



State Street Bank and Trust Company

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**State Street Bank & Trust Company
Financial Disclosure (Unaudited) as of
June 30, 2021**

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 Bank and Trust Company, Hong Kong Branch has been registered to operate in Hong Kong since 1984. State Street Bank and Trust Company, Hong Kong Branch 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.



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	<u>As of Jun 30,</u> <u>2021</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>	<u>As of Jun 30,</u> <u>2020</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>
II. Income Statement information (Note 1)		
i. Interest income	110	180
ii. Interest expense	30	48
iii. Other operating income		
- Gains less losses arising from trading in foreign currencies	692	860
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	2	2
- Others	-	-
iv. Operating expenses		
- Staff and rental expenses	20	23
- Other expenses (Including transfer pricing)	786	785
- Net charge for other provisions	-	-
v. Impairment losses and provisions for impaired loans and receivables	(1)	1
vi. Gains less losses from the disposal of property, plant & equipment and investment properties	-	-
vii. Profit before taxation	(31)	185
viii. Tax expense / (Tax income)	(5)	25
ix. Profit after taxation	(26)	160

Note :

- The income statement information is in accordance with the details in the "Return of Current Year's Profit & Loss Account" (MA(BS)1C).



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	<u>As of Jun 30,</u> <u>2021</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>	<u>As of Dec 31,</u> <u>2020</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>
III. Balance Sheet information (Note 2)		
Assets		
i. Cash and balances with banks (except those included in amount due from overseas offices of the institution)	21,354	14,795
ii. Due from Exchange Fund	-	-
iii. Placements which have a residual contractual maturity between one and twelve months		
- Banks	-	-
- Non-bank financial institution	-	-
- Sovereign	-	-
iv. Amount due from overseas offices of the institution	37,021	32,472
v. Trade bills	-	-
vi. Certificates of deposit held	-	-
vii. Securities held for trading purposes	-	-
viii. Loans and receivables (See additional B/S information)	8,528	1,806
ix. Investment securities	960	1,258
x. Other investments	-	-
xi. Property, plant and equipment and investment properties	-	-
xii. Total assets	67,863	50,331
Liabilities		
i. Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	8,398	6,169
ii. Due to Exchange Fund	147	199
iii. Deposits from customers		
- Demand deposits and current accounts	-	-
- Savings deposits	-	-
- Time, call and notice deposits	22,275	18,380
iv. Amount due to overseas offices of the institution	32,495	23,824
v. Certificates of deposit issued	-	-
vi. Issued debt securities	-	-
vii. Other liabilities	4,548	1,758
viii. Provisions	-	1
ix. Total liabilities	67,863	50,331

Note :

2. The Balance Sheet information is in accordance with the details in the "Return of Assets and Liabilities" (MA(BS)1).



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IV. Additional balance sheet information (Note 3)		
i. Loans and receivables		
- Loans and advances to customers	202	39
- Loans and advances to banks	-	-
- Other accounts	8,317	1,756
- Provision for impaired loans and receivables		
- Collective provisions	-	-
- Specific provisions	-	-
	<u>8,519</u>	<u>1,795</u>
- Receivables	<u>9</u>	<u>11</u>
ii. The breakdown of the gross amount of loans and advances to customers by sector (Note 4)		
- Loans and advances for use in Hong Kong		
- Financial concerns	19	-
- Loans and advances for use outside Hong Kong	183	39
	<u>202</u>	<u>39</u>
iii. Analysis of gross loans and advances to customer by geographic area		
1. Hong Kong	19	-
2. Asia Pacific (excluding Hong Kong)	183	39
- South Korea	166	-
- Japan	10	-
- China	7	35
- Singapore	-	3
- Taiwan	-	1

Note:

3. 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.
4. The loans and advances to customers by sector is in accordance with the details in the "Return of Quarterly Analysis of Loans and Advances and Provisions" (MA (BS) 2A).



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iv. Analysis of non-bank Mainland China exposures (Note 5)

<u>As of Jun 30, 2021</u> <u>HK\$ Equivalent (In Millions)</u>	<u>On-balance</u> <u>Sheet</u> <u>exposure</u>	<u>Off-balance</u> <u>Sheet</u> <u>exposure</u>	<u>Total on- and</u> <u>off- balance</u> <u>sheet</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7	87	94
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	7	87	94
Total assets after provisions	67,863		
On-balance sheet exposures as percentage of total assets	0.01%		

Note :

5. The analysis of non-bank Mainland China exposures is based on "Return of Mainland Activities" (MA(BS)20) and discloses those total direct exposures are material.



