment loss when the credit of the issuer improves.	January 1, 2020	We are currently assessing the impact of the standard on our consolidated financial statements, and a significant implementation project is in place to ensure that expected credit losses are calculated in accordance with the standard. We have established a steering committee to provide cross-functional governance over the project plan and key decisions, and are currently developing key accounting policies, assessing existing credit loss models against the new guidance and processes and identifying a complete set of data requirements and sources. We have commenced the development of new or modified credit loss models and based on our analysis to date, we expect the timing of the allowance for credit losses to accelerate under the new standard. We are continuing to assess the extent of the impact on the allowance for credit losses.
ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)	The standard amends the statement of cash flow guidance to address specific cash flow issues with the objective of reducing the existing diversity in practice.	January 1, 2018	Based on our current presentation we do not anticipate a significant change to our presentation of the statement of cash flows.
ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business	The standard incorporates gating criteria to determine when an integrated set of assets and activities is not a business. When substantially all the fair value of gross assets acquired (or group of similar identifiable assets) is concentrated in a single identifiable asset, it would not represent a business.	January 1, 2018, early adoption permitted	We will apply this standard prospectively to transactions occurring after January 1, 2018, as applicable.
ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for	The standard simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The	January 1, 2020, early adoption permitted	We are evaluating the impacts of early adoption, and will apply this standard prospectively upon adoption.

Goodwill Impairment	ASU requires an entity to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying value exceeds the fair value of the reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss.		
ASU 2017-08, Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium amortization on Purchased Callable Debt Securities	The standard shortens the amortization period for certain purchased callable debt securities to the earliest call date.	January 1, 2019, early adoption permitted	We are currently evaluating the impact of the new standard and the early adoption provisions.
ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	The standard amends the hedge accounting model to better portray the economics of risk management activities in the financial statements and enhances the presentation of hedge results. The amendments also make targeted changes to simplify the application of hedge accounting in certain situations.	January 1, 2019, early adoption permitted	We are currently evaluating the impact of the new standard and the early adoption provisions.

We adopted ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, effective January 1, 2017. Starting in the quarter ended March 31, 2017, we reclassified excess tax benefits related to stock-based compensation from financing activities to other operating activities. We continued to present repurchases of common stock for employee tax withholding in financing activities in the consolidated statements of cash flows for all periods presented.

As required by the transition provisions of the standard, excess tax benefits previously recognized in surplus prior to January 1, 2017 remain in surplus, and excess tax benefits recognized after January 1, 2017 are included in income tax expense. In connection with this change, we recognized a tax benefit of $18.6 million in the first nine months of 2017. We elected to make no changes to our current policy of estimating forfeitures. Lastly, we did not make any changes to tax withholding rates.

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 2. Fair Value

Fair Value Measurements

We carry trading account assets, AFS investment securities and various types of derivative financial instruments at fair value in our consolidated statement of condition on a recurring basis. Changes in the fair values of these financial assets and liabilities are recorded either as components of our consolidated statement of income or as components of AOCI within shareholders' equity in our consolidated statement of condition.

We measure fair value for the above-described financial assets and liabilities in conformity with U.S. GAAP that governs the measurement of the fair value of financial instruments. Management believes that its valuation techniques and underlying assumptions used to measure fair value conform to the provisions of U.S. GAAP. We categorize the financial assets and liabilities that we carry at fair value based on a

prescribed three-level valuation hierarchy. For information about our valuation techniques for financial assets and financial liabilities measured at fair value and the fair value hierarchy, refer to pages 135 to 142 in Note 2 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

The following tables present information with respect to our financial assets and liabilities carried at fair value in our consolidated statement of condition on a recurring basis as of the dates indicated. During the nine months ended September 30, 2017, approximately $9 million of assets were transferred between levels 1 and 2. No transfers of financial assets or liabilities between levels 1 and 2 occurred during the year ended December 31, 2016.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	Fair Value Measurements on a Recurring Basis as of September 30, 2017				
(In millions)	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Impact of Netting[1]	Total Net Carrying Value in Consolidated Statement of Condition
Assets:					
Trading account assets:					
U.S. government securities	$39	$ —	$ —		$ 39
Non-U.S. government securities	387	174	—		561
Other	20	515	—		535
Total trading account assets	446	689	—		1,135
AFS investment securities:					
U.S. Treasury and federal agencies:					
Direct obligations	231	389	—		620
Mortgage-backed securities	—	10,975	25		11,000
Asset-backed securities:					
Student loans	—	4,626	200		4,826
Credit cards	—	1,548	—		1,548
Other[2]	—	35	1,186		1,221
Total asset-backed securities	—	6,209	1,386		7,595
Non-U.S. debt securities:					
Mortgage-backed securities	—	6,956	118		7,074
Asset-backed securities	—	2,742	97		2,839
Government securities	—	6,658	—		6,658
Other[3]	—	5,617	201		5,818
Total non-U.S. debt securities	—	21,973	416		22,389
State and political subdivisions	—	9,700	38		9,738
Collateralized mortgage obligations	—	1,528	—		1,528
Other U.S. debt securities	—	2,909	19		2,928
U.S. equity securities	—	46	—		46
U.S. money-market mutual funds	—	394	—		394
Total AFS investment securities	231	54,123	1,884		56,238
Other assets:					
Derivative instruments:					
Foreign exchange contracts	—	11,735	2	$ (7,026)	4,711
Interest-rate contracts	—	3	—	(2)	1
Total derivative instruments	—	11,738	2	(7,028)	4,712
Other	22	—	—	—	22
Total assets carried at fair value	$699	$ 66,550	$ 1,886	$ (7,028)	$ 62,107
Liabilities:					
Accrued expenses and other liabilities:					
Trading account liabilities:					
Other	$19	$ —	$ —	$ —	$ 19

Derivative instruments:					
Foreign exchange contracts	—	11,581	2	(7,465)	4,118
Interest-rate contracts	10	97	—	(1)	106
Other derivative contracts	—	319	—	—	319
Total derivative instruments	10	11,997	2	(7,466)	4,543
Other	22	—	—	—	22
Total liabilities carried at fair value	$51	$ 11,997	$ 2	$ (7,466)	$ 4,584

(1) Represents counterparty netting against level 2 financial assets and liabilities where a legally enforceable master netting agreement exists between State Street and the counterparty. Netting also reflects asset and liability reductions of $637 million and $1,074 million, respectively, for cash collateral received from and provided to derivative counterparties.
(2) As of September 30, 2017, the fair value of other ABS was primarily composed of $1,221 million of CLOs.
(3) As of September 30, 2017, the fair value of other non-U.S. debt securities was primarily composed of $3,600 million of covered bonds and $1,503 million of corporate bonds.

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	Fair Value Measurements on a Recurring Basis as of December 31, 2016				
(In millions)	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)	Impact of Netting[1]	Total Net Carrying Value in Consolidated Statement of Condition
Assets:					
Trading account assets:					
U.S. government securities	$30	$ —	$ —		$ 30
Non-U.S. government securities	495	174	—		669
Other	—	325	—		325
Total trading account assets	525	499	—		1,024
AFS investment securities:					
U.S. Treasury and federal agencies:					
Direct obligations	3,824	439	—		4,263
Mortgage-backed securities	—	13,257	—		13,257
Asset-backed securities:					
Student loans	—	5,499	97		5,596
Credit cards	—	1,351	—		1,351
Sub-prime	—	272	—		272
Other[2]	—	—	905		905
Total asset-backed securities	—	7,122	1,002		8,124
Non-U.S. debt securities:					
Mortgage-backed securities	—	6,535	—		6,535
Asset-backed securities	—	2,484	32		2,516
Government securities	—	5,836	—		5,836
Other[3]	—	5,365	248		5,613
Total non-U.S. debt securities	—	20,220	280		20,500
State and political subdivisions	—	10,283	39		10,322
Collateralized mortgage obligations	—	2,577	16		2,593
Other U.S. debt securities	—	2,469	—		2,469
U.S. equity securities	—	42	—		42
Non-U.S. equity securities	—	3	—		3
U.S. money-market mutual funds	—	409	—		409
Non-U.S. money-market mutual funds	—	16	—		16
Total AFS investment securities	3,824	56,837	1,337		61,998
Other assets:					
Derivatives instruments:					
Foreign exchange contracts	—	16,476	8	$(9,163)	7,321
Interest-rate contracts	—	68	—	(68)	—
Total derivative instruments	—	16,544	8	(9,231)	7,321
Total assets carried at fair value	$4,349	$ 73,880	$ 1,345	$(9,231)	$ 70,343
Liabilities:					
Accrued expenses and other liabilities:					

Derivative instruments:					
Foreign exchange contracts	$—	$ 15,948	$ 8	$(10,456)	$ 5,500
Interest-rate contracts	—	348	—	(226)	122
Other derivative contracts	—	380	—	—	380
Total derivative instruments	—	16,676	8	(10,682)	6,002
Total liabilities carried at fair value	$—	$ 16,676	$ 8	$(10,682)	$ 6,002

(1) Represents counterparty netting against level 2 financial assets and liabilities where a legally enforceable master netting agreement exists between State Street and the counterparty. Netting also reflects asset and liability reductions of $906 million and $2,356 million, respectively, for cash collateral received from and provided to derivative counterparties.
(2) As of December 31, 2016, the fair value of other ABS was primarily composed of $905 million of CLOs.
(3) As of December 31, 2016, the fair value of other non-U.S. debt securities was primarily composed of $3,769 million of covered bonds and $988 million of corporate bonds.

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The following tables present activity related to our level 3 financial assets during the three and nine months ended September 30, 2017 and 2016, respectively. Transfers into and out of level 3 are reported as of the beginning of the period presented. During the three and nine months ended September 30, 2017, transfers into level 3 were mainly related to certain ABS and MBS, including non-U.S. debt securities, for which fair value was measured using information obtained from third-party sources, including non-binding broker or dealer quotes. During the nine months ended September 30, 2017 and 2016, transfers out of level 3 were mainly related to certain MBS and ABS, including non-U.S. debt securities, for which fair value was measured using prices for which observable market information became available.

Fair Value Measurements Using Significant Unobservable Inputs
Three Months Ended September 30, 2017

		Total Realized and Unrealized Gains (Losses)							
(In millions)	Fair Value as of June 30, 2017	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Sales	Settlements	Transfers into Level 3	Fair Value as of September 30, 2017[2]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of September 30, 2017
Assets:									
AFS Investment securities:									
U.S. Treasury and federal agencies:									
Mortgage-backed securities	$—	$ —	$ —	$ —	—	$ —	$ 25	$ 25	
Asset-backed securities:									
Student loans	—	—	—	200	—	—	—	200	
Other	951	1	1	60	—	(2)	175	1,186	
Total asset-backed securities	951	1	1	260	—	(2)	175	1,386	
Non-U.S. debt securities:									
Mortgage-backed securities	—	—	—	118	—	—	—	118	
Asset-backed securities	63	—	—	29	(10)	—	15	97	
Other	274	—	—	—	(80)	7	—	201	
Total non-U.S. debt securities	337	—	—	147	(90)	7	15	416	
State and political subdivisions	38	—	—	—	—	—	—	38	
Other U.S. debt securities	19	—	—	—	—	—	—	19	
Total AFS investment securities	1,345	1	1	407	(90)	5	215	1,884	
Other assets:									
Derivative instruments:									
Foreign exchange contracts	5	—	—	2	—	(5)	—	2	$ (2)
Total derivative instruments	5	—	—	2	—	(5)	—	2	(2)

Total assets carried at fair value	$1,350	$ 1	$ 1	$ 409	$(90)	$ —	$ 215	$ 1,886	$ (2)

(1) Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within trading services.
(2) There were no transfers of assets out of level 3 during the three months ended September 30, 2017.

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	Fair Value Measurements Using Significant Unobservable Inputs Nine Months Ended September 30, 2017									
		Total Realized and Unrealized Gains (Losses)								
(In millions)	Fair Value as of December 31, 2016	Recorded in Revenue[(1)]	Recorded in Other Comprehensive Income[(1)]	Purchases	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of September 30, 2017	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of September 30, 2017
Assets:										
AFS Investment securities:										
U.S. Treasury and federal agencies:										
Mortgage-backed securities	$—	$ —	$ —	$ —	$—	$ —	$ 25	$—	$ 25	
Asset-backed securities:										
Student loans	97	—	1	200	—	—	—	(98)	200	
Other	905	2	—	415	—	(412)	276	—	1,186	
Total asset-backed securities	1,002	2	1	615	—	(412)	276	(98)	1,386	
Non-U.S. debt securities:										
Mortgage-backed securities	—	—	—	118	—	—	—	—	118	
Asset-backed securities	32	1	(1)	60	(10)	(21)	67	(31)	97	
Other	248	—	—	5	(80)	28	—	—	201	
Total non-U.S. debt securities	280	1	(1)	183	(90)	7	67	(31)	416	
State and political subdivisions	39	—	—	—	—	(1)	—	—	38	
Collateralized mortgage obligations	16	—	—	23	—	—	—	(39)	—	
Other U.S. debt securities	—	—	—	19	—	—	—	—	19	
Total AFS investment securities	1,337	3	—	840	(90)	(406)	368	(168)	1,884	
Other assets:										
Derivative instruments:										
Foreign exchange contracts	8	(6)	—	4	—	(4)	—	—	2	$ (1)

Total derivative instruments	8	(6)	—	4	—	(4)	—	—	2	(1)
Total assets carried at fair value	$1,345	$ (3)	$ —	$ 844	$(90)	$ (410)	$ 368	$(168)	$ 1,886	$ (1)

[1] Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within trading services.

Fair Value Measurements Using Significant Unobservable Inputs
Three Months Ended September 30, 2016

(In millions)	Fair Value as of June 30, 2016	Total Realized and Unrealized Gains (Losses): Recorded in Revenue[1]	Total Realized and Unrealized Gains (Losses): Recorded in Other Comprehensive Income[1]	Purchases	Settlements	Transfers out of Level 3	Fair Value as of September 30, 2016[2]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of September 30, 2016
Assets:								
AFS Investment securities:								
U.S. Treasury and federal agencies, mortgage-backed securities	$25	$ —	$ —	$ 25	$ —	$ —	$ 50	
Asset-backed securities:								
Student loans	190	—	2	—	—	—	192	
Other	1,710	13	(8)	118	(560)	—	1,273	
Total asset-backed securities	1,900	13	(6)	118	(560)	—	1,465	
Non-U.S. debt securities:								
Mortgage-backed securities	—	—	—	90	—	—	90	
Asset-backed securities	111	—	—	90	(9)	(54)	138	
Other	261	—	—	194	3	—	458	
Total non-U.S. debt securities	372	—	—	374	(6)	(54)	686	
State and political subdivisions	33	—	7	—	—	—	40	
Collateralized mortgage obligations	68	—	1	36	(3)	—	102	
Total AFS investment securities	2,398	13	2	553	(569)	(54)	2,343	
Total assets carried at fair value	$2,398	$ 13	$ 2	$ 553	$ (569)	$ (54)	$ 2,343	$ —

[1] Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within trading services.
[2] There were no transfers of assets into level 3 during the three months ended September 30, 2016.

