



State Street Bank & Trust Company
Financial Disclosure (Unaudited) as of
December 31, 2018

As requested by the Hong Kong Monetary Authority, we are pleased to provide the following information with respect to the operations of our Hong Kong Branch and (where indicated) State Street Corporation on a consolidated basis. The financial disclosure (unaudited) may be viewed on our website <http://www.statestreet.com/utility/hongkong/legal-disclosure.html>

Section A - Branch Information (Hong Kong Office only)

I. General

State Street Bank and Trust Company Hong Kong Branch

State Street began operations in Hong Kong in 1982. State Street Bank and Trust Company and its affiliates in Hong Kong (together "State Street Hong Kong") serve as our regional headquarters for the Asia-Pacific region.

Investment Servicing

To help our clients keep up with the sweeping changes taking place in the financial industry - both worldwide and in Hong Kong - State Street Hong Kong brings our clients an array of customized investment servicing solutions, including global custody and accounting, investment performance and analytics, investment operations outsourcing and investment compliance.

Investment Research and Trading

State Street Global Markets Hong Kong provides specialized research, foreign exchange trading and securities lending.

	Year ended	Year ended
	Dec 31, 2018	Dec 31, 2017
	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>
	<u>(In Millions)</u>	<u>(In Millions)</u>

II. Income Statement information

i. Interest income	621	235
ii. Interest expense	379	74
iii. Other operating income		
- Gains less losses arising from trading in foreign currencies	1,274	867
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Fee income (Transfer Pricing)	191	162
- Others	2	3
iv. Operating expenses		
- Staff expenses	52	40
- Other expenses	180	172
- Fee expense (Transfer Pricing)	1,259	856
v. Impairment losses and provisions for impaired loans and receivables	-	-
vi. Gains less losses from disposal of property, plant and equipment	-	-
vii. Profit before taxation	218	125
viii. Tax expense	34	20
ix. Profit after taxation	184	105



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As of Dec 31, 2018 As of Jun 30, 2018
HKS Equivalent HKS Equivalent
(In Millions) (In Millions)

III. Balance Sheet information

Assets

i. Cash and balances with banks (except those included in amount due from overseas offices of the institution)	12,378	17,646
ii. Due from Exchange Fund	-	491
iii. Placements with banks which have a residual contractual maturity between one and twelve months	-	638
iv. Amount due from overseas offices of the institution	24,911	95,611
v. Trade bills	-	-
vi. Certificates of deposit held	-	-
vii. Securities held for trading purposes	-	-
viii. Loans and receivables (See additional information)	3,572	4,962
ix. Investment securities	3,584	3,193
x. Other investments	-	-
xi. Property, plant and equipment	-	1
xii. Total assets	44,445	122,542

Liabilities

i. Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	5,215	6,374
ii. Due to Exchange Fund	1,555	391
iii. Deposits from customers		
- demand deposits and current accounts	-	-
- savings deposits	-	-
- time, call and notice deposits	15,037	15,976
iv. Amount due to overseas offices of the institution	20,951	96,564
v. Certificates of deposit issued	-	-
vi. Issued debt securities	-	-
vii. Other liabilities	1,687	3,237
viii. Provisions	-	-
ix. Total liabilities	44,445	122,542



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IV. Additional balance sheet information (Note 1)

i. Loans and receivables

- Loans and advances to customers	47	352
- Loans and advances to banks	-	-
- Other accounts	3,511	4,601
- Provision for impaired loans and receivables		
- Collective provisions	-	-
- Specific provisions	-	-
	<u>3,558</u>	<u>4,953</u>
- Receivables	<u>14</u>	<u>9</u>

ii. The breakdown of the gross amount of loans and advances to customers by sector

- Loans and advances for use in Hong Kong		
- Financial concerns	-	3
- Loans and advances for use outside Hong Kong	47	349
	<u>47</u>	<u>352</u>

iii. Analysis of gross loans and advances to customer by geographic area (Note 2)

- Hong Kong	-	3
- South Korea	27	111
- Taiwan	17	1
- Japan	2	-
- China	1	222
- Other	-	15
	<u>47</u>	<u>352</u>

Notes

1. No rescheduled nor repossessed assets were held at both reporting dates. No loans and advances to customers, banks and other financial institutions were individually determined to be impaired. Loans and advances were not covered by collateral nor other security for both reporting dates. No loans and advances to customers and banks were overdue for more than three months at both reporting dates.
2. Classification of gross amount of loans and advances to customers by countries or geographical areas reported constitutes 10% or more of the relevant disclosure amount.



