The Depository Trust Company

Condensed Financial Statements
as of March 31, 2018 and December 31, 2017 and for the
three months ended March 31, 2018 and 2017

THE DEPOSITORY TRUST COMPANY

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CONDENSED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)		As of March 31, 2018		As of December 31, 2017
ASSETS:				
CURRENT ASSETS:				
Cash and cash equivalents	$	478,458	$	444,265
Accounts receivable		37,187		40,429
Participants' Fund cash deposits		1,747,832		1,771,078
Other Participants' assets		892,620		864,536
Other current assets		917		5,727
Total current assets		3,157,014		3,126,035
NON-CURRENT ASSETS:				
Premises and equipment - net of accumulated depreciation of $131,926 and $131,746 as of March 31, 2018 and December 31, 2017, respectively		17,993		18,173
Intangible assets - net of accumulated amortization of $123,746 and $120,679 as of March 31, 2018 and December 31, 2017, respectively		24,703		25,105
Other non-current assets		53,245		53,680
Total non-current assets		95,941		96,958
TOTAL ASSETS	$	3,252,955	$	3,222,993
LIABILITIES AND SHAREHOLDERS' EQUITY:				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$	14,809	$	11,049
Participants' Fund cash deposits		1,747,832		1,771,078
Payable to Participants		892,620		864,536
Other current liabilities		3,308		—
Total current liabilities		2,658,569		2,646,663
OTHER NON-CURRENT LIABILITIES:				
Other non-current liabilities		18,131		17,673
Total liabilities		2,676,700		2,664,336
COMMITMENTS AND CONTINGENCIES (Note 9)				
SHAREHOLDERS' EQUITY:				
Preferred stock, Series A, $100 par value - 3,250,000 shares authorized; 1,500,000, issued and outstanding		150,000		150,000
Common stock, $100 par value - 18,500 shares authorized; issued and outstanding		1,850		1,850
Paid-in capital		61,546		61,546
Retained earnings		362,859		345,261
Total shareholders' equity		576,255		558,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	3,252,955	$	3,222,993

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	**For the three months ended March 31, 2018**	**2017**
REVENUES:		
Settlement and asset services	$ 105,828	$ 100,243
Other services	4,071	1,547
Total revenues	109,899	101,790
EXPENSES:		
Employee compensation and related benefits	41,286	38,723
Information technology	8,794	8,158
Professional and other services	27,575	27,723
Occupancy	3,114	2,431
Depreciation and amortization	3,247	3,718
General and administrative	2,530	2,315
Total expenses	86,546	83,068
Total operating income	23,353	18,722
NON-OPERATING INCOME (EXPENSE):		
Interest income	9,307	4,361
Refunds to Participants	(7,226)	(3,653)
Interest expense	(2,333)	(2,925)
Other non-operating income	1,930	1,973
Total non-operating income	1,678	(244)
Income before taxes	25,031	18,478
Provision for income taxes	7,433	7,598
Net income	$ 17,598	$ 10,880

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	**Preferred Stock Series A**	**Common Stock**	**Paid-In Capital**	**Retained Earnings**	**Total Shareholders' Equity**
BALANCE - January 1, 2017	$ 150,000	$ 1,850	$ 61,546	$ 305,881	$ 519,277
Net income	—	—	—	40,460	40,460
Dividend on preferred stock	—	—	—	(1,080)	(1,080)
BALANCE - December 31, 2017	150,000	1,850	61,546	345,261	558,657
Net income	—	—	—	17,598	17,598
BALANCE - March 31, 2018	$ 150,000	$ 1,850	$ 61,546	$ 362,859	$ 576,255

The Notes to Condensed Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended March 31,	
(In thousands)	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 17,598	$ 10,880
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	3,247	3,718
Deferred income taxes	531	1,121
Net change in:		
Accounts receivable	3,242	272
Other assets	4,714	3,451
Accounts payable and accrued expenses	3,760	8,506
Other liabilities	3,766	4,274
Net cash provided by/(used in) operating activities	36,858	32,222
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Intangible assets	(2,665)	(2,554)
Net cash provided by/(used in) investing activities	(2,665)	(2,554)
Net increase/(decrease) in Cash and cash equivalents	34,193	29,668
Cash and cash equivalents - Beginning of period	444,265	379,400
Cash and cash equivalents - End of period	$ 478,458	$ 409,068

The Notes to Condensed Financial Statements are an integral part of these statements.

1. BUSINESS AND OWNERSHIP

The Depository Trust Company (DTC or the Company) is a limited purpose trust company formed under the Banking Law of New York State and supervised by the New York State Department of Financial Services (NYSDFS); a State member bank of the Federal Reserve System (FRS), subject to examination by the Federal Reserve Bank of New York (FRBNY) under delegated authority from the Board of Governors (the FRB) of the FRS; and a clearing agency registered with and under the supervision of the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the securities, banking and other financial industries (collectively referred to as Participants).

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC (formerly known as Omgeo LLC), DTCC Deriv/SERV LLC, Business Entity Data, B.V. and DTCC Solutions LLC.

DTC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to the SEC's standards for covered clearing agencies.