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	Fair Value Measurements Using Significant Unobservable Inputs Nine Months Ended September 30, 2016							
		Total Realized and Unrealized Gains (Losses)						
(In millions)	Fair Value as of December 31, 2015	Recorded in Revenue[1]	Recorded in Other Comprehensive Income[1]	Purchases	Settlements	Transfers out of Level 3	Fair Value as of September 30, 2016[2]	Change in Unrealized Gains (Losses) Related to Financial Instruments Held as of September 30, 2016
Assets:								
AFS Investment securities:								
U.S. Treasury and federal agencies, mortgage-backed securities	$—	$ —	$ —	$ 325	$ —	$ (275)	$ 50	
Asset-backed securities:								
Student loans	189	1	2	—	—	—	192	
Other	1,764	29	(21)	250	(749)	—	1,273	
Total asset-backed securities	1,953	30	(19)	250	(749)	—	1,465	
Non-U.S. debt securities:								
Mortgage-backed securities	—	—	—	90	—	—	90	
Asset-backed securities	174	—	(1)	196	(43)	(188)	138	
Other	255	—	—	223	9	(29)	458	
Total non-U.S. debt securities	429	—	(1)	509	(34)	(217)	686	
State and political subdivisions	33	—	9	—	(2)	—	40	
Collateralized mortgage obligations	39	—	2	86	(25)	—	102	
Other U.S. debt securities	10	—	—	—	(10)	—	—	
Total AFS investment securities	2,464	30	(9)	1,170	(820)	(492)	2,343	
Other assets:								
Derivative instruments:								
Foreign exchange contracts	5	3	—	—	(8)	—	—	$ —
Total derivative instruments	5	3	—	—	(8)	—	—	—
Total assets carried at fair value	$2,469	$ 33	$ (9)	$ 1,170	$ (828)	$ (492)	$ 2,343	$ —

	Fair Value Measurements Using Significant Unobservable Inputs Nine Months Ended September 30, 2016				
(In millions)	Fair Value as of December 31, 2015	Total Realized and Unrealized (Gains) Losses Recorded in Revenue	Settlements	Fair Value as of September 30, 2016[3]	Change in Unrealized (Gains) Losses Related to Financial

									Instruments Held as of September 30, 2016
Liabilities:									
Accrued expenses and other liabilities:									
Derivative instruments:									
Foreign exchange contracts	$5	$	5	$	(10	)	$	—$	—
Total derivative instruments	5	5			(10	)	—	—	
Total liabilities carried at fair value	$5	$	5	$	(10	)	$	—$	—

(1) Total realized and unrealized gains (losses) on AFS investment securities are included within gains (losses) related to investment securities, net. Total realized and unrealized gains (losses) on derivative instruments are included within trading services.
(2) There were no transfers of assets into level 3 during the nine months ended September 30, 2016.
(3) There were no transfers of liabilities into or out of level 3 during the nine months ended September 30, 2016.

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The following table presents quantitative information, as of the dates indicated, about the valuation techniques and significant unobservable inputs used in the valuation of our level 3 financial assets and liabilities measured at fair value on a recurring basis for which we use internally-developed pricing models. The significant unobservable inputs for our level 3 financial assets and liabilities whose fair value is measured using pricing information from non-binding broker or dealer quotes are not included in the table, as the specific inputs applied are not provided by the broker/dealer.

(Dollars in millions)	Quantitative Information about Level 3 Fair Value Measurements Fair Value As of September 30, 2017	As of December 31, 2016	Valuation Technique	Significant Unobservable Input[1]	Weighted-Average As of September 30, 2017	As of December 31, 2016
Significant unobservable inputs readily available to State Street:						
Assets:						
Asset-backed securities, other	$—	$ 1	Discounted cash flows	Credit spread	— %	0.3 %
State and political subdivisions	38	39	Discounted cash flows	Credit spread	1.7	1.8
Derivative instruments, foreign exchange contracts	2	8	Option model	Volatility	8.3	14.4
Total	$40	$ 48				
Liabilities:						
Derivative instruments, foreign exchange contracts	$2	$ 8	Option model	Volatility	8.3	14.4
Total	$2	$ 8				

[1] Significant changes in these unobservable inputs would result in significant changes in fair value measurement.

Fair Value Estimates

Estimates of fair value for financial instruments not carried at fair value on a recurring basis in our consolidated statement of condition are generally subjective in nature, and are determined as of a specific point in time based on the characteristics of the financial instruments and relevant market information.

The following tables present the reported amounts and estimated fair values of the financial assets and liabilities not carried at fair value on a recurring basis, as they would be categorized within the fair value hierarchy, as of the dates indicated.

(In millions)	Reported Amount	Estimated Fair Value	Fair Value Hierarchy Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)
September 30, 2017					
Financial Assets:					
Cash and due from banks	$ 3,939	$ 3,939	$ 3,939	$ —	$ —

Interest-bearing deposits with banks	60,956	60,956	—	60,956	—
Securities purchased under resale agreements	3,465	3,465	—	3,465	—
Investment securities held-to-maturity	36,850	36,836	17,362	19,351	123
Net loans (excluding leases)	22,868	22,866	—	22,811	55
Financial Liabilities:					
Deposits:					
Non-interest-bearing	$ 49,850	$ 49,850	$—	$ 49,850	$ —
Interest-bearing - U.S.	49,394	49,394	—	49,394	—
Interest-bearing - non-U.S.	80,019	80,019	—	80,019	—
Securities sold under repurchase agreements	3,867	3,867	—	3,867	—
Other short-term borrowings	1,253	1,253	—	1,253	—
Long-term debt	11,716	12,022	—	11,725	297

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			Fair Value Hierarchy		
(In millions)	Reported Amount	Estimated Fair Value	Quoted Market Prices in Active Markets (Level 1)	Pricing Methods with Significant Observable Market Inputs (Level 2)	Pricing Methods with Significant Unobservable Market Inputs (Level 3)
December 31, 2016					
Financial Assets:					
Cash and due from banks	$ 1,314	$ 1,314	$ 1,314	$ —	$ —
Interest-bearing deposits with banks	70,935	70,935	—	70,935	—
Securities purchased under resale agreements	1,956	1,956	—	1,956	—
Investment securities held-to-maturity	35,169	34,994	17,400	17,439	155
Net loans (excluding leases)	18,862	18,877	—	18,781	96
Financial Liabilities:					
Deposits:					
Non-interest-bearing	$ 59,397	$ 59,397	$—	$ 59,397	$ —
Interest-bearing - U.S.	30,911	30,911	—	30,911	—
Interest-bearing - non-U.S.	96,855	96,855	—	96,855	—
Securities sold under repurchase agreements	4,400	4,400	—	4,400	—
Other short-term borrowings	1,585	1,585	—	1,585	—
Long-term debt	11,430	11,618	—	11,282	336

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Note 3. Investment Securities
Investment securities held by us are classified as either trading, AFS, or HTM at the time of purchase and reassessed periodically, based on management’s intent.
Generally, trading assets are debt and equity securities purchased in connection with our trading activities and, as such, are expected to be sold in the near term. Our trading activities typically involve active and frequent buying and selling with the objective of generating profits on short-term movements. AFS investment securities are those securities that we intend to hold for an indefinite period of time. AFS investment securities include securities utilized as part of our asset-and-liability management activities that may be sold in response to changes in interest rates, prepayment risk, liquidity needs or other factors. HTM securities are debt securities that management has the intent and the ability to hold to maturity.

Trading assets are carried at fair value. Both realized and unrealized gains and losses on trading assets are recorded in trading services revenue in our consolidated statement of income. Debt and marketable equity securities classified as AFS are carried at fair value, and after-tax net unrealized gains and losses are recorded in AOCI. Gains or losses realized on sales of AFS investment securities are computed using the specific identification method and are recorded in gains (losses) related to investment securities, net, in our consolidated statement of income. HTM investment securities are carried at cost, adjusted for amortization of premiums and accretion of discounts.

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The following table presents the amortized cost, fair value and associated unrealized gains and losses of investment securities as of the dates indicated:

	September 30, 2017				December 31, 2016			
(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:								
U.S. Treasury and federal agencies:								
Direct obligations	$617	$4	$ 1	$620	$4,265	$7	$ 9	$4,263
Mortgage-backed securities	11,044	51	95	11,000	13,340	76	159	13,257
Asset-backed securities:								
Student loans(1)	4,795	39	8	4,826	5,659	12	75	5,596
Credit cards	1,567	3	22	1,548	1,377	—	26	1,351
Sub-prime	—	—	—	—	289	1	18	272
Other(2)	1,213	8	—	1,221	895	10	—	905
Total asset-backed securities	7,575	50	30	7,595	8,220	23	119	8,124
Non-U.S. debt securities:								
Mortgage-backed securities	7,041	36	3	7,074	6,506	35	6	6,535
Asset-backed securities	2,833	6	—	2,839	2,513	4	1	2,516
Government securities	6,666	8	16	6,658	5,834	8	6	5,836
Other(3)	5,783	39	4	5,818	5,587	31	5	5,613
Total non-U.S. debt securities	22,323	89	23	22,389	20,440	78	18	20,500
State and political subdivisions	9,444	322	28	9,738	10,233	201	112	10,322
Collateralized mortgage obligations	1,522	15	9	1,528	2,610	18	35	2,593
Other U.S. debt securities	2,923	20	15	2,928	2,481	18	30	2,469
U.S. equity securities	40	8	2	46	39	6	3	42
Non-U.S. equity securities	—	—	—	—	3	—	—	3
U.S. money-market mutual funds	394	—	—	394	409	—	—	409
Non-U.S. money-market mutual funds	—	—	—	—	16	—	—	16
Total	$55,882	$559	$ 203	$56,238	$62,056	$427	$ 485	$61,998
Held-to-maturity:								
U.S. Treasury and federal agencies:								
Direct obligations	$17,456	$20	$ 37	$17,439	$17,527	$17	$ 58	$17,486
Mortgage-backed securities	12,375	38	169	12,244	10,334	20	221	10,133
Asset-backed securities:								
Student loans(1)	3,116	25	13	3,128	2,883	5	30	2,858
Credit cards	798	3	—	801	897	2	—	899
Other	1	—	—	1	35	—	—	35
Total asset-backed securities	3,915	28	13	3,930	3,815	7	30	3,792
Non-U.S. debt securities:								
Mortgage-backed securities	1,000	84	7	1,077	1,150	70	15	1,205
Asset-backed securities	325	1	—	326	531	—	—	531
Government securities	483	2	—	485	286	3	—	289
Other	47	—	—	47	113	1	—	114
Total non-U.S. debt securities	1,855	87	7	1,935	2,080	74	15	2,139
Collateralized mortgage obligations	1,249	44	5	1,288	1,413	42	11	1,444

Total	$36,850	$217	$ 231	$36,836	$35,169	$160	$ 335	$34,994

(1) Primarily composed of securities guaranteed by the federal government with respect to at least 97% of defaulted principal and accrued interest on the underlying loans.
(2) As of September 30, 2017 and December 31, 2016, the fair value of other ABS was primarily composed of $1,221 million and $905 million, respectively, of CLOs.
(3) As of September 30, 2017 and December 31, 2016, the fair value of other non-U.S. debt securities was primarily composed of $3,600 million and $3,769 million, respectively, of covered bonds and $1,503 million and $988 million, as of September 30, 2017 and December 31, 2016, respectively, of corporate bonds.

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Aggregate investment securities with carrying values of approximately $52 billion and $46 billion as of September 30, 2017 and December 31, 2016, respectively, were designated as pledged for public and trust deposits, short-term borrowings and for other purposes as provided by law.

In the first quarter of 2017, we sold $2.7 billion of AFS, primarily Agency MBS and U.S. Treasury securities in our investment portfolio, in response to the current interest rate environment resulting in a pre-tax loss of $40 million. The following tables present the aggregate fair values of investment securities that have been in a continuous unrealized loss position for less than 12 months, and those that have been in a continuous unrealized loss position for 12 months or longer, as of the dates indicated:

	Less than 12 months		12 months or longer		Total	
September 30, 2017 (In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
U.S. Treasury and federal agencies:						
Direct obligations	$—	$ —	$153	$ 1	$153	$ 1
Mortgage-backed securities	4,382	51	1,880	44	6,262	95
Asset-backed securities:						
Student loans	—	—	1,191	8	1,191	8
Credit cards	499	22	—	—	499	22
Total asset-backed securities	499	22	1,191	8	1,690	30
Non-U.S. debt securities:						
Mortgage-backed securities	780	2	569	1	1,349	3
Government securities	4,965	16	—	—	4,965	16
Other	447	3	229	1	676	4
Total non-U.S. debt securities	6,192	21	798	2	6,990	23
State and political subdivisions	1,052	15	525	13	1,577	28
Collateralized mortgage obligations	550	7	56	2	606	9
Other U.S. debt securities	1,141	14	75	1	1,216	15
U.S. equity securities	—	—	6	2	6	2
Total	$13,816	$ 130	$4,684	$ 73	$18,500	$ 203
Held-to-maturity:						
U.S. Treasury and federal agencies:						
Direct obligations	$9,660	$ 36	$77	$ 1	$9,737	$ 37
Mortgage-backed securities	6,939	152	493	17	7,432	169
Asset-backed securities:						
Student loans	544	8	389	5	933	13
Total asset-backed securities	544	8	389	5	933	13
Non-U.S. debt securities:						
Mortgage-backed securities	—	—	259	7	259	7
Total non-U.S. debt securities	—	—	259	7	259	7
Collateralized mortgage obligations	245	2	176	3	421	5
Total	$17,388	$ 198	$1,394	$ 33	$18,782	$ 231

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	Less than 12 months		12 months or longer		Total	
December 31, 2016 (In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale:						
U.S. Treasury and federal agencies:						
Direct obligations	$651	$ 8	$180	$ 1	$831	$ 9
Mortgage-backed securities	7,072	131	1,114	28	8,186	159
Asset-backed securities:						
Student loans	54	—	3,745	75	3,799	75
Credit cards	795	1	494	25	1,289	26
Sub-prime	1	—	252	18	253	18
Other	75	—	—	—	75	—
Total asset-backed securities	925	1	4,491	118	5,416	119
Non-U.S. debt securities:						
Mortgage-backed securities	442	1	893	5	1,335	6
Asset-backed securities	253	—	276	1	529	1
Government securities	1,314	6	—	—	1,314	6
Other	670	4	218	1	888	5
Total non-U.S. debt securities	2,679	11	1,387	7	4,066	18
State and political subdivisions	3,390	102	304	10	3,694	112
Collateralized mortgage obligations	1,259	31	162	4	1,421	35
Other U.S. debt securities	944	24	157	6	1,101	30
U.S. equity securities	8	—	5	3	13	3
Total	$16,928	$ 308	$7,800	$ 177	$24,728	$ 485
Held-to-maturity:						
U.S. Treasury and federal agencies:						
Direct obligations	$8,891	$ 57	$86	$ 1	$8,977	$ 58
Mortgage-backed securities	6,838	221	—	—	6,838	221
Asset-backed securities:						
Student loans	705	9	1,235	21	1,940	30
Credit cards	33	—	—	—	33	—
Other	18	—	9	—	27	—
Total asset-backed securities	756	9	1,244	21	2,000	30
Non-U.S. debt securities:						
Mortgage-backed securities	54	2	330	13	384	15
Asset-backed securities	28	—	35	—	63	—
Government securities	180	—	—	—	180	—
Total non-U.S. debt securities	262	2	365	13	627	15
Collateralized mortgage obligations	537	4	204	7	741	11
Total	$17,284	$ 293	$1,899	$ 42	$19,183	$ 335

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The following table presents contractual maturities of debt investment securities by carrying amount as of September 30, 2017. The maturities of certain ABS, MBS, and collateralized mortgage obligations are based on expected principal payments. Actual maturities may differ from these expected maturities since certain borrowers have the right to prepay obligations with or without prepayment penalties.