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	<u>(In Millions)</u>	<u>(In Millions)</u>
iv. Analysis of non-bank Mainland China exposures		
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)		
- On-balance sheet exposure	1	221
- Off-balance sheet exposure	59	2
	<u>60</u>	<u>223</u>
2. Local governments, local government-owned entities and their subsidiaries and JVs		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
4. Other entities of central government not reported in item 1 above		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
5. Other entities of local governments not reported in item 2 above		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures		
- On-balance sheet exposure	-	-
- Off-balance sheet exposure	-	-
	<u>-</u>	<u>-</u>
Total	<u>60</u>	<u>223</u>
Total assets after provision	<u>44,445</u>	<u>122,542</u>
On-balance sheet exposures as percentage of total assets	<u>0.00%</u>	<u>0.18%</u>



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v. Analysis of other accounts included in loans and receivables by overdue period		
- Overdue for six months or less but over three months	-	-
- Overdue for one year or less but over six months	-	-
- Overdue for over one year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

vi. International claims (the country or geographical segment is based on the return "International Banking Statistics" (MA(BS)21A) and the transfer of risks has been taken into account) (Note 3)

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
<u>As of Dec 31, 2018</u>						
<u>HK\$ Equivalent (in Millions)</u>						
Developed countries	42,133	-	47	-	-	42,180
- United States	32,572	-	-	-	-	32,572
- Japan	5,921	-	2	-	-	5,923
Offshore centres	520	-	38	-	-	558
Developing Africa and Middle East	-	-	-	-	-	-
Developing Asia-Pacific	3,650	60	136	-	-	3,846

Note

3. Amounts represent international claims based on countries or geographical segment (including Hong Kong) and total that constitutes 10% or more of the relevant disclosure amount.



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vi. International claims (the country or geographical segment is based on the return "International Banking Statistics" (MA(BS)21A) and the transfer of risks has been taken into account) (Note 3)

<u>As of Jun 30, 2018</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>		
<u>HK\$ Equivalent (in Millions)</u>						
Developed countries	117,179	-	55	-	-	117,234
- United States	103,963	-	-	-	-	103,963
Offshore centres	2,635	491	26	1	-	3,153
Developing Africa and Middle East	-	-	-	-	-	-
Developing Asia-Pacific	1,884	6	755	-	-	2,645

Note

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vii. Foreign currency exposures (position of individual currency reported is the net position and constitutes 10% or more of the total net position in all foreign currencies.)

	As of Dec 31, 2018	As of Jun 30, 2018
	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>
	<u>(In Millions)</u>	<u>(In Millions)</u>
Currency : USD		
- Spot assets	7,923	4,193
- Spot liabilities	(4,395)	(727)
- Forward purchases	2,901,192	2,188,453
- Forward sales	(2,905,624)	(2,192,096)
- Net options position	-	-
- Net short position	<u>(904)</u>	<u>(177)</u>
Currency : CNY		
- Spot assets	1,836	2,127
- Spot liabilities	(2,766)	(1,988)
- Forward purchases	170,664	118,677
- Forward sales	(169,486)	(118,600)
- Net options position	-	-
- Net long position	<u>248</u>	<u>216</u>
Currency : TWD		
- Spot assets	-	-
- Spot liabilities	-	-
- Forward purchases	63,196	41,137
- Forward sales	(63,058)	(41,132)
- Net options position	-	-
- Net long position	<u>138</u>	<u>5</u>



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V. Off-balance sheet exposures

i. The contractual or notional amounts of each of the following class of off-balance sheet exposures outstanding :

Contingent liabilities and commitments

- Direct credit substitutes	-	-
- Transaction-related contingencies	-	-
- Trade-related contingencies	-	-
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	-	-
- Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales with recourse or other transactions with recourse)	1,305	-

Derivative transactions

- Exchange rate-related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	6,029,568	4,494,608
- Interest rate derivative contracts	-	-
- Others	-	-

ii. The total fair value of the above derivative transactions

- Exchange rate-related derivative contracts	280	404
- Interest rate derivative contracts	-	-

No bilateral netting arrangements for above derivative transactions.



