



State Street Bank & Trust Company Quarterly Liquidity disclosure (unaudited) as of September 30, 2018

As requested by the Hong Kong Monetary Authority, we are pleased to provide the 3-months average liquidity (unaudited) information of our Hong Kong Branch. It may be viewed on our website :

<http://www.statestreet.com/about/office-locations/hongkong.html>

	<u>Sep 30, 2018</u>	<u>Jun 30, 2018</u>
Liquidity		
The 3-months average liquidity maintenance ratio ("LMR")	64.47%	68.11%
The 3-months average core funding ratio ("CFR")	5046%	16623%

The average liquidity maintenance ratio is the simple average of each calendar month's average LMR as reported in Part 3(II)D of the 'Return of Liquidity Position of an Authorized Institution' submitted pursuant to section 63 of the Banking Ordinance.

The average core funding ratio is the simple average of each calendar month's average CFR as reported in Part1(II) of the 'Return of Stable Funding Position of an Authorized Institution' submitted pursuant to section 63 of the Banking Ordinance.

Liquidity Risk Management Approach

State Street Bank and Trust Co. ("SSBTC") manages liquidity in a global context in which liquidity risk controls and measures are managed, supervised, and integrated on a global basis. While branches and some banking subsidiaries are an important source of stable funding, such entities may also rely on liquidity from SSBTC to support a special liquidity need or a crisis that may impact local operations. SSBTC's centralized approach to liquidity management assures that ample liquidity is available to fund its branches and certain wholly-owned subsidiaries during times of stress.

The Hong Kong Branch of State Street Bank & Trust Co. ("the Branch") manages liquidity risk in accordance with all applicable local regulatory requirements. The Branch recognizes that liquidity risk associated with the balance sheet activities is comprised of two components :

Funding Liquidity Risk -

The potential that the Branch will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding.

Market Liquidity Risk -

The potential that the Branch cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruption. To mitigate these risks, the Branch employs conservative liquidity risk measures and business practices. The Branch measures and monitors liquidity conditions from a structural, tactical and contingency perspective, primarily through the composition of its balance sheet.

The Branch addresses and manages liquidity risks created from funding and market crisis by building sufficient liquidity buffers achieved through the global internal risk management practices.



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The liquidity risk at the Branch, like SSBTC as a whole, stems from the possibility of a large-scale deposit loss, increases in client funding requirements, and the loss of wholesale funding availability. These balance sheet risks are monitored daily on a global level, incorporating the Hong Kong branch balance sheet. Additionally, market perception is monitored daily by SSBTC in both the equity and debt markets. These measures are part of SSBTC's global liquidity and market related liquidity risk limits, early warning indicators, guidelines and measures. Furthermore, SSBTC runs monthly stress tests based on various crisis scenarios which stress the balance sheet and SSBTC's ability to access wholesale funding. As a part of SSBTC, the Branch's balance sheet is incorporated into the assumptions used in these scenarios.

Intraday liquidity is monitored and managed throughout the day by Global Cash Operations and the Branch's Global Treasury trading desk. The Branch employs a primary and secondary nostro bank to clear customer trades in addition to some self-cleared HKD and CNH activities.

In the event that the Branch's intraday liquidity is strained and the interbank facility limits have been reached, the Branch's Global Treasury trading desk will notify and consult with the APAC Liquidity Risk Manager, the Branch Manager, and with SSBTC Head of Global Liquidity Risk Management in Boston for resolution.

SSBTC's Liquidity Risk Guidelines and Contingency Funding Plan presume that its on-book currencies are convertible so that the surplus liquidity in one currency may be used to meet a shortfall in another currency (except when liquidity is trapped for regulatory or other reasons). Although the convertibility of currencies has historically been very reliable, access to funding may be restricted by disruptions in the foreign exchange markets and settlement systems.

On an annual basis, the Branch will demonstrate its ability to access an amount of wholesale funding equal to or greater than 10% of branch liquid assets.

DECLARATION OF COMPLIANCE

I confirm that the information disclosed in our statement fully complies with the Banking (Disclosure) Rules and Supervisory Policy Manual "Guideline on the Application of the Banking (Disclosure) Rules"

Syed Asim Hasan
Chief Executive of
State Street Bank & Trust Company, Hong Kong Branch
November 23, 2018