(In millions)	Under 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years	Total
Available-for-sale:					
U.S. Treasury and federal agencies:					
Direct obligations	$ 232	$ 7	$ 55	$ 326	$ 620
Mortgage-backed securities	270	1,311	3,424	5,995	11,000
Asset-backed securities:					
Student loans	408	1,634	1,159	1,625	4,826
Credit cards	—	1,296	252	—	1,548
Other	—	120	1,101	—	1,221
Total asset-backed securities	408	3,050	2,512	1,625	7,595
Non-U.S. debt securities:					
Mortgage-backed securities	837	4,128	1,046	1,063	7,074
Asset-backed securities	395	2,182	262	—	2,839
Government securities	3,000	2,288	1,370	—	6,658
Other	1,485	3,607	726	—	5,818
Total non-U.S. debt securities	5,717	12,205	3,404	1,063	22,389
State and political subdivisions	433	2,525	5,020	1,760	9,738
Collateralized mortgage obligations	7	148	343	1,030	1,528
Other U.S. debt securities	404	1,052	1,472	—	2,928
Total	$ 7,471	$ 20,298	$ 16,230	$ 11,799	$ 55,798
Held-to-maturity:					
U.S. Treasury and federal agencies:					
Direct obligations	$ 1,827	$ 15,552	$ 14	$ 63	$ 17,456
Mortgage-backed securities	—	172	1,427	10,776	12,375
Asset-backed securities:					
Student loans	87	240	298	2,491	3,116
Credit cards	178	620	—	—	798
Other	—	—	—	1	1
Total asset-backed securities	265	860	298	2,492	3,915
Non-U.S. debt securities:					
Mortgage-backed securities	173	221	49	557	1,000
Asset-backed securities	84	241	—	—	325
Government securities	364	119	—	—	483
Other	—	47	—	—	47
Total non-U.S. debt securities	621	628	49	557	1,855
Collateralized mortgage obligations	9	117	373	750	1,249
Total	$ 2,722	$ 17,329	$ 2,161	$ 14,638	$ 36,850

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The following table presents a roll-forward with respect to net impairment losses that have been recognized in income for the periods indicated.

	Nine Months Ended September 30,	
(In millions)	2017	2016
Balance, beginning of period	$66	$92
Additions:		
Losses for which OTTI was previously recognized	—	2
Deductions:		
Previously recognized losses related to securities sold or matured	(2)	(26)
Balance, end of period	$64	$68

Interest income related to debt securities is recognized in our consolidated statement of income using the effective interest method, or on a basis approximating a level rate of return over the contractual or estimated life of the security. The level rate of return considers any non-refundable fees or costs, as well as purchase premiums or discounts, resulting in amortization or accretion, accordingly.

For debt securities acquired for which we consider it probable as of the date of acquisition that we will be unable to collect all contractually required principal, interest and other payments, the excess of our estimate of undiscounted future cash flows from these securities over their initial recorded investment is accreted into interest income on a level-yield basis over the securities' estimated remaining terms. Subsequent decreases in these securities' expected future cash flows are either recognized prospectively through an adjustment of the yields on the securities over their remaining terms, or are evaluated for other-than-temporary impairment. Increases in expected future cash flows are recognized prospectively over the securities' estimated remaining terms through the recalculation of their yields.

For certain debt securities acquired which are considered to be beneficial interests in securitized financial assets, the excess of our estimate of undiscounted future cash flows from these securities over their initial recorded investment is accreted into interest income on a level-yield basis over the securities' estimated remaining terms. Subsequent decreases in these securities' expected future cash flows are either recognized prospectively through an adjustment of the yields on the securities over their remaining terms, or are evaluated for OTTI. Increases in expected future cash flows are recognized prospectively over the securities' estimated remaining terms through the recalculation of their yields.

Impairment

We conduct periodic reviews of individual securities to assess whether OTTI exists. For additional information about the review of securities for impairment, refer to pages 149 to 152 in Note 3 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

We recorded less than $1 million of OTTI in the nine months ended September 30, 2017 and $2 million of OTTI in the nine months ended September 30, 2016, which resulted from adverse changes in the timing of expected future cash flows from the securities.

After a review of the investment portfolio, taking into consideration current economic conditions, adverse situations that might affect our ability to fully collect principal and interest, the timing of future payments, the credit quality and performance of the collateral underlying MBS and ABS and other relevant factors, management considers the aggregate decline in fair value of the investment securities portfolio and the resulting gross pre-tax unrealized losses of $434 million related to 1,151 securities as of September 30, 2017 to be temporary, and not the result of any material changes in the credit characteristics of the securities.

Note 4. Loans and Leases

We segregate our loans and leases into three segments: commercial and financial loans, commercial real estate loans, and lease financing. We further classify commercial and financial loans as loans to investment funds, senior secured bank loans, loans to municipalities, and other. These classifications reflect their risk characteristics, their initial measurement attributes and the methods we use to monitor and assess credit risk. For additional information on our loans and leases, including our internal risk-rating system used to assess our risk of credit loss for each loan or lease, refer to pages 152 to 155 in Note 4 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

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The following table presents our recorded investment in loans and leases, by segment, as of the dates indicated:

(In millions)	September 30, 2017	December 31, 2016
Domestic:		
Commercial and financial:		
Loans to investment funds	$ 12,886	$ 11,734
Senior secured bank loans	3,377	3,256
Loans to municipalities	1,955	1,352
Other	55	70
Commercial real estate	—	27
Lease financing	283	338
Total domestic	18,556	16,777
Non-U.S.:		
Commercial and financial:		
Loans to investment funds	4,138	2,224
Senior secured bank loans	514	252
Lease financing	430	504
Total non-U.S.	5,082	2,980
Total loans and leases	23,638	19,757
Allowance for loan and lease losses	(57)	(53)
Loans and leases, net of allowance	$ 23,581	$ 19,704

The commercial and financial segment is composed of primarily floating-rate loans to mutual fund clients, purchased senior secured bank loans, and loans to municipalities. Investment fund lending is composed of short-duration revolving credit lines providing liquidity to fund clients in support of their transaction flows associated with securities' settlement activities.

Certain loans are pledged as collateral for access to the Federal Reserve's discount window. As of September 30, 2017 and December 31, 2016, the loans pledged as collateral totaled $1.7 billion and $1.5 billion, respectively.

The following tables present our recorded investment in each class of loans and leases by credit quality indicator as of the dates indicated:

September 30, 2017 (In millions)	Commercial and Financial	Commercial Real Estate	Lease Financing	Total Loans and Leases
Investment grade(1)	$ 18,270	$ —	$ 713	$ 18,983
Speculative(2)	4,655	—	—	4,655
Total	$ 22,925	$ —	$ 713	$ 23,638

December 31, 2016 (In millions)	Commercial and Financial	Commercial Real Estate	Lease Financing	Total Loans and Leases
Investment grade(1)	$ 14,889	$ 27	$ 842	$ 15,758
Speculative(2)	3,984	—	—	3,984
Substandard(3)	15	—	—	15
Total	$ 18,888	$ 27	$ 842	$ 19,757

(1) Investment-grade loans and leases consist of counterparties with strong credit quality and low expected credit risk and probability of default. Ratings apply to counterparties with a strong capacity to support the timely repayment of

any financial commitment.
(2) Speculative loans and leases consist of counterparties that face ongoing uncertainties or exposure to business, financial, or economic downturns. However, these counterparties may have financial flexibility or access to financial alternatives, which allow for financial commitments to be met.
(3) Substandard loans and leases consist of counterparties with well-defined weakness that jeopardizes repayment with the possibility we will sustain some loss.

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The following table presents our recorded investment in loans and leases, disaggregated based on our impairment methodology, as of the dates indicated:

(In millions)	September 30, 2017				December 31, 2016			
	Commercial and Financial	Commercial Real Estate	Lease Financing	Total Loans and Leases	Commercial and Financial	Commercial Real Estate	Lease Financing	Total Loans and Leases
Loans and leases[1]:								
Individually evaluated for impairment	$—	$ —	$ —	$—	$15	$ —	$ —	$15
Collectively evaluated for impairment	22,925	—	713	23,638	18,873	27	842	19,742
Total	$22,925	$ —	$ 713	$23,638	$18,888	$ 27	$ 842	$19,757

[1] For those portfolios where there are a small number of loans each with a large balance, we review each loan annually for indicators of impairment. For those loans where no such indicators are identified, the loans are collectively evaluated for impairment. As of September 30, 2017, no loans were individually evaluated for impairment. As of December 31, 2016, $0.2 million of the allowance for loan and lease loss related to commercial and financial loans were individually evaluated for impairment.

As of September 30, 2017, we had no impaired loans and leases. As of December 31, 2016, we identified one commercial and financial loan as impaired, with both a recorded investment and unpaid principal balance of $15 million. The impaired loan had zero related interest income and an associated allowance for loan losses of $0.2 million.

In certain circumstances, we restructure troubled loans by granting concessions to borrowers experiencing financial difficulty. Once restructured, the loans are generally considered impaired until their maturity, regardless of whether the borrowers perform under the modified terms of the loans. There were no loans modified in troubled debt restructurings during the nine months ended September 30, 2017 and the year ended December 31, 2016.

As of September 30, 2017, there were no loans or leases on non-accrual status. As of December 31, 2016, there was one commercial and financial loan on non-accrual status and no CRE loans or leases were on non-accrual status. There were no loans and leases 90 days or more contractually past due as of September 30, 2017 and December 31, 2016.

Allowance for loan and lease losses

The following table presents activity in the allowance for loan and lease losses for the periods indicated:

(In millions)	Three Months Ended September 30,	
	2017	2016
	Total Loans and Leases	Total Loans and Leases
Allowance for loan and lease losses[1]:		
Beginning balance	$ 54	$ 51
Provision for loan and lease losses	3	—
Charge-offs	—	—

Ending balance	$ 57	$ 51

	Nine Months Ended September 30,	
	2017	2016
(In millions)	Total Loans and Leases	Total Loans and Leases
Allowance for loan and lease losses[1]:		
Beginning balance	$ 53	$ 46
Provision for loan and lease losses	4	8
Charge-offs	—	(3)
Ending balance	$ 57	$ 51

[1] The provisions and charge-offs for loans and leases were attributable to exposure to senior secured loans to non-investment grade borrowers, purchased in connection with our participation in syndicated loans.

Loans and leases are reviewed on a regular basis, and any provisions for loan and lease losses that are recorded reflect management's estimate of the amount necessary to maintain the allowance for loan and lease losses at a level considered appropriate to absorb estimated incurred losses in the loan and lease portfolio.

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Note 5. Goodwill and Other Intangible Assets
The following table presents changes in the carrying amount of goodwill during the periods indicated:

(In millions)	Investment Servicing	Investment Management	Total
Goodwill:			
Beginning balance January 1, 2016	$ 5,641	$ 30	$5,671
Acquisitions[1]	—	236	236
Divestitures and other reductions	(11)	—	(11)
Foreign currency translation	(80)	(2)	(82)
Ending balance December 31, 2016	$ 5,550	$ 264	$5,814
Acquisitions	17	—	17
Divestitures and other reductions	(9)	—	(9)
Foreign currency translation	170	5	175
Ending balance September 30, 2017	$ 5,728	$ 269	$5,997

[1] Investment Management includes our acquisition of GEAM on July 1, 2016.
The following table presents changes in the net carrying amount of other intangible assets during the periods indicated:

(In millions)	Investment Servicing	Investment Management	Total
Other intangible assets:			
Beginning balance January 1, 2016	$ 1,753	$ 15	$1,768
Acquisitions[1]	—	217	217
Divestitures	(8)	—	(8)
Amortization	(186)	(21)	(207)
Foreign currency translation and other, net	(20)	—	(20)
Ending balance December 31, 2016	$ 1,539	$ 211	$1,750
Acquisitions	16	—	16
Divestitures	(11)	—	(11)
Amortization	(137)	(23)	(160)
Foreign currency translation and other, net	63	—	63
Ending balance September 30, 2017	$ 1,470	$ 188	$1,658

[1] Investment Management includes our acquisition of GEAM on July 1, 2016.
The following table presents the gross carrying amount, accumulated amortization and net carrying amount of other intangible assets by type as of the dates indicated:

	September 30, 2017			December 31, 2016		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Client relationships	$2,654	$ (1,418)	$ 1,236	$2,620	$ (1,306)	$ 1,314
Core deposits	683	(311)	372	661	(277)	384
Other	141	(91)	50	132	(80)	52
Total	$3,478	$ (1,820)	$ 1,658	$3,413	$ (1,663)	$ 1,750

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Note 6. Other Assets
The following table presents the components of other assets as of the dates indicated:

(In millions)	September 30, 2017	December 31, 2016
Receivable - securities lending[1]	$ 23,628	$ 21,204
Derivative instruments, net	4,712	7,321
Bank-owned life insurance	3,219	3,158
Investments in joint ventures and other unconsolidated entities	2,099	2,363
Collateral, net	902	2,236
Accounts receivable	393	886
Prepaid expenses	422	333
Receivable for securities settlement	441	40
Income taxes receivable	368	106
Deferred tax assets, net of valuation allowance[2]	213	210
Deposits with clearing organizations	125	132
Other[3]	435	339
Total	$ 36,957	$ 38,328

[1] Refer to Note 8 for further information on the impact of collateral on our financial statement presentation of securities borrowing transactions.
[2] Deferred tax assets and liabilities recorded in our consolidated statement of condition are netted within the same tax jurisdiction.
[3] Includes amounts held in escrow accounts at third parties related to the negotiated settlements in the transition management legal matter presented in Note 10.