2. BASIS OF PRESENTATION AND USE OF ESTIMATES

Basis of presentation. The accompanying Condensed Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying interim financial statements have not been audited. These interim financial statements do not include all of the information and notes required by U.S. GAAP for complete financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, which are located on the Company's website at *http://www.dtcc.com/legal/financial-statements*. See Note 2 in DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, for additional information on the Company's Summary of Significant Accounting Policies.

The Condensed Financial Statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

The Company reclassified prior period amounts related to Refunds to Participants and certain components of net periodic pension cost to conform to the current year presentation. See below Revenue recognition and Note 3 for additional information.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Financial Statements. Management makes estimates regarding, among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefits, fair value measurements and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

Revenue recognition. The core principle of the new revenue recognition standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the entity applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. See Note 3 for additional information.

The Company enters into contracts that can include various services, in which each service, an explicit promise, is generally distinct and accounted for as separate performance obligations. Certain promised services are substantially the same and have the same pattern of transfer to the customer and therefore are considered as a series of services.

In accordance with the new revenue recognition standard, the Company recognizes revenue from contracts with customers as performance obligations are satisfied when promised services are transferred to the customer. The majority of the promised services and related performance obligations are recognized at the point in time when the control of the promised service is transferred to the customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to for transferring the promised services to the customer. For certain contracts with customers, the consideration in which the Company expects to be entitled to in exchange for transferring promised service to a customer consists of variable consideration. The variable consideration primarily relates to volume based discounts or rebates for certain services however, the volume targets or thresholds typically reset on a monthly basis therefore, the variable consideration does not have an impact on the Company's Condensed Financial Statements.

The Company derives its revenue from transaction fees, subscription and other services. Revenue from transaction fees is recognized at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Other services represents fees generated from providing various support services and is recognized when services are provided based on contractual terms. The Company typically bills its customers 30 days in arrears.

Revenue streams

Details for each revenue stream presented in the Company's Condensed Statements of Income follow:

S*ettlement and asset services.* The Company provides settlement services for equity, corporate and municipal debt trades and Money Market Instruments in the U.S. The payment and transfer of securities ownership occurs at the Company, which provides custody and asset servicing for securities. Asset services include underwriting, corporate actions processing, securities processing, global tax services and issuer services.

Other services. DTCC DataPro™ offers referential and activity-based data, delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data covering major asset classes. Other services include data on announcements.

Accounts receivable and contract balances

The period in which the Company recognizes revenue may differ from the timing of payments received from customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. See Accounts receivable on the Condensed Statements of Financial Condition for the Company's receivables related to revenues from contracts with customers. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. Deferred revenue represents the Company's contract liabilities related to billings or payments received in advance for subscription and other services, where the performance obligation has not yet been satisfied.

Impacts to previously reported results

On January 1, 2018, the Company adopted the new revenue recognition standard under the full retrospective method of adoption. See Note 3 for additional information.

Details of the revenue recognition impact to the Company's previously reported results for the three months ended March 31, 2017 follow (in thousands):

	As Previously Reported	New Revenue Standard Adjustment	As Restated
Interest income	$ 850	$ 3,511	$ 4,361
Refunds to Participants	(142)	(3,511)	(3,653)

3. ACCOUNTING AND REPORTING DEVELOPMENTS

See Note 3 in DTC's Audited Financial Statements for the years ended December 31, 2017 and 2016, for additional information on the Company's Accounting and Reporting Developments.

Standard	Description	Impact on the financial statements or other significant matters
Recently Adopted Accounting Standards		
Revenue Recognition - Revenue from Contracts with Customers *Issued May 2014*	• Requires revenue from contracts with customers to be recognized upon transfer of control of a good or service in the amount of consideration expected to be received. • Changes the accounting for certain contract costs, including whether they may be offset against revenue in the accompanying Condensed Statements of Income, and requires additional disclosures about revenue and contract costs. • May be adopted using a full retrospective approach or a modified, cumulative effect approach wherein the guidance is applied only to existing contracts as of the day of initial application, and to new contracts transacted after that date.	• Adopted January 1, 2018. • The Company adopted the revenue recognition standard under the full retrospective transition method of adoption. • The Company's implementation efforts included the identification of revenue within the scope of the standard and the evaluation of revenue contracts using the practical expedient portfolio approach. • The adoption of the standard did not have a material impact to the recognition and timing of its revenues, but required the Company to change the presentation of Interest Income and Refunds to Participants from a net basis to a gross basis in the accompanying Condensed Statements of Income.
Compensation - Retirement Benefits Issued March 2017	• Requires the service cost component of net periodic pension and postretirement benefit cost to be reported separately in the Company's Condensed Statements of Income • Requires retrospective application and presentation in the Condensed Statements of Income. • Requires the service cost component in the same line item as other employee compensation costs and presentation of the other components in a different line item from the service cost component.	• Adopted January 1, 2018. • The adoption of the standard and required reclassifications did not have a material impact on the Company's Condensed Statements of Income. The adoption required the Company to reclassify certain components of net periodic pension cost from Total operating income to Total non-operating income (expense). The service cost component is presented in Employee compensation and related benefits, the interest cost component is presented in Interest expense, and all other components of net periodic pension cost are presented in Other non-operating income (expense) in the accompanying Condensed Statements of Income.

4. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund deposits as of March 31, 2018 and December 31, 2017 follow (in thousands):

	2018	2017
Required cash deposits	$ 1,132,000	$ 1,150,000
Excess cash deposits	615,832	621,078
Total	$ 1,747,832	$ 1,771,078

Participants' Fund cash deposits. Participants' cash deposits to the Participants' Fund may be applied to satisfy obligations of the depositing Participants, as provided in DTC's rules.

Refunds to Participants. Interest income earned from the investment of Participants' cash deposits and refunded to Participants totaled $7,226,000 and $3,653,000 for the three months ended March 31, 2018 and 2017, respectively. The amounts refunded are included in Refunds to Participants in the accompanying Condensed Statements of Income. See Revenue recognition section of Note 2 and Note 3 for additional information.

5. OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

The Company receives cash and stock dividends, interest, reorganization and redemption proceeds on securities registered in the name of its nominee, Cede and Co., and interest and redemption proceeds on bearer securities, which it distributes to Participants. Balances representing cash dividends, interest, reorganization, redemptions, and cash collateral received of $892,620,000 and $864,536,000 as of March 31, 2018 and December 31, 2017, respectively, are included in Other Participants' assets, with a corresponding liability recorded in Payable to Participants, on the accompanying Condensed Statements of Financial Condition.

As of March 31, 2018 and December 31, 2017, Payable to Participants also includes $293,000 and $435,000, respectively, of cash collateral received from Participants representing 130% of short positions. Unclaimed balances are remitted to the appropriate authority when required, pursuant to abandoned property laws.

6. DEBT

Lines of credit. The Company maintains lines of credit to support settlement. Details for the terms of the outstanding lines of credit as of March 31, 2018 and December 31, 2017 follow:

Committed	2018	2017
Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
No. of Participants/Lenders	32/41	32/41

Uncommitted	2018	2017
Amount	C$150 million [1]	C$150 million [1]
Denomination	CAD	CAD
No. of Participants/Lenders	1/1	1/1

(1) Used to support Canadian settlement.

There were no borrowings under any of these lines of credit as of March 31, 2018 and December 31, 2017.

Details for debt covenants related to the committed line of credit as of March 31, 2018 and December 31, 2017 follow:

	2018	2017
Minimum Net Worth	$150 million	$150 million
Minimum Participants' Fund deposits	$750 million	$750 million

As of March 31, 2018 and December 31, 2017, the Company was in compliance with its debt covenants.

Credit Ratings. The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for senior debt ratings and ratings outlooks for the Company as of March 31, 2018 follow:

Moody's [1]			S&P		
Long-term	**Short-term**	**Outlook**	**Long-term**	**Short-term**	**Outlook**
Aaa	P-1	Stable	AA+	A-1+	Stable

(1) Moody’s categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under the agency's Clearing Houses Rating Methodology.

7. PENSION AND POSTRETIREMENT BENEFITS

Eligible DTCC employees participate in DTCC’s trusteed non-contributory defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan, which provide for certain benefits upon retirement. Eligible DTCC employees also participate in DTCC’s life insurance program, which provides for the payment of death benefits to beneficiaries of eligible retired employees and DTCC’s health care program, which provides benefits to eligible retired employees.

Cost allocation. DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary’s salary cost relative to DTCC's total salary cost. The benefit plan costs allocated to DTC were $873,000 and $824,000 for the three months ended March 31, 2018 and 2017, respectively. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income in the accompanying Condensed Statements of Income.

8. SHAREHOLDERS' EQUITY

DTC Series A Non-Cumulative Perpetual Preferred Stock. Under a plan adopted by the Board of Directors, each Participant of DTC is required to own shares of DTC Series A preferred stock. There was $150,000,000 of DTC Series A preferred stock (1,500,000 shares at par value of $100 per share) outstanding as of March 31, 2018 and December 31, 2017. Dividends are accrued based on the weighted average rate of interest paid by the Corporation on required Participants Fund deposit during the dividend period as disclosed in the DTC's rules. The 2017 annual dividend amount of $1,080,000 was approved and declared by the Board of Directors in February 2018, and will be paid in April 2018, to the holders of DTC Series A Preferred stock during 2017.

Capital Adequacy. Details for DTC's Capital Adequacy capital ratios as of March 31, 2018 follow:

	DTC	Minimum Capital Ratio(1)	Well Capitalized Ratio(1)
Tier 1 capital ratio	78.48%	6.00%	8.00%
Total capital ratio	78.48%	8.00%	10.00%
Tier 1 leverage ratio	18.14%	4.00%	4.00%

(1) As defined by the regulations issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

9. COMMITMENTS AND CONTINGENCIES

Litigation. The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the accompanying Condensed Statements of Financial Condition, Income or Cash Flows.

10. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after March 31, 2018 through April 27, 2018, for potential recognition or disclosure in these accompanying Condensed Financial Statements. No events or transactions occurred during such period that would require recognition or disclosure in these accompanying Condensed Financial Statements.