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	Three months Average <u>Dec 31, 2018</u>	Twelve months Average <u>Dec 31, 2017</u>
VI. Liquidity		
The average liquidity maintenance ratio ("LMR") for the financial period	65.31%	65.81%
The average core funding ratio ("CFR") for the financial period	16935%	-

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 Part 1(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 - Qualitative

State Street Bank and Trust Co. ("SSBTC") has established Liquidity Risk Guidelines that apply to the Hong Kong Branch ("the Branch"). The purpose of these Guidelines is to articulate the roles, responsibilities, accountabilities, and framework for the liquidity risk management approach within the Branch. The Branch manages liquidity risk in accordance with these Guidelines as well as in accordance with all applicable corporate global policies and guidelines, and all applicable local regulatory requirements.

The roles and responsibilities related to liquidity risk management cut horizontally across the organization, incorporating business unit representation and various independent oversight functions in the "three lines of defense" model. The first line owns the risks associated with their activities and is responsible for establishing effective internal controls to manage liquidity risk to an acceptable level, and promoting a strong culture of risk excellence. The second line serves as the independent oversight function, responsible for ensuring the adequacy of the risk measurement methodologies and tools used to monitor liquidity risk and that liquidity risks are properly identified, measured, monitored, reported and controlled. The third line is responsible for assessing the effectiveness of the first and second lines as it relates to managing risk and providing reporting to the Board of Directors and management.

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 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.

Key components of SSBTC's liquidity risk management are client deposits, which is the primary source of short-term funding, access to funding markets, maintaining an investment portfolio of high quality liquid assets ("HQLA") and effective management of intraday liquidity. In addition, SSBTC also relies on access to FX swap markets to manage client deposits in multiple currencies.

The Branch recognizes that liquidity risk management should ensure that sufficient funds exist to replace maturing liabilities, accommodate customers' transaction and cash management requirements, meet other funding obligations, adhere within the risk appetite tolerance levels established by the Board of Directors and meet liquidity regulatory requirements. 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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Liquidity Risk Management Approach - Qualitative (continued)

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's balance sheet. SSBTC manages its risk tolerance by establishing its Risk Appetite Statement. 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 regular 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. On an annual basis, the Branch will demonstrate its ability to access an amount of wholesale funding equal to or greater than 10% of the Branch's balance sheet size.

Intraday liquidity is monitored and managed throughout the day by the payment team and the Branch's Global Treasury trading desk. In the event that the Branch's intraday liquidity is strained, the Branch's Global Treasury trading desk will notify and consult with senior management for resolution, in line with the Branch's Contingency funding Plan ("CFP") and the Recovery Plan.

SSBTC's CFP incorporates its branch activities into the global contingency funding framework. The CFP includes early warning indicators, market and liquidity risk metrics, responsibilities, authorities and communications. It also includes considerations for local funding disruption that could be either market-wide or institution-specific.

Liquidity Risk Management Approach - Quantitative

The Branch has established a liquidity metric framework that includes measurement tools and the associated thresholds to assess its balance sheet and liquidity positions. The tools include internal metrics that:

- Act as buffers on top of the regulatory minimum requirements
- Measure the Branch's ability to meet expected outflows that are due in the near term through the use of available liquid assets
- Assess the volatility in sources of funding which are mainly from client deposits and intracompany transactions
- Project and stress future cash flows based on maturity buckets and liquidity gaps

The internal liquidity metrics are reported on a regular basis by the first line, monitored and reviewed by the second line and senior management. Thresholds have been calibrated to alert the management of any potential liquidity shortfalls. The exception reporting and escalation procedures are defined in the Branch's Liquidity Risk Guidelines.