Note 7. Derivative Financial Instruments
We use derivative financial instruments to support our clients' needs and to manage our interest-rate and currency risk. In undertaking these activities, we assume positions in both the foreign exchange and interest-rate markets by buying and selling cash instruments and using derivative financial instruments, including foreign exchange forward contracts, foreign exchange options and interest-rate contracts. For information on our derivative instruments, including the related accounting policies, refer to pages 160 to 166 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.
Derivative financial instruments are also subject to credit and counterparty risk, which we manage by performing credit reviews, maintaining individual counterparty limits, entering into netting arrangements and requiring the receipt of collateral. Cash collateral received from and provided to counterparties in connection with derivative financial instruments is recorded in accrued expenses and other liabilities and other assets, respectively, in our consolidated statement of condition. As of September 30, 2017 and December 31, 2016, we had recorded approximately $1.18 billion and $1.99 billion, respectively, of cash collateral received from counterparties and approximately $1.85 billion and

$4.39 billion, respectively, of cash collateral provided to counterparties in connection with derivative financial instruments in our consolidated statement of condition.
Certain of our derivative assets and liabilities as of September 30, 2017 and December 31, 2016 are subject to master netting agreements with our derivative counterparties. Certain of these agreements contain credit risk-related contingent features in which the counterparty has the right to declare us in default and accelerate cash settlement of our net derivative liabilities with the counterparty in the event that our credit rating falls below specified levels. The aggregate fair value of all derivative instruments with credit risk-related contingent features that were in a net liability

position as of September 30, 2017 totaled approximately $1.94 billion, against which we provided no underlying collateral. If our credit rating were downgraded below levels specified in the agreements, the maximum additional amount of payments related to termination events that could have been required pursuant to these contingent features, assuming no change in fair value, as of September 30, 2017 was approximately $1.94 billion. Such accelerated settlement would be at fair value and therefore not affect our consolidated results of operations.

Derivatives Not Designated as Hedging Instruments

In connection with our trading activities, we use derivative financial instruments in our role as a financial intermediary and as both a manager and servicer of financial assets, in order to accommodate our clients' investment and risk management needs. In addition, we use derivative financial instruments for risk management purposes as economic hedges, which are not formally designated as accounting hedges, in order to contribute to our overall corporate earnings and liquidity. These activities are designed to generate trading services revenue and to manage volatility in our NII. The level of market risk that we assume is a function of our overall objectives and liquidity needs, our clients' requirements and market volatility. For additional information on derivative not designated as hedging instruments, refer to pages 161 to 162 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

Derivatives Designated as Hedging Instruments

In connection with our asset-and-liability management activities, we use derivative financial instruments to manage our interest rate risk and foreign currency risk. Interest rate risk, defined as the sensitivity of income or financial condition to

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variations in interest rates, is a significant non-trading market risk to which our assets and liabilities are exposed. We manage our interest rate risk by identifying, quantifying and hedging our exposures, using fixed-rate portfolio securities and a variety of derivative financial instruments, most frequently interest-rate swaps. Interest rate swap agreements alter the interest-rate characteristics of specific balance sheet assets or liabilities. We use foreign exchange forward and swap contracts to hedge foreign exchange exposure to various foreign currencies with respect to certain assets and liabilities. Our hedging relationships are formally designated, and qualify for hedge accounting, as fair value, cash flow or net investment hedges. For additional information on derivatives designated as hedging instruments, refer to pages 162 to 166 in Note 10 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

Fair Value Hedges

We have entered into interest rate swap agreements to modify our interest income from certain AFS investment securities from a fixed rate to a floating rate. The hedged AFS investment securities included hedged trusts that had a weighted-average life of approximately 4.4 years as of September 30, 2017, compared to 4.5 years as of December 31, 2016.

We have entered into interest rate swap agreements to modify our interest expense on eight senior notes and one subordinated note from fixed rates to floating rates. The senior and subordinated notes are hedged with interest rate swap contracts with notional amounts, maturities and fixed-rate coupon terms that effectively hedge the fixed-rate notes. The table below summarizes the maturities and the paid fixed interest rates for the hedged senior and subordinated notes:

September 30, 2017	Maturity	Paid Fixed Interest Rate
Senior Notes		
	2020	2.55%
	2021	4.38
	2021	1.95
	2022	2.65
	2023	3.70
	2024	3.30
	2025	3.55
	2026	2.65
Subordinated Notes		
	2023	3.10

We have entered into foreign exchange swap contracts to hedge the change in fair value attributable to foreign exchange movements in our foreign currency denominated investment securities and deposits. These forward contracts convert the foreign currency risk to U.S. dollars, thereby mitigating our exposure to fluctuations in the fair value of the securities and deposits attributable to changes in foreign exchange rates.

Cash Flow Hedges

We have entered into foreign exchange contracts to hedge the change in cash flows attributable to foreign exchange movements in foreign currency denominated investment securities. These foreign exchange contracts convert the foreign currency risk to U.S. dollars, thereby mitigating our exposure to fluctuations in the cash flows of the securities attributable to changes in foreign exchange rates.

We have entered into an interest rate swap agreement to hedge the forecasted cash flows associated with LIBOR-indexed floating-rate loans. The interest rate swaps synthetically convert the loan interest receipts from a variable-rate to a fixed-rate, thereby mitigating the risk attributable to changes in the LIBOR benchmark rate. As of September 30, 2017, the maximum maturity date of the underlying loans is approximately 5.0 years.

Net Investment Hedges

We have entered into foreign exchange contracts to protect the net investment in our foreign operations against adverse changes in exchange rates. These forward contracts convert the foreign currency risk to U.S. dollars, thereby mitigating our exposure to fluctuations in the fair value of our net investments in our foreign operations attributable to changes in foreign exchange rates. The changes in fair value of the foreign exchange forward contracts are recorded, net of taxes, in the foreign currency translation component of other comprehensive income. Effectiveness of net investment hedges is based on the overall changes in the fair value of the forward contracts.

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The following table presents the aggregate contractual, or notional, amounts of derivative financial instruments entered into in connection with our trading and asset-and-liability management activities as of the dates indicated:

(In millions)	September 30, 2017	December 31, 2016
Derivatives not designated as hedging instruments:		
Interest-rate contracts:		
Futures	$ 14,262	$ 13,455
Foreign exchange contracts:		
Forward, swap and spot	1,618,670	1,414,765
Options purchased	455	337
Options written	262	202
Futures	—	—
Other:		
Stable value contracts	25,351	27,182
Deferred value awards(1)(2)	531	409
Derivatives designated as hedging instruments:		
Interest-rate contracts:		
Swap agreements	10,616	10,169
Foreign exchange contracts:		
Forward and swap	27,429	8,564

(1) Represents grants of deferred value awards to employees; refer to discussion in this note under "Derivatives Not Designated as Hedging Instruments."
(2) Amount as of December 31, 2016 reflects $249 million related to the acceleration of expense associated with certain cash settled deferred incentive compensation awards.
In connection with our asset-and-liability management activities, we have entered into interest-rate contracts designated as fair value and cash flow hedges to manage our interest rate risk. The following tables present the aggregate notional amounts of these interest rate contracts and the related assets or liabilities being hedged as of the dates indicated:

	September 30, 2017		
(In millions)	Fair Value Hedges	Cash Flow Hedges	Total
Investment securities available-for-sale	$1,323	$ —	$1,323
Long-term debt(1)	8,493	—	8,493
Floating-rate loans	—	800	800
Total	$9,816	$ 800	$10,616

	December 31, 2016(2)
(In millions)	Fair Value Hedges
Investment securities available-for-sale	$ 1,444

Long-term debt[1]	8,725
Total	$ 10,169

[1] As of September 30, 2017, these fair value hedges decreased the carrying value of LTD presented in our consolidated statement of condition by $1 million. As of December 31, 2016, these fair value hedges decreased the carrying value of long-term debt presented in our consolidated statement of condition by $15 million.
[2] As of December 31, 2016, there were no interest-rate contracts designated as cash flow hedges.

The following table presents the contractual and weighted-average interest rates for long-term debt, which include the effects of the fair value hedges presented in the table above, for the periods indicated:

	Three Months Ended September 30,			
	2017		2016	
	Contractual Rates	Rate Including Impact of Hedges	Contractual Rates	Rate Including Impact of Hedges
Long-term debt	3.30 %	2.67 %	3.37 %	2.27 %

	Nine Months Ended September 30,			
	2017		2016	
	Contractual Rates	Rate Including Impact of Hedges	Contractual Rates	Rate Including Impact of Hedges
Long-term debt	3.35 %	2.61 %	3.41 %	2.24 %

The following tables present the fair value of derivative financial instruments, excluding the impact of master netting agreements, recorded in our consolidated statement of condition as of the dates indicated. The impact of master netting agreements is provided in Note 8 to the consolidated financial statements in this Form 10-Q.

	Derivative Assets[1]	
	Fair Value	
(In millions)	September 30, 2017	December 31, 2016
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	$11,667	$ 15,982
Total	$11,667	$ 15,982
Derivatives designated as hedging instruments:		
Foreign exchange contracts	$70	$ 502
Interest-rate contracts	3	68
Total	$73	$ 570

[1] Derivative assets are included within other assets in our consolidated statement of condition.

	Derivative Liabilities[1]	
	Fair Value	
(In millions)	September 30, 2017	December 31, 2016
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	$11,506	$ 15,881
Other derivative contracts	319	380
Total	$11,825	$ 16,261
Derivatives designated as hedging instruments:		

Foreign exchange contracts	$77	$ 75
Interest-rate contracts	107	348
Total	$184	$ 423

(1) Derivative liabilities are included within other liabilities in our consolidated statement of condition.

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The following tables present the impact of our use of derivative financial instruments on our consolidated statement of income for the periods indicated:

	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)		2017	2016	2017	2016
Derivatives not designated as hedging instruments:					
Foreign exchange contracts	Trading services revenue	$152	$161	$485	$477
Interest-rate contracts	Processing fees and other revenue	—	—	—	1
Foreign exchange contracts	Processing fees and other revenue	(9)	(3)	(11)	(13)
Interest-rate contracts	Trading services revenue	(2)	(1)	7	(6)
Credit derivative contracts	Trading services revenue	—	—	—	(1)
Other derivative contracts	Trading services revenue	—	1	—	(2)
Other derivative contracts	Compensation and employee benefits	(25)	41	(120)	168
Total		$116	$199	$361	$624

	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income		Hedged Item in Fair Value Hedging Relationship	Location of Gain (Loss) on Hedged Item in Consolidated Statement of Income	Amount of Gain (Loss) on Hedged Item Recognized in Consolidated Statement of Income	
		Three Months Ended September 30,				Three Months Ended September 30,	
(In millions)		2017	2016			2017	2016
Derivatives designated as fair value hedges:							
Foreign exchange contracts	Processing fees and other revenue	$ 19	$ 24	Investment securities	Processing fees and other revenue	$(19)	$(24)
Foreign exchange contracts	Processing fees and other revenue	200	1	FX deposit	Processing fees and other revenue	(200)	(1)
Interest-rate contracts	Processing fees and other revenue	9	22	Available-for-sale securities	Processing fees and other revenue(1)	(9)	(22)
Interest-rate contracts	Processing fees and other revenue	(8)	(79)	Long-term debt	Processing fees and other revenue	5	78
Total		$ 220	$(32)			$(223)	$31

	Location of Gain (Loss) on	Amount of Gain (Loss) on Derivative	Hedged Item in Fair Value	Location of Gain (Loss) on	Amount of Gain (Loss) on Hedged

	Derivative in Consolidated Statement of Income	Recognized in Consolidated Statement of Income		Hedging Relationship	Hedged Item in Consolidated Statement of Income	Item Recognized in Consolidated Statement of Income	
		Nine Months Ended September 30,				Nine Months Ended September 30,	
		2017	2016			2017	2016
Derivatives designated as fair value hedges:							
Foreign exchange contracts	Processing fees and other revenue	$ 21	$ 43	Investment securities	Processing fees and other revenue	$ (21)	$ (43)
Foreign exchange contracts	Processing fees and other revenue	1,282	247	FX deposit	Processing fees and other revenue	(1,282)	(247)
Interest-rate contracts	Processing fees and other revenue	23	(15)	Available-for-sale securities	Processing fees and other revenue[2]	(21)	15
Interest-rate contracts	Processing fees and other revenue	37	297	Long-term debt	Processing fees and other revenue	(39)	(282)
Total		$ 1,363	$ 572			$ (1,363)	$ (557)

(1) In the three months ended September 30, 2017 and 2016, $4 million and $13 million, respectively, of net unrealized (losses) gains on AFS investment securities designated in fair value hedges were recognized in OCI.
(2) In the nine months ended September 30, 2017 and 2016, $13 million and $(9) million, respectively, of net unrealized (losses) gains on AFS investment securities designated in fair value hedges were recognized in OCI.

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Differences between the gains (losses) on the derivative and the gains (losses) on the hedged item, excluding any amounts recorded in NII, represent hedge ineffectiveness.

	Amount of Gain (Loss) on Derivative Recognized in Other Comprehensive Income		Location of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income	Amount of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income		Location of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	
	Three Months Ended September 30,			Three Months Ended September 30,			Three Months Ended September 30,	
(In millions)	2017	2016		2017	2016		2017	2016
Derivatives designated as cash flow hedges:								
Interest-rate contracts	$ (1)	$ —	Net interest income	$ —	$ —	Net interest income	$ —	$ —
Foreign exchange contracts	(1)	(65)	Net interest income	—	—	Net interest income	5	6
Total	$ (2)	$ (65)		$ —	$ —		$ 5	$ 6
Derivatives designated as net investment hedges:								
Foreign exchange contracts	$ (47)	$ 4	Gains (Losses) related to investment securities, net	$ —	$ —	Gains (Losses) related to investment securities, net	$ —	$ —
Total	$ (47)	$ 4		$ —	$ —		$ —	$ —

	Amount of Gain (Loss) on Derivative Recognized in Other Comprehensive Income		Location of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income	Amount of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income		Location of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	
	Nine Months Ended September 30,			Nine Months Ended September 30,			Nine Months Ended September 30,	

(In millions)	2017	2016		2017	2016		2017	2016
Derivatives designated as cash flow hedges:								
Interest-rate contracts	$ (2)	$ —	Net interest income	$ —	$ —	Net interest income	$ —	$ —
Foreign exchange contracts	(93)	(293)	Net interest income	—	—	Net interest income	18	17
Total	$ (95)	$ (293)		$ —	$ —		$ 18	$ 17
Derivatives designated as net investment hedges:								
Foreign exchange contracts	$ (148)	$ 55	Gains (Losses) related to investment securities, net	$ —	$ —	Gains (Losses) related to investment securities, net	$ —	$ —
Total	$ (148)	$ 55		$ —	$ —		$ —	$ —

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Note 8. Offsetting Arrangements

We manage credit and counterparty risk by entering into enforceable netting agreements and other collateral arrangements with counterparties to derivative contracts and secured financing transactions, including resale and repurchase agreements, and principal securities borrowing and lending agreements. These netting agreements mitigate our counterparty credit risk by providing for a single net settlement with a counterparty of all financial transactions covered by the agreement in an event of default as defined under such agreement. In limited cases, a netting agreement may also provide for the periodic netting of settlement payments with respect to multiple different transaction types in the

normal course of business. For additional information on offsetting arrangements, refer to pages 166 to 170 in Note 11 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

As of September 30, 2017 and December 31, 2016, the fair value of securities received as collateral from third parties where we are permitted to transfer or re-pledge the securities totaled $2.96 billion and $1.77 billion, respectively, and the fair value of the portion that had been transferred or re-pledged as of the same dates was $41.2 million and $166 million, respectively.

The following tables present information about the offsetting of assets related to derivative contracts and secured financing transactions, as of the dates indicated:

Assets:	September 30, 2017				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Assets(1)(2)	Gross Amounts Offset in Statement of Condition(3)	Net Amounts of Assets Presented in Statement of Condition	Cash and Securities Received(4)	Net Amount(5)
Derivatives:					
Foreign exchange contracts	$11,737	$ (6,389)	$ 5,348		$ 5,348
Interest-rate contracts	3	(2)	1		1
Cash collateral and securities netting	NA	(637)	(637)	$(106)	(743)
Total derivatives	11,740	(7,028)	4,712	(106)	4,606
Other financial instruments:					
Resale agreements and securities borrowing(6)	63,821	(36,728)	27,093	(27,093)	—
Total derivatives and other financial instruments	$75,561	$ (43,756)	$ 31,805	$(27,199)	$ 4,606

Assets:	December 31, 2016				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized	Gross Amounts Offset in Statement of	Net Amounts of Assets Presented	Cash and Securities Received(4)	Net Amount(5)

	Assets[1][2]	Condition[3]	in Statement of Condition		
Derivatives:					
Foreign exchange contracts	$16,484	$ (8,257)	$ 8,227		$ 8,227
Interest-rate contracts	68	(68)	—		—
Cash collateral and securities netting	NA	(906)	(906)	$ (247)	(1,153)
Total derivatives	16,552	(9,231)	7,321	(247)	7,074
Other financial instruments:					
Resale agreements and securities borrowing[6]	58,677	(35,517)	23,160	(22,939)	221
Total derivatives and other financial instruments	$75,229	$ (44,748)	$ 30,481	$ (23,186)	$ 7,295

(1) Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.
(2) Derivative amounts are carried at fair value and securities financing amounts are carried at amortized cost, except for securities collateral which is also carried at fair value. For additional information about the measurement basis of these instruments, refer to pages 131 to 142 in Notes 1 and 2 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.
(3) Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.
(4) Includes securities in connection with our securities borrowing transactions.
(5) Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.
(6) Included in the $27,093 million as of September 30, 2017 were $3,465 million of resale agreements and $23,628 million of collateral provided related to securities borrowing. Included in the $23,160 million as of December 31, 2016 were $1,956 million of resale agreements and $21,204 million of collateral provided related to securities borrowing. Resale agreements and collateral provided related to securities borrowing were recorded in securities purchased under resale agreements and other assets, respectively, in our consolidated statement of condition. Additional information about principal securities finance transactions is provided in Note 9 to the consolidated financial statements in this Form 10-Q.
NA Not applicable

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The following tables present information about the offsetting of liabilities related to derivative contracts and secured financing transactions, as of the dates indicated:

Liabilities:	September 30, 2017				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Liabilities[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Liabilities Presented in Statement of Condition	Cash and Securities Provided[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	$11,583	$ (6,390)	$ 5,193		$ 5,193
Interest-rate contracts[6]	107	(1)	106		106
Other derivative contracts	319	—	319		319
Cash collateral and securities netting	NA	(1,074)	(1,074)	$(262)	(1,336)
Total derivatives	12,009	(7,465)	4,544	(262)	4,282
Other financial instruments:					
Repurchase agreements and securities lending[7]	45,864	(36,728)	9,136	(6,564)	2,572
Total derivatives and other financial instruments	$57,873	$ (44,193)	$ 13,680	$(6,826)	$ 6,854

Liabilities:	December 31, 2016				
				Gross Amounts Not Offset in Statement of Condition	
(In millions)	Gross Amounts of Recognized Liabilities[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Liabilities Presented in Statement of Condition	Cash and Securities Provided[4]	Net Amount[5]
Derivatives:					
Foreign exchange contracts	$15,956	$ (8,253)	$ 7,703		$ 7,703
Interest-rate contracts	348	(73)	275		275
Other derivative contracts	380	—	380		380
Cash collateral and securities netting	NA	(2,356)	(2,356)	$(180)	(2,536)
Total derivatives	16,684	(10,682)	6,002	(180)	5,822
Other financial instruments:					
Resale agreements and securities lending[7]	44,933	(35,517)	9,416	(7,059)	2,357
Total derivatives and other financial instruments	$61,617	$ (46,199)	$ 15,418	$(7,239)	$ 8,179

(1) Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.
(2) Derivative amounts are carried at fair value and securities financing amounts are carried at amortized cost, except for securities collateral which is also carried at fair value. For additional information about the measurement basis of these instruments, refer to pages 131 to 142 in Notes 1 and 2 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.
(3) Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.
(4) Includes securities provided in connection with our securities lending transactions.
(5) Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.
(6) Variation margin payments presented as settlements rather than collateral.
(7) Included in the $9,136 million as of September 30, 2017 were $3,867 million of repurchase agreements and $5,269 million of collateral received related to securities lending. Included in the $9,416 million as of December 31, 2016 were $4,400 million of repurchase agreements and $5,016 million of collateral received related to securities lending. Repurchase agreements and collateral received related to securities lending were recorded in securities sold under repurchase agreements and accrued expenses and other liabilities, respectively, in our consolidated statement of condition. Additional information about principal securities finance transactions is provided in Note 9 to the consolidated financial statements in this Form 10-Q.
NA Not applicable

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The securities transferred under resale and repurchase agreements typically are U.S. Treasury, agency and agency MBS. In our principal securities borrowing and lending arrangements, the securities transferred are predominantly equity securities and some corporate debt securities. The fair value of the securities transferred may increase in value to an amount greater than the amount received under our repurchase and securities lending arrangements, which exposes the Company with counterparty risk. We require the review of the price of the underlying

securities in relation to the carrying value of the repurchase agreements and securities lending arrangements on a daily basis and when appropriate, adjust the cash or security to be obtained or returned to counterparties that is reflective of the required collateral levels.
The following tables summarize our repurchase agreements and securities lending transactions by category of collateral pledged and remaining maturity of these agreements as of the periods indicated:

	Remaining Contractual Maturity of the Agreements As of September 30, 2017			
(In millions)	Overnight and Continuous	Up to 30 days	30 – 90 days	Total
Repurchase agreements:				
U.S. Treasury and agency securities	$35,009			$35,009
Total	35,009	—	—	35,009
Securities lending transactions:				
Corporate debt securities	103			103
Equity securities	10,433		297	10,730
Non-U.S. sovereign debt	22			22
Total	10,558	—	297	10,855
Gross amount of recognized liabilities for repurchase agreements and securities lending	$45,567	$ —	$297	$45,864

	Remaining Contractual Maturity of the Agreements As of December 31, 2016			
(In millions)	Overnight and Continuous	Up to 30 days	30 – 90 days	Total
Repurchase agreements:				
U.S. Treasury and agency securities	$35,509	$ —	$—	$35,509
Total	35,509	—	—	35,509
Securities lending transactions:				
Corporate debt securities	53	—	—	53
Equity securities	8,337	—	1,034	9,371
Total	8,390	—	1,034	9,424
Gross amount of recognized liabilities for repurchase agreements and securities lending	$43,899	$ —	$1,034	$44,933

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Note 9. Commitments and Guarantees

For additional information about our commitments and guarantees, refer to pages 171 to 172 in Note 12 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

The following table presents the aggregate gross contractual amounts of our off-balance sheet commitments and off-balance sheet guarantees as of the dates indicated.

(In millions)	September 30, 2017	December 31, 2016
Commitments:		
Unfunded credit facilities	$ 27,008	$ 26,993
Guarantees[1]:		
Indemnified securities financing	$ 379,459	$ 360,452
Stable value protection	25,351	27,182
Standby letters of credit	3,255	3,459

[1] The potential losses associated with these guarantees equal the gross contractual amounts and do not consider the value of any collateral or reflect any participations to independent third parties.

Unfunded Credit Facilities

Unfunded credit facilities consist of liquidity facilities for our fund and municipal lending clients and undrawn lines of credit related to senior secured bank loans.

As of September 30, 2017, approximately 73% of our unfunded commitments to extend credit expire within one year. Since many of these commitments are expected to expire or renew without being drawn upon, the gross contractual amounts do not necessarily represent our future cash requirements.

Indemnified Securities Financing

On behalf of our clients, we lend their securities, as agent, to brokers and other institutions. In most circumstances, we indemnify our clients for the fair market value of those securities against a failure of the borrower to return such securities.

The following table summarizes the aggregate fair values of indemnified securities financing and related collateral, as well as collateral invested in indemnified repurchase agreements, as of the dates indicated:

(In millions)	September 30, 2017	December 31, 2016
Fair value of indemnified securities financing	$ 379,459	$ 360,452
Fair value of cash and securities held by us, as agent, as collateral for indemnified securities financing	396,123	377,919
Fair value of collateral for indemnified securities financing invested in indemnified repurchase agreements	68,243	60,003
Fair value of cash and securities held by us or our agents as collateral for investments in indemnified repurchase agreements	73,157	63,959

In certain cases, we participate in securities finance transactions as a principal. As a principal, we borrow securities from the lending client and then lend such securities to the subsequent borrower, either a State Street client or a broker/dealer. Our right to receive and obligation to return collateral in connection with our securities lending transactions are recorded in other assets and accrued expenses and other liabilities, respectively, in our consolidated statement of condition. As of September 30, 2017 and December 31, 2016, we had approximately $23.63 billion and $21.20 billion, respectively, of collateral provided and approximately $5.27 billion and $5.02 billion, respectively, of collateral received from clients in connection with our participation in principal securities finance transactions.

Stable Value Protection

In the normal course of our business, we offer products that provide book-value protection, primarily to plan participants in stable value funds managed by non-affiliated investment managers of post-retirement defined contribution benefit plans, particularly 401(k) plans. The book-value protection is provided on portfolios of intermediate investment grade fixed-income securities, and is intended to provide safety and stable growth of principal invested. The protection is intended to cover any shortfall in the event that a significant number of plan participants withdraw funds when book value exceeds market value and the liquidation of the assets is not sufficient to redeem the participants. The investment parameters of the underlying portfolios, combined with structural protections, are designed to provide cushion and guard against payments even under extreme stress scenarios.

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These contingencies are individually accounted for as derivative financial instruments. The notional amounts of the stable value contracts are presented as “derivatives not designated as hedging instruments” in the table of aggregate notional amounts of derivative financial instruments provided in Note 7 to the consolidated financial statements in this Form 10-Q. We have not made a payment under these contingencies that we consider material to our consolidated financial condition, and management believes that the probability of payment under these contingencies in the future, that we would consider material to our consolidated financial condition, is remote.

Standby Letters of Credit

Standby letters of credit provide credit enhancement to our municipal clients to support the issuance of capital markets financing.

Note 10. Contingencies

Legal and Regulatory Matters

In the ordinary course of business, we and our subsidiaries are involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened. These matters, if resolved adversely against us or settled, may result in monetary damages, fines and penalties or require changes in our business practices. The resolution or settlement of these matters is inherently difficult to predict. Based on our assessment of these pending matters, we do not believe that the amount of any judgment, settlement or other action arising from any pending matter is likely to have a material adverse effect on our consolidated financial condition. However, an adverse outcome in certain of the matters described below could have a material adverse effect on our consolidated results of operations for the period in which such matter is resolved, or an accrual is determined to be required, on our consolidated financial condition, or on our reputation.

We evaluate our needs for accruals of loss contingencies related to legal and regulatory proceedings on a case-by-case basis. When we have a liability that we deem probable, and we deem the amount of such liability can be reasonably estimated as of the date of our consolidated financial statements, we accrue for our estimate of the amount of loss. We also consider a loss probable and establish an accrual when we make, or intend to make, an offer of settlement. Once established, an accrual is subject to subsequent adjustment as a result of additional information. The resolution of legal and regulatory proceedings and the amount of reasonably estimable loss (or range thereof) are

inherently difficult to predict, especially in the early stages of proceedings. Even if a loss is probable, an amount (or range) of loss might not be reasonably estimated until the later stages of the proceeding due to many factors (collectively, "factors influencing reasonable estimates"), such as the presence of complex or novel legal theories, the discretion of governmental authorities in seeking sanctions or negotiating resolutions in civil and criminal matters, the pace and timing of discovery and other assessments of facts and the procedural posture of the matter.

As of September 30, 2017, our aggregate accruals for loss contingencies for legal and regulatory matters totaled approximately $15 million. To the extent that we have established accruals in our consolidated statement of condition for probable loss contingencies, such accruals may not be sufficient to cover our ultimate financial exposure associated with any settlements or judgments. Any such ultimate financial exposure, or proceedings to which we may become subject in the future, could have a material adverse effect on our businesses, on our future consolidated financial statements or on our reputation. Except where otherwise noted below, we have not established accruals with respect to the claims discussed and do not believe that potential exposure is probable and can be reasonably estimated.