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Liquidity Risk Management Approach - Quantitative (continued)

On- and Off-balance sheet is based on return "Asset and Liabilities" (MA(BS)1) with additional information on Off-balance sheet obligations.

On and Off - Balance Sheet

<u>As of Dec 31, 2018</u>	<u>Total amount</u>	<u>Within 1 month</u>	<u>Over 1 month and less than 3 months</u>	<u>Over 3 months</u>	<u>Others</u>
<u>HK\$ Equivalent (in Millions)</u>					
<u>On-balance sheet liabilities</u>					
Capital and reserves	210	-	-	210	-
Due to Exchange Fund	1,555	1,555	-	-	-
Deposits from customers	15,037	15,037	-	-	-
Due to Banks	26,166	26,166	-	-	-
Other liabilities	1,477	1,455	-	5	17
Total	44,445	44,213	-	215	17
<u>Off-balance sheet obligations</u>					
Contingent liabilities and commitments	1,305	1,305	-	-	-
Exchange rate-related derivative contracts	6,029,317	2,862,726	1,811,051	1,355,540	-
Total	6,030,622	2,864,031	1,811,051	1,355,540	-
<u>On-balance sheet assets</u>					
Loans and advances to customers	47	47	-	-	-
Due from banks	37,289	37,289	-	-	-
Government Exchange Fund Bill	3,584	599	2,587	398	-
Fixed Assets	-	-	-	-	-
Other assets	3,525	3,517	-	8	-
Total	44,445	41,452	2,587	406	-
<u>Off-balance sheet claims</u>					
Contingent liabilities and commitments	1,305	-	1,305	-	-
Exchange rate-related derivative contracts	6,029,568	2,862,781	1,810,658	1,356,129	-
Total	6,030,873	2,862,781	1,811,963	1,356,129	-
Contractual Maturity		(4,011)	3,499	780	(17)
Cumulative Contractual Maturity Mismatch		(4,011)	(512)	268	251



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VII. Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) 'Guideline on a Sound Remuneration System' issued by the Hong Kong Monetary Authority, State Street Bank and Trust Company, Hong Kong Branch has adopted the remuneration systems of State Street Corporation with disclosures included in annual Proxy Statements of State Street Corporation, which is available from the link below :

<http://investors.statestreet.com/Doc/Index?did=51013008>

Dec 31, 2018	Jun 30, 2018	Dec 31, 2017
<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>
<u>(In Millions)</u>	<u>(In Millions)</u>	<u>(In Millions)</u>

Section B - State Street Corporation Information (consolidated basis)

I. Capital and Capital Adequacy (In accordance with the Basel Capital Accord)

i. Tier 1 capital	16.00%	15.70%	15.50%
ii. Total capital	16.90%	16.40%	16.50%
iii. Leverage ratio	7.20%	7.10%	7.30%
iv. Tier 1 capital	119,578	120,977	120,222
v. Total capital	125,780	126,979	127,921
vi. Total amount of shareholders' funds	194,128	177,092	174,425

II. Other Financial Information

i. Total assets	1,915,643	1,948,221	1,863,477
ii. Total liabilities	1,721,515	1,771,129	1,689,052
iii. Total loans and advances	201,427	185,463	176,457
iv. Total deposits **	1,412,382	1,464,555	1,445,106

Year ended	Six months ended	Year ended
Dec 31, 2018	Jun 30, 2018	Dec 31, 2017
<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>
<u>(In Millions)</u>	<u>(In Millions)</u>	<u>(In Millions)</u>

v. Income before income tax	23,485	12,773	22,658
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** Total customer deposit balances were not available in the consolidated financial statements. Disclosure is made pursuant to subsection (2) under section 106 of the Banking (Disclosure) Rules.



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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".

A handwritten signature in blue ink, appearing to read "Syed Asim Hasan", written over a horizontal line.

Syed Asim Hasan
Chief Executive of
State Street Bank & Trust Company, Hong Kong Branch
April 8, 2019