We have identified certain matters for which loss is reasonably possible (but not probable) in future periods, whether in excess of an accrued liability or where there is no accrued liability, and for which we are able to estimate a range of reasonably possible loss. As of September 30, 2017, our estimate of the range of reasonably possible loss for these matters is from zero to approximately $15 million in the aggregate. Our estimate with respect to the aggregate range of reasonably possible loss is based upon currently available information and is 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 current estimate.

In certain other pending matters , including the Invoicing Matter, Federal Reserve/Massachusetts Division of Banks Written Agreement and Shareholder Litigation discussed below, it is not currently feasible to reasonably estimate the amount or a range of reasonably possible loss (including reasonably possible loss in excess of amounts accrued), and such losses, which may be significant, are not included in the estimate of reasonably possible loss discussed above. This is due to,

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among other factors, one or more considerations consistent with the factors influencing reasonable estimates described in the above discussion of probable loss accruals. These considerations are particularly prevalent in governmental and regulatory inquiries and investigations and, as a result, reasonably possible loss estimates often are not feasible until the later stages of the inquiry or investigation or of any related legal or regulatory proceeding. An adverse outcome in one or more of the matters for which we do not estimate the amount or a range of reasonably possible loss, individually or in the aggregate, could have a material adverse effect on our businesses, on our future consolidated financial statements or on our reputation. Given that we cannot estimate reasonably possible loss for all legal and regulatory proceedings as to which we may be subject now or in the future, including matters that if adversely concluded may present material financial, regulatory and reputational risks, no conclusion as to the ultimate exposure from current pending or potential legal or regulatory proceedings should be drawn from the current estimate of reasonably possible loss.

The following discussion provides information with respect to significant legal, governmental and regulatory matters.

Transition Management

In January 2014, we entered into a settlement with the FCA, pursuant to which we paid a fine of £22.9 million (approximately $37.8 million), as a result of our having charged six clients of our U.K. transition management business during 2010 and 2011 amounts in excess of the contractual terms. The SEC and the DOJ opened separate investigations into this matter. The U.S. Attorney’s office in Boston has charged three former employees in our transition management business with criminal fraud in connection with their alleged role in this matter. Two of these individuals have pled guilty to one count of criminal conspiracy. Charges remain pending against the third individual. The SEC has also commenced a parallel civil enforcement proceeding against that individual.

On January 18, 2017, we announced that we had entered into a settlement agreement with the DOJ and the United States Attorney for the District of Massachusetts to resolve their investigation. Under the terms of the agreement, we, among other things, paid a fine of $32.3 million and entered into a deferred prosecution agreement. Under the deferred prosecution agreement, we agreed to retain an independent compliance and ethics monitor for a term of three years (subject to extension) which will, among other things, review and monitor the

effectiveness of our compliance controls and business ethics and make related recommendations.

In September 2017, we entered into a settlement with the SEC and paid a penalty of $32.3 million (equal to the fine paid to the DOJ). The SEC settlement also required us to retain an independent ethics and compliance consultant. The monitor appointed in connection with the previously announced DOJ settlement will fulfill that role.

Federal Reserve/Massachusetts Division of Banks Written Agreement

On June 1, 2015, we entered into a written agreement with the Federal Reserve and the Massachusetts Division of Banks relating to deficiencies identified in our compliance programs with the requirements of the Bank Secrecy Act, AML regulations and U.S. economic sanctions regulations promulgated by OFAC. As part of this enforcement action, we are required to, among other things, implement improvements to our compliance programs and to retain an independent firm to conduct a review of account and transaction activity covering a prior three-month period to evaluate whether any suspicious activity not previously reported should have been identified and reported in accordance with applicable regulatory requirements. To the extent deficiencies in our historical reporting are identified as a result of the transaction review or if we fail to comply with the terms of the written agreement, we may become subject to fines and other regulatory sanctions, which may have a material adverse effect on us.

Invoicing Matter

In December 2015, we announced a review of the manner in which we invoiced certain expenses to some of our Investment Servicing clients, primarily in the United States, during an 18-year period going back to 1998, and our determination that we had incorrectly invoiced clients for certain expenses. We informed our clients in December 2015 that we will pay to them the amounts we concluded were incorrectly invoiced to them, plus interest. We currently expect the cumulative total of our payments to be at least $340 million (including interest), in connection with that review, which is ongoing. We are implementing enhancements to our billing processes, and we are reviewing the conduct of our employees and have taken appropriate steps to address conduct inconsistent with our standards, including, in some cases, termination of employment. We are also evaluating other billing practices relating to our Investment Servicing clients, including calculation of asset-based fees.

We have received a purported class action

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demand letter alleging that our invoicing practices were unfair and deceptive under Massachusetts law. A class of customers, or particular customers, may assert that we have not paid to them all amounts incorrectly invoiced, and may seek double or treble damages under Massachusetts law. In addition, in March 2017, a purported class action was commenced against us alleging that our invoicing practices violated duties owed to retirement plan customers under ERISA.

We are also responding to requests for information from, and are cooperating with investigations by, governmental and regulatory authorities on these matters, including the civil and criminal divisions of the DOJ, the SEC, the DOL, the Massachusetts Attorney General, and the New Hampshire Bureau of Securities Regulation, which could result in significant fines or other sanctions, civil and criminal, against us. If these governmental or regulatory authorities were to conclude that all or a portion of the billing error merited civil or criminal sanctions, any fine or other penalty could be a significant percentage or a multiple of the portion of the overcharging serving as the basis of such a claim or of the full amount of the overcharging. The governmental and regulatory authorities have significant discretion in civil and criminal matters as to the fines and other penalties they seek to impose. The severity of such fines or other penalties could take into account factors such as the amount and duration of our incorrect invoicing, the government’s or regulator's assessment of the conduct of our employees, as well as prior conduct such as that which resulted in our January 2017 deferred prosecution agreement in connection with transition management services and our recent settlement of civil claims regarding our indirect foreign exchange business.

Any governmental or regulatory proceeding or sanction or the outcome of any litigation could have a material adverse effect on our reputation or business, including the imposition of restrictions on the operation of our business or a reduction in client demand. Resolution of these matters could also have a material adverse effect on our consolidated results of operations for the period or periods in which such matters are resolved or an accrual is determined to be required. No accrual, other than a reserve for client reimbursement, is reflected on our consolidated statement of condition as of September 30, 2017.

Shareholder Litigation

A State Street shareholder has filed a purported class action complaint against the Company alleging that the Company’s financial statements in its annual reports for the 2011-14 period were misleading due to

the inclusion of revenues associated with the Transition Management and Invoicing matters. In addition, a State Street shareholder has filed a derivative complaint against the Company's past and present officers and directors to recover alleged losses incurred by the Company relating to the Invoicing Matter and to our January 2016 settlement with the SEC concerning Ohio public retirement plans.

Income Taxes

In determining our provision for income taxes, we make certain judgments and interpretations with respect to tax laws in jurisdictions in which we have business operations. Because of the complex nature of these laws, in the normal course of our business, we are subject to challenges from U.S. and non-U.S. income tax authorities regarding the amount of income taxes due. These challenges may result in adjustments to the timing or amount of taxable income or deductions or the allocation of taxable income among tax jurisdictions. We recognize a tax benefit when it is more likely than not that our position will result in a tax deduction or credit. Unrecognized tax benefits of approximately $63 million as of September 30, 2017 decreased from $71 million as of December 31, 2016.

We are presently under audit by a number of tax authorities and the Internal Revenue Service is currently reviewing our U.S. income tax returns for the tax years 2014 and 2015. The earliest tax year open to examination in jurisdictions where we have material operations is 2010. Management believes that we have sufficiently accrued liabilities as of September 30, 2017 for tax exposures.

Explanation of Responses:

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Note 11. Variable Interest Entities

For additional information on our VIEs, refer to pages 174 to 175 in Note 14 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.

Tax-Exempt Investment Program

In the normal course of our business, we structure and sell certificated interests in pools of tax-exempt investment-grade assets, principally to our mutual fund clients. We structure these pools as partnership trusts, and the assets and liabilities of the trusts are recorded in our consolidated statement of condition as AFS investment securities and other short-term borrowings. As of September 30, 2017 and December 31, 2016, we carried AFS investment securities, composed of securities related to state and political subdivisions, with a fair value of $1.29 billion and $1.35 billion, respectively, and other short-term borrowings of $1.10 billion and $1.16 billion, respectively, in our consolidated statement of condition in connection with these trusts. The interest income and interest expense generated by the investments and certificated interests, respectively, are recorded as components of NII when earned or incurred.

The trusts had a weighted-average life of approximately 4.4 years as of September 30, 2017, compared to approximately 4.5 years as of December 31, 2016.

Under separate legal agreements, we provide liquidity facilities to these trusts and, with respect to certain securities, letters of credit. As of September 30, 2017, our commitments to the trusts under these liquidity facilities and letters of credit totaled $1.12 billion and $351 million, respectively, and none of the liquidity facilities were utilized.

Interests in Investment Funds

As of September 30, 2017, the average assets and liabilities of our consolidated sponsored investment funds totaled $119.82 million and $19.44 million, respectively. As of December 31, 2016, we had no consolidated funds.

As of September 30, 2017, our potential maximum total exposure associated with the consolidated sponsored investment funds totaled $100 million and represented the value of our economic ownership interest in the funds.

As of September 30, 2017 and December 31, 2016, we managed certain funds, considered VIEs, in which we held a variable interest but for which we were not deemed to be the primary beneficiary. Our potential maximum loss exposure related to these unconsolidated funds totaled $79 million and $121

million as of September 30, 2017 and December 31, 2016, respectively, and represented the carrying value of our investments, which are recorded in either AFS investment securities or other assets in our consolidated statement of condition. The amount of loss we may recognize during any period is limited to the carrying amount of our investments in the unconsolidated funds.

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Note 12. Shareholders' Equity
Preferred Stock
The following table summarizes selected terms of each of the series of the preferred stock issued and outstanding as of September 30, 2017:

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

(1) On the redemption date, or any dividend declaration date thereafter, the preferred stock and corresponding depositary shares may be redeemed by us, in whole or in part, at the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.
(2) The preferred stock and corresponding depositary shares may be redeemed at our option in whole, but not in part, prior to the redemption date upon the occurrence of a regulatory capital treatment event, as defined in the certificate of designation, at a redemption price equal to the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.
The following tables present the dividends declared for each of the series of preferred stock issued and outstanding for the periods indicated:

	Three Months Ended September 30,					
	2017			2016		
	Dividends Declared per Share	Dividends Declared per Depositary Share	Total (In millions)[(1)]	Dividends Declared per Share	Dividends Declared per Depositary Share	Total (In millions)
Preferred Stock:						
Series C	$ 1,313	$ 0.33	$ 6	$ 1,313	$ 0.33	$ 6
Series D	1,475	0.37	11	1,475	0.37	11
Series E	1,500	0.38	11	1,500	0.38	11
Series F	2,625	26.25	20	2,625	26.25	20
Series G	1,338	0.33	7	1,338	0.33	7
Total			$ 55			$ 55

	Nine Months Ended September 30, 2017			2016		
	Dividends Declared per Share	Dividends Declared per Depositary Share	Total (In millions)	Dividends Declared per Share	Dividends Declared per Depositary Share	Total (In millions)
Preferred Stock:						
Series C	$3,939	$ 0.99	$ 19	$3,939	$ 0.99	$ 19
Series D	4,425	1.11	33	4,425	1.11	33
Series E	4,500	1.14	33	4,500	1.14	33
Series F	5,250	52.50	40	5,250	52.50	40
Series G	4,014	0.99	21	2,289	0.57	12
Total			$ 146			$ 137

(1) Dividends were paid in September 2017.

In October 2017, we declared dividends on our Series C, D, E and G preferred stock of approximately $1,313, $1,475, $1,500 and $1,338, respectively, per share, or approximately $0.33, $0.37, $0.38 and $0.33, respectively,

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per depositary share. These dividends total approximately $6 million, $11 million, $11 million and $7 million on our Series C, D, E and G preferred stock, respectively, which will be paid in December 2017.

Common Stock

In June 2017, our Board approved a common stock purchase program authorizing the purchase of up to $1.4 billion of our common stock through June 30, 2018 (the 2017 Program).

In June 2016, our Board approved a common stock purchase program authorizing the purchase of up to $1.4 billion of our common stock through June 30, 2017 (the 2016 Program). The table below presents the activity under both the 2017 Program and 2016 Program during the periods indicated:

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)	Shares Acquired (In millions)	Average Cost per Share	Total Acquired (In millions)
2016 Program[1]	—	$ —	$ —	9.4	$ 79.93	$ 750
2017 Program	3.7	93.39	350	3.7	93.39	350
Total	3.7	$ 93.39	$ 350	13.1	$ 83.77	$ 1,100

[1] Includes $158 million relating to shares acquired in exchange for BFDS stock during the first quarter of 2017. Additional information about the exchange is provided in Note 1 to the consolidated financial statements included in this Form 10-Q.

The table below presents the dividends declared on common stock for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)	Dividends Declared per Share	Total (In millions)
Common Stock	$0.42	$ 156	$0.38	$ 147	$1.18	$ 442	$1.06	$ 414

Accumulated Other Comprehensive Income (Loss)

The following table presents the after-tax components of AOCI as of the dates indicated:

(In millions)	September 30, 2017	December 31, 2016
Net unrealized gains (losses) on cash flow hedges	$ (45)	$ 229
Net unrealized gains (losses) on available-for-sale securities portfolio	301	(225)
Net unrealized gains (losses) related to reclassified available-for-sale securities	18	25
Net unrealized gains (losses) on available-for-sale securities	319	(200)
Net unrealized losses on available-for-sale securities designated in fair value hedges	(73)	(86)
Net unrealized gains (losses) on hedges of net investments in non-U.S. subsidiaries	(52)	95
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit	(6)	(9)
Net unrealized losses on retirement plans	(184)	(194)
Foreign currency translation	(943)	(1,875)
Total	$ (984)	$ (2,040)

The following table presents changes in AOCI by component, net of related taxes, for the periods indicated:

(In millions)	Nine Months Ended September 30, 2017 Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Gains (Losses) on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	Total
Balance as of December 31, 2016	$229	$ (286)	$ 95	$ (9)	$ (194)	$ (1,875)	$(2,040)
Other comprehensive income (loss) before reclassifications	(274)	555	(147)	3	—	932	1,069
Amounts reclassified into (out of) earnings	—	(23)	—	—	10	—	(13)
Other comprehensive income (loss)	(274)	532	(147)	3	10	932	1,056
Balance as of September 30, 2017	$(45)	$ 246	$ (52)	$ (6)	$ (184)	$ (943)	$(984)

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	Nine Months Ended September 30, 2016						
(In millions)	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Gain (Losses) on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	Total
Balance as of December 31, 2015	$293	$ (128)	$ (14)	$ (16)	$ (183)	$ (1,394)	$ (1,442)
Other comprehensive income (loss) before reclassifications	(213)	520	55	6	—	77	445
Amounts reclassified into (out of) earnings	—	4	—	(1)	1	—	4
Other comprehensive income (loss)	(213)	524	55	5	1	77	449
Balance as of September 30, 2016	$80	$ 396	$ 41	$ (11)	$ (182)	$ (1,317)	$ (993)

The following table presents after-tax reclassifications into earnings for the periods indicated:

(In millions)	Three Months Ended September 30, 2017	2016	Affected Line Item in Consolidated Statement of Income
	Amounts Reclassified into (out of) Earnings		
Available-for-sale securities:			
Net realized gains from sales of available-for-sale securities, net of related taxes of ($1) and ($2), respectively	$ 4	$ 2	Net gains (losses) from sales of available-for-sale securities
Retirement plans:			
Amortization of actuarial losses, net of related taxes of $0 and $1, respectively	2	(1)	Compensation and employee benefits expenses
Total reclassifications (out of) into AOCI	$ 6	$ 1	

(In millions)	Nine Months Ended September 30, 2017	2016	Affected Line Item in Consolidated Statement of Income
	Amounts Reclassified into		

	(out of) Earnings		
Available-for-sale securities:			
Net realized gains (losses) from sales of available-for-sale securities, net of related taxes of $15 and ($3), respectively	$ (23)	$ 4	Net gains (losses) from sales of available-for-sale securities
Held-to-maturity securities:			
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit, net of related taxes of $0 and $1, respectively	—	(1)	Losses reclassified (from) to other comprehensive income
Retirement plans:			
Amortization of actuarial losses, net of related taxes of ($2) and ($2), respectively	10	1	Compensation and employee benefits expenses
Total reclassifications (out of) into AOCI	$ (13)	$ 4	

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Note 13. Regulatory Capital
We are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum regulatory capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial condition. Under current regulatory capital adequacy guidelines, we must meet specified capital requirements that involve quantitative measures of our consolidated assets, liabilities and off-balance sheet exposures calculated in conformity with regulatory accounting practices. Our capital components and their classifications are subject to qualitative judgments by regulators about components, risk weightings and other factors. For additional information on regulatory capital, and the requirements to which we are subject, refer to pages 179 to 180 in Note 16 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.
As required by the Dodd-Frank Act, State Street and State Street Bank, as advanced approaches banking organizations, are subject to a permanent "capital floor" in the calculation and assessment of their regulatory capital adequacy by U.S. banking regulators. Beginning on January 1, 2015, we were required to calculate our risk-based capital ratios using both the advanced approaches and the standardized approach. As a result, from January 1, 2015 going forward, our risk-based capital ratios for regulatory assessment purposes are the lower of each ratio calculated under the standardized approach and the advanced approaches.

The methods for the calculation of our and State Street Bank's risk-based capital ratios will change as the provisions of the Basel III final rule related to the numerator (capital) and denominator (risk-weighted assets) are phased in, and as we begin calculating our risk-weighted assets using the advanced approaches. These ongoing methodological changes will result in differences in our reported capital ratios from one reporting period to the next that are independent of applicable changes to our capital base, our asset composition, our off-balance sheet exposures or our risk profile.
As of September 30, 2017, State Street and State Street Bank exceeded all regulatory capital adequacy requirements to which they were subject. As of September 30, 2017, State Street Bank was categorized as “well capitalized” under the applicable regulatory capital adequacy framework, and exceeded all “well capitalized” ratio guidelines to which it was subject. Management believes that no conditions or events have occurred since September 30, 2017 that have changed the capital categorization of State Street Bank.
The following table presents the regulatory capital structure, total risk-weighted assets, related regulatory capital ratios and the minimum required regulatory capital ratios for State Street and State Street Bank as of the dates indicated. As a result of changes in the methodologies used to calculate our regulatory capital ratios from period to period as the provisions of the Basel III final rule are phased in, the ratios presented in the table for each period-end are not directly comparable. Refer to the footnotes following the table.

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(In millions)	State Street Basel III Advanced Approaches September 30, 2017(1)	Basel III Standardized Approach September 30, 2017(2)	Basel III Advanced Approaches December 31, 2016(1)	Basel III Standardized Approach December 31, 2016(2)	State Street Bank Basel III Advanced Approaches September 30, 2017(1)	Basel III Standardized Approach September 30, 2017(2)	Basel III Advanced Approaches December 31, 2016(1)	Basel III Standardized Approach December 31, 2016(2)
Common shareholders' equity:								
Common stock and related surplus	$10,307	$10,307	$10,286	$10,286	$11,382	$11,382	$11,376	$11,376
Retained earnings	18,675	18,675	17,459	17,459	12,286	12,286	12,285	12,285
Accumulated other comprehensive income (loss)	(985)	(985)	(1,936)	(1,936)	(808)	(808)	(1,648)	(1,648)
Treasury stock, at cost	(8,697)	(8,697)	(7,682)	(7,682)	—	—	—	—
Total	19,300	19,300	18,127	18,127	22,860	22,860	22,013	22,013
Regulatory capital adjustments:								
Goodwill and other intangible assets, net of associated deferred tax liabilities(3)	(6,739)	(6,739)	(6,348)	(6,348)	(6,447)	(6,447)	(6,060)	(6,060)
Other adjustments	(122)	(122)	(155)	(155)	(90)	(90)	(148)	(148)
Common equity tier 1 capital	12,439	12,439	11,624	11,624	16,323	16,323	15,805	15,805
Preferred stock	3,196	3,196	3,196	3,196	—	—	—	—
Trust preferred capital securities subject to phase-out from tier 1 capital	—	—	—	—	—	—	—	—
Other adjustments	(29)	(29)	(103)	(103)	—	—	—	—
Tier 1 capital	15,606	15,606	14,717	14,717	16,323	16,323	15,805	15,805
Qualifying subordinated long-term debt	1,072	1,072	1,172	1,172	1,076	1,076	1,179	1,179
Trust preferred capital securities phased out of tier 1 capital	—	—	—	—	—	—	—	—
ALLL and other	5	79	19	77	—	79	15	77
	1	1	1	1	—	—	—	—

Explanation of Responses:

Other adjustments								
Total capital	$16,684	$16,758	$15,909	$15,967	$17,399	$17,478	$16,999	$17,061
Risk-weighted assets:								
Credit risk	$50,197	$106,377	$50,900	$98,125	$47,282	$103,024	$47,383	$94,413
Operational risk(4)	45,795	NA	44,579	NA	45,270	NA	44,043	NA
Market risk(5)	3,005	1,203	3,822	1,751	3,005	1,203	3,822	1,751
Total risk-weighted assets	$98,997	$107,580	$99,301	$99,876	$95,557	$104,227	$95,248	$96,164
Adjusted quarterly average assets	$211,396	$211,396	$226,310	$226,310	$208,308	$208,308	$222,584	$222,584

Capital Ratios:	2017 Minimum Requirements Including Capital Conservation Buffer and G-SIB Surcharge(6)	2016 Minimum Requirements Including Capital Conservation Buffer and G-SIB Surcharge(7)								
Common equity tier 1 capital	6.5 %	5.5 %	12.6 %	11.6 %	11.7 %	11.6 %	17.1 %	15.7 %	16.6 %	16.4 %
Tier 1 capital	8.0	7.0	15.8	14.5	14.8	14.7	17.1	15.7	16.6	16.4
Total capital	10.0	9.0	16.9	15.6	16.0	16.0	18.2	16.8	17.8	17.7
Tier 1 leverage	4.0	4.0	7.4	7.4	6.5	6.5	7.8	7.8	7.1	7.1

(1) Common equity tier 1 capital, tier 1 capital and total capital ratios as of September 30, 2017 and December 31, 2016 were calculated in conformity with the advanced approaches provisions of the Basel III final rule. Tier 1 leverage ratio as of September 30, 2017 and December 31, 2016 were calculated in conformity with the Basel III final rule.

(2) Common equity tier 1 capital, tier 1 capital and total capital ratios as of September 30, 2017 and December 31, 2016 were calculated in conformity with the standardized approach provisions of the Basel III final rule. Tier 1 leverage ratio as of September 30, 2017 and December 31, 2016 were calculated in conformity with the Basel III final rule.

(3) Amounts for State Street and State Street Bank as of September 30, 2017 consisted of goodwill, net of associated deferred tax liabilities, and 80% of other intangible assets, net of associated deferred tax liabilities. Amounts for State Street and State Street Bank as of December 31, 2016 consisted of goodwill, net of deferred tax liabilities and 60% of other intangible assets, net of associated deferred tax liabilities. Intangible assets, net of associated deferred tax liabilities is phased in as a deduction from capital, in conformity with the Basel III final rule.

(4) Under the current advanced approaches rules and regulatory guidance concerning operational risk models, RWA attributable to operational risk can vary substantially from period-to-period, without direct correlation to the effects of a particular loss event on our results of operations and financial condition and impacting dates and periods that may

differ from the dates and periods as of and during which the loss event is reflected in our financial statements, with the timing and categorization dependent on the processes for model updates and, if applicable, model revalidation and regulatory review and related supervisory processes. An individual loss event can have a significant effect on the output of our operational risk RWA under the advanced approaches depending on the severity of the loss event and its categorization among the seven Basel-defined UOMs.

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

(6) Minimum requirements will be phased in up to full implementation beginning on January 1, 2019; minimum requirements listed are as of September 30, 2017.

(7) Minimum requirements will be phased in up to full implementation beginning on January 1, 2019; minimum requirements listed are as of December 31, 2016.

NA Not applicable

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Note 14. Net Interest Income
The following table presents the components of interest income and interest expense, and related NII, for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Interest income:				
Deposits with banks	$45	$29	$121	$101
Investment securities:				
U.S. Treasury and federal agencies	207	200	627	620
State and political subdivisions	56	55	171	162
Other investments	173	208	495	581
Securities purchased under resale agreements	74	40	189	112
Loans and leases	139	97	362	281
Other interest-earning assets	67	18	146	39
Total interest income	761	647	2,111	1,896
Interest expense:				
Deposits	39	20	96	73
Securities sold under repurchase agreements	1	—	2	1
Short-term borrowings	3	2	7	4
Long-term debt	78	68	227	191
Other interest-bearing liabilities	37	20	91	57
Total interest expense	158	110	423	326
Net interest income	$603	$537	$1,688	$1,570

Note 15. Expenses
The following table presents the components of other expenses for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Insurance	$27	$31	$84	$74
Regulatory fees and assessments	24	28	77	65
Securities processing	4	10	20	20
Litigation	3	47	(15)	47
Other	86	71	261	231
Total other expenses	$144	$187	$427	$437

Restructuring Charges
In the third quarter and first nine months of 2017, we recorded restructuring charges of $33 million and $112 million, respectively, compared to $10 million and $120 million in the same periods of 2016. The charges were primarily related to Beacon.

The following table presents aggregate restructuring activity for the periods indicated:

(In millions)	Employee Related Costs	Real Estate Actions	Asset and Other Write-offs	Total
Accrual Balance at December 31, 2015	$ 9	$ 11	$ 3	$23
Accruals for Beacon	86	—	11	97
Payments and Other Adjustments	(4)	(1)	(7)	(12)
Accrual Balance at March 31, 2016	$ 91	$ 10	$ 7	$108
Accruals for Beacon	(1)	15	(1)	13
Payments and Other Adjustments	(35)	(3)	(1)	(39)
Accrual Balance at June 30, 2016	$ 55	$ 22	$ 5	$82
Accruals for Beacon	8	3	(1)	10
Payments and Other Adjustments	(14)	(3)	(1)	(18)
Accrual Balance at September 30, 2016	$ 49	$ 22	$ 3	$74
Accrual Balance at December 31, 2016	$ 37	$ 17	$ 2	$56
Accruals for Beacon	14	—	2	16
Payments and Other Adjustments	(13)	(3)	(2)	(18)
Accrual Balance at March 31, 2017	$ 38	$ 14	$ 2	$54
Accruals for Beacon	60	—	2	62
Payments and other adjustments	(11)	(3)	(2)	(16)
Accrual Balance at June 30, 2017	$ 87	$ 11	$ 2	$100
Accruals for Beacon	23	9	1	33
Payments and Other Adjustments	(10)	(5)	(1)	(16)
Accrual Balance at September 30, 2017	$ 100	$ 15	$ 2	$117

Note 16. Earnings Per Common Share

Basic EPS is calculated pursuant to the “two-class” method, by dividing net income available to common shareholders by the weighted-average common shares outstanding during the period. Diluted EPS is calculated pursuant to the two-class method, by dividing net income available to common shareholders by the total weighted-average number of common shares outstanding for the period plus the shares representing the dilutive effect of equity-based awards. The effect of equity-based awards is excluded from the calculation of diluted EPS in periods in which their effect would be anti-dilutive.

The two-class method requires the allocation of undistributed net income between common and participating shareholders. Net income available to common shareholders, presented separately in our consolidated statement of income, is the basis for the calculation of both basic and diluted EPS. Participating securities are composed of unvested and fully vested SERP shares and fully vested deferred director stock awards, which are equity-based awards that contain non-forfeitable rights to

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dividends, and are considered to participate with the common stock in undistributed earnings.
The following table presents the computation of basic and diluted earnings per common share for the periods indicated:

	Three Months Ended September 30,	
(Dollars in millions, except per share amounts)	2017	2016
Net income	$685	$563
Less:		
Preferred stock dividends	(55)	(55)
Dividends and undistributed earnings allocated to participating securities[1]	(1)	(1)
Net income available to common shareholders	$629	$507
Average common shares outstanding (In thousands):		
Basic average common shares	372,765	388,358
Effect of dilutive securities: equity-based awards	5,753	4,854
Diluted average common shares	378,518	393,212
Anti-dilutive securities[2]	—	2,166
Earnings per Common Share:		
Basic	$1.69	$1.31
Diluted[3]	1.66	1.29

	Nine Months Ended September 30,	
(Dollars in millions, except per share amounts)	2017	2016
Net income	$1,807	$1,550
Less:		
Preferred stock dividends	(146)	(137)
Dividends and undistributed earnings allocated to participating securities[1]	(2)	(2)
Net income available to common shareholders	$1,659	$1,411
Average common shares outstanding (In thousands):		
Basic average common shares	376,430	393,959
Effect of dilutive securities: equity-based awards	5,349	4,454
Diluted average common shares	381,779	398,413
Anti-dilutive securities[2]	250	3,027
Earnings per Common Share:		
Basic	$4.41	$3.58
Diluted[3]	4.35	3.54

[1] Represents the portion of net income available to common equity allocated to participating securities, composed of unvested and fully vested SERP shares and fully vested deferred director stock awards, which are equity-based awards that contain non-forfeitable rights to dividends, and are considered to participate with the common stock in undistributed earnings.
[2] Represents equity-based awards outstanding but not included in the computation of diluted average common shares, because their effect was anti-dilutive. Additional information about equity-based awards is provided in Note 18 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in

our 2016 Form 10-K.
(3) Calculations reflect allocation of earnings to participating securities using the two-class method, as this computation is more dilutive than the treasury stock method.

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Note 17. Line of Business Information
Our operations are organized into two lines of business: Investment Servicing and Investment Management, which are defined based on products and services provided. The results of operations for these lines of business are not necessarily comparable with those of other companies, including companies in the financial services industry. For information about our two lines of business, as well as revenues, expenses and capital allocation methodologies associated with them, refer to pages 188 to 189 in Note 24 to the consolidated financial statements included under Item 8, Financial Statements and Supplementary Data, in our 2016 Form 10-K.
The following is a summary of our line-of-business results for the periods indicated. The "Other" column represents costs incurred that are not allocated to a specific line of business, including certain severance and restructuring costs, acquisition costs and certain provisions for legal contingencies.

	Three Months Ended September 30,							
	Investment Servicing		Investment Management		Other		Total	
(Dollars in millions)	2017	2016	2017	2016	2017	2016	2017	2016
Servicing fees	$1,351	$1,303	$—	$—	$—	$—	$1,351	$1,303
Management fees	—	—	419	368	—	—	419	368
Trading services	239	248	20	19	—	—	259	267
Securities finance	147	136	—	—	—	—	147	136
Processing fees and other	65	12	1	(7)	—	—	66	5
Total fee revenue	1,802	1,699	440	380	—	—	2,242	2,079
Net interest income	606	536	(3)	1	—	—	603	537
Gains (losses) related to investment securities, net	1	4	—	—	—	—	1	4
Total revenue	2,409	2,239	437	381	—	—	2,846	2,620
Provision for loan losses	3	—	—	—	—	—	3	—
Total expenses	1,673	1,634	314	317	34	33	2,021	1,984
Income before income tax expense	$733	$605	$123	$64	$(34)	$(33)	$822	$636
Pre-tax margin	30%	27%	28%	17%			29%	24%

	Nine Months Ended September 30,							
	Investment Servicing		Investment Management		Other		Total	
(Dollars in millions)	2017	2016	2017	2016	2017	2016	2017	2016
Servicing fees	$3,986	$3,784	$—	$—	$—	$—	$3,986	$3,784
Management fees	—	—	1,198	931	—	—	1,198	931
Trading services	768	760	55	46	—	—	823	806
Securities finance	459	426	—	—	—	—	459	426
Processing fees and other	203	164	6	(9)	—	—	209	155
Total fee revenue	5,416	5,134	1,259	968	—	—	6,675	6,102
Net interest income	1,691	1,567	(3)	3	—	—	1,688	1,570
Gains (losses) related to investment securities, net	(39)	5	—	—	—	—	(39)	5
Total revenue	7,068	6,706	1,256	971	—	—	8,324	7,677
Provision for loan losses	4	8	—	—	—	—	4	8
Total expenses	5,050	4,920	954	817	134	157	6,138	5,894
Income before income tax expense	$2,014	$1,778	$302	$154	$(134)	$(157)	$2,182	$1,775

Pre-tax margin	28 %	27 %	24 %	16 %	26 %	23 %

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Note 18. Non-U.S. Activities

We define our non-U.S. activities as those revenue-producing business activities that arise from clients which are generally serviced or managed outside the U.S. Due to the integrated nature of our business, precise segregation of our U.S. and non-U.S. activities is not possible.

Subjective estimates, assumptions and other judgments are applied to quantify the financial results and assets related to our non-U.S. activities, including our application of funds transfer pricing, our asset-and-liability management policies and our allocation of certain indirect corporate expenses. Management periodically reviews and updates its processes for quantifying the financial results and assets related to our non-U.S. activities.

The following table presents our U.S. and non-U.S. financial results for the periods indicated:

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
(In millions)	Non-U.S.	U.S.	Total	Non-U.S.	U.S.	Total
Total revenue	$1,219	$1,627	$2,846	$1,117	$1,503	$2,620
Income before income taxes	342	480	822	314	322	636

	Nine Months Ended September 30, 2017			Nine Months Ended September 30, 2016		
(In millions)	Non-U.S.	U.S.	Total	Non-U.S.	U.S.	Total
Total revenue	$3,494	$4,830	$8,324	$3,278	$4,399	$7,677
Income before income taxes	919	1,263	2,182	835	940	1,775

Non-U.S. assets were $81.5 billion and $86.7 billion as of September 30, 2017 and 2016, respectively.

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REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of
State Street Corporation

We have reviewed the consolidated statement of condition of State Street Corporation (the "Corporation") as of September 30, 2017, and the related consolidated statements of income and comprehensive income for the three-and-nine month periods ended September 30, 2017 and 2016, and changes in shareholders' equity and cash flows for the nine-month periods ended September 30, 2017 and 2016. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of condition of State Street Corporation as of December 31, 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, not presented herein and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated February 16, 2017. In our opinion, the information set forth in the accompanying consolidated statement of condition of State Street Corporation as of December 31, 2016, is fairly stated, in all material respects, in relation to the consolidated statement of condition from which it has been derived.

/s/ Ernst & Young LLP
Boston, Massachusetts
November 1, 2017

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ACRONYMS

2016 Form 10-K	State Street Corporation Annual Report on Form 10-K for the year ended December 31, 2016, as amended	GAAP	Generally accepted accounting principles
ABS	Asset-backed securities	GEAM	General Electric Asset Management
AFS	Available-for-sale	G-SIB	Global systemically important bank
ALLL	Allowance for loan and lease losses	HQLA(1)	High-quality liquid assets
AML	Anti-money laundering	HTM	Held-to-maturity
AOCI	Accumulated other comprehensive income (loss)	IDI	Insured depository institution
ASU	Accounting Standards Update	IFDS U.K.	International Financial Data Services Limited U.K.
AUCA	Assets under custody and administration	LCR(1)	Liquidity coverage ratio
AUM	Assets under management	LGD	Loss given default
BCBS	Basel Committee on Banking Supervision	LTD	Long term debt
BFDS	Boston Financial Data Services, Inc.	MBS	Mortgage-backed securities
Board	Board of Directors	MRAC	Management Risk and Capital Committee
bps	Basis points	NII	Net interest income
CAP	Capital adequacy process	NIM	Net interest margin
CCAR	Comprehensive Capital Analysis and Review	NSFR(1)	Net stable funding ratio
CD	Certificates of deposit	OCI	Other comprehensive income (loss)
CET1(1)	Common equity tier 1	OCIO	Outsourced Chief Investment Officer
CLO	Collateralized loan obligations	OFAC	Office of Foreign Assets Control
CRE	Commercial real estate	OTC	Over-the-counter
CVA	Credit valuation adjustment	OTTI	Other-than-temporary-impairment
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act	Parent Company	State Street Corporation
DOJ	Department of Justice	PCA	Prompt corrective action
DOL	Department of Labor	P&L	Profit-and-loss
ECB	European Central Bank	RC	Risk Committee
EPS	Earnings per share	ROE	Return on average common equity
ERISA	Employee Retirement Income Security Act	RWA(1)	Risk-weighted assets
ERM	Enterprise Risk Management	SEC	Securities and Exchange Commission
ETF	Exchange-Traded Fund	SERP	Supplemental executive retirement plans
EVE	Economic value of equity	SLR(1)	Supplementary leverage ratio
FASB	Financial Accounting Standards Board	SPOE Strategy	Single Point of Entry Strategy
FCA	Financial Conduct Authority	SSGA	State Street Global Advisors
FDIC	Federal Deposit Insurance Corporation	SSIF	State Street Intermediate Funding, LLC
Federal Reserve	Board of Governors of the Federal Reserve System	State Street Bank	State Street Bank and Trust Company
FHLB	Federal Home Loan Bank of Boston	TLAC(1)	Total loss-absorbing capacity
FHLMC	Federal Home Loan Mortgage Corporation	TMRC	Trading and Markets Risk Committee
FNMA	Federal National Mortgage Association	UOM	Unit of measure
FRBB	Federal Reserve Bank of Boston	VaR	Value-at-Risk
FSB	Financial Stability Board	VIE	Variable interest entity
FX	Foreign exchange		

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

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GLOSSARY

Asset-backed securities: A financial security backed by collateralized assets, other than real estate or mortgage backed securities.

Assets under custody and administration: Assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. To the extent that we provide more than one AUCA service for a client's assets, the value of the asset is only counted once in the total amount of AUCA.

Assets under management: The total market value of client assets for which we provide investment management strategy services, advisory services and/or distribution services generating management fees based on a percentage of the assets' market values. These client assets are not included on our balance sheet.

Beacon: A multi-year program, announced in October 2015, to create cost efficiencies through changes in our operational processes and to further digitize our processes and interfaces with our clients.

Certificates of deposit: A savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment.

Collateralized loan obligations: A security backed by a pool of debt, primarily senior secured leveraged loans. CLOs are similar to collateralized mortgage obligations, except for the different type of underlying loan. With a CLO, the investor receives scheduled debt payments from the underlying loans, assuming most of the risk in the event borrowers default, but is offered greater diversity and the potential for higher-than-average returns.

Commercial real estate: Property intended to generate profit from capital gains or rental income. Our CRE loans are composed of loans acquired in 2008 pursuant to indemnified repurchase agreements with an affiliate of Lehman Brothers.

Economic value of equity: Long-term interest rate risk measure designed to estimate the fair value of assets, liabilities and off-balance sheet instruments based on a discounted cash flow model.

Exchange-Traded Fund: A type of exchange-traded investment product that offer investors a way to pool their money in a fund that makes investments in stocks, bonds, or other assets and, in return, to receive an interest in that investment pool. ETF shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value.

Global systemically important bank: A financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity, which will be subject to additional capital requirements.

Held-to-maturity investment securities: We classify investments in debt securities as held-to-maturity

High-quality liquid asse
assets that can be conve
cash at little or no loss c
private markets and are
unencumbered.

Liquidity coverage ratio
III framework requirem
banks and bank holding
companies to measure li
is designed to ensure tha
banking institutions, inc
maintain a minimum am
unencumbered HQLA s
withstand the net cash o
under a hypothetical sta
acute liquidity stress sce
30-day stress period. Th
our encumbered high-qu
liquid assets divided by
net cash outflows over a
stress period.

Net asset value: The am
assets attributable to eac
capital stock (other than
securities, such as, prefe
stock) outstanding at the
the period.

Net stable funding ratio
of the amount of availab
funding relative to the a
required stable funding.
should be equal to at lea
on an ongoing basis.

Other-than-temporary-ir
charge taken on a securi
fair value has fallen belo
carrying value on balanc
and its value is not expe
recover through the hold
of the security.

only if we have the positive intent and ability to hold those securities to maturity. Investments in debt securities classified as held-to-maturity are measured subsequently at amortized cost in the statement of financial position.

Qualified financial contracts: Securities cor commodity contracts, fo contracts, repurchase ag swap agreements and an contract determined by to be a qualified financi

Risk-weighted assets: A measurement used to qu inherent in our on and o sheet assets by adjusting value for risk. RWA is u calculation of our risk-b capital ratios.

Supplementary leverage ratio of our tier 1 capita total leverage exposure, measures our capital ade relative to our on and of sheet assets.

Total loss-absorbing cap sum of our tier 1 regulat plus eligible external lon debt issued by us.

Value-at-Risk: Statistica used to measure the pote in value of a portfolio th occur in normal markets condition, over a define period, within a certain level.

Variable interest entity: that: (1) lacks enough eq investment at risk to per entity to finance its activ without additional finan support from other parti equity owners that lack make significant decisio affecting the entity's op and/or (3) has equity ow do not have an obligatio absorb or the right to rec entity's losses or return.

Explanation of Responses:

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PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) In June 2017, our Board approved a common stock purchase program authorizing the purchase of up to $1.4 billion of our common stock through June 30, 2018 (the 2017 Program).

Stock purchases may be made using various types of mechanisms, including open market purchases, accelerated share repurchases or transactions off market, and may be made under Rule 10b5-1 trading programs. The timing of stock purchases, types of transactions and number of

shares purchased will depend on several factors, including market conditions and State Street's capital positions, financial performance and investment opportunities. Our common stock purchase programs do not have specific price targets and may be suspended at any time.

The following table presents purchases of our common stock under the 2017 Program and related information for each of the months in the quarter ended September 30, 2017. We may employ third-party broker/dealers to acquire shares on the open market in connection with our common stock purchase programs.

(Dollars in millions, except per share amounts, shares in thousands)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet be Purchased Under Publicly Announced Program
Period:				
July 1 - July 31, 2017	158	$ 93.42	158	$ 1,385
August 1 - August 31, 2017	2,399	93.38	2,399	1,161
September 1 - September 30, 2017	1,191	93.41	1,191	1,050
Total	3,748	$ 93.39	3,748	$ 1,050

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ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
12	Statement of Ratios of Earnings to Fixed Charges
15	Letter regarding unaudited interim financial information
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman and Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32	Section 1350 Certifications
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Label Linkbase Document
*101.PRE	XBRL Taxonomy Presentation Linkbase Document

* Submitted electronically herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) consolidated statement of income for the three and nine months ended September 30, 2017 and 2016, (ii) consolidated statement of comprehensive income for the three and nine months ended September 30, 2017 and 2016, (iii) consolidated statement of condition as of September 30, 2017 and December 31, 2016, (iv) consolidated statement of changes in shareholders' equity for the nine months ended September 30, 2017 and 2016, (v) consolidated statement of cash flows for the nine months ended September 30, 2017 and 2016, and (vi) notes to consolidated financial statements.

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SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE STREET CORPORATION
(Registrant)

Date:	November 1, 2017	By:	/s/ ERIC W. ABOAF Eric W. Aboaf, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	November 1, 2017	By:	/s/ ELIZABETH M. SCHAEFER Elizabeth M. Schaefer, Senior Vice President, Deputy Controller and Interim Chief Accounting Officer (Principal Accounting Officer)