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iv. Analysis of non-bank Mainland China exposures (Note 5) (Con't)

<u>As of Dec 31, 2020</u> <u>HK\$ Equivalent (In Millions)</u>	<u>On-balance</u> <u>Sheet</u> <u>exposure</u>	<u>Off-balance</u> <u>Sheet</u> <u>exposure</u>	<u>Total on- and</u> <u>off- balance</u> <u>sheet</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	35	1,115	1,150
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	35	1,115	1,150
Total assets after provisions	50,330		
On-balance sheet exposures as percentage of total assets	0.07%		

Note :

5. The analysis of non-bank Mainland China exposures is based on "Return of Mainland Activities" (MA(BS)20) and discloses those total direct exposures are material.



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	<u>As of Jun 30, 2021</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>	<u>As of Dec 31, 2020</u> <u>HK\$ Equivalent</u> <u>(In Millions)</u>
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>

vi. International claims (Note 6)

As of Jun 30, 2021
HK\$ Equivalent (In Millions)

	<u>Non-bank private sector</u>					
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
Developed countries	63,447	-	12	-	-	63,459
- United States	49,662	-	-	-	-	49,662
- Japan	8,647	-	10	-	-	8,657

As of Dec 31, 2020
HK\$ Equivalent (In Millions)

	<u>Non-bank private sector</u>					
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
Developed countries	49,668	-	384	-	-	50,052
- United States	35,755	-	333	-	-	36,088
- Japan	7,105	-	-	-	-	7,105

Note :

6. The country or geographical segment (including Hong Kong) is based on the "Return of International Banking Statistics" (MA(BS)21) that constitutes not less than 10% of the total international claims on net basis after taking into account the effect of any recognised risk transfer.



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vii. Foreign currency exposures (Note 7)

As of Jun 30, 2021
HK\$ Equivalent
(In Millions)

	<u>USD</u>	<u>IDR</u>	<u>CNY</u>	<u>PHP</u>	<u>THB</u>	<u>GBP</u>	<u>QAR</u>	<u>Total</u>
a. Spot assets	15,804	532	739	666	8	5,438	34	23,221
b. Spot liabilities	(984)	(1,781)	(2,766)	(654)	(433)	(5,460)	-	(12,078)
c. Forward purchases	1,577,338	6,142	240,615	7,083	7,394	67,949	24	1,906,545
d. Forward sales	(1,592,362)	(4,934)	(238,709)	(7,008)	(7,007)	(67,880)	(14)	(1,917,914)
e. Net options position	-	-	-	-	-	-	-	-
f. Net long (short) position	(204)	(41)	(121)	87	(38)	47	44	(226)
	<u>USD</u>	<u>IDR</u>	<u>CNY</u>	<u>PHP</u>	<u>THB</u>	<u>GBP</u>	<u>QAR</u>	<u>Total</u>
Net structural position	-	-	-	-	-	-	-	-

As of Dec 31, 2020
HK\$ Equivalent
(In Millions)

	<u>USD</u>	<u>IDR</u>	<u>CNY</u>	<u>PHP</u>	<u>THB</u>	<u>GBP</u>	<u>QAR</u>	<u>Total</u>
a. Spot assets	12,806	355	2,438	291	94	3,655	10	19,649
b. Spot liabilities	(5,758)	(957)	(4,485)	(431)	(249)	(3,647)	-	(15,527)
c. Forward purchases	2,455,286	6,713	213,251	2,568	6,162	127,204	10	2,811,194
d. Forward sales	(2,462,096)	(6,126)	(211,217)	(2,468)	(6,008)	(127,205)	(11)	(2,815,131)
e. Net options position	-	-	-	-	-	-	-	-
f. Net long (short) position	238	(15)	(13)	(40)	(1)	7	9	185
	<u>USD</u>	<u>IDR</u>	<u>CNY</u>	<u>PHP</u>	<u>THB</u>	<u>GBP</u>	<u>QAR</u>	<u>Total</u>
Net structural position	-	-	-	-	-	-	-	-

Note :

7. The foreign currency exposure is based on the "Return of Foreign Currency Position" (MA(BS)6) for the type of foreign currency position and the amount to be reported. Individual foreign currency net position constitutes not less than 10% of the total net position in all foreign currencies.



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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)	500	1,429
Derivative transactions :		
- Exchange rate-related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	3,264,443	5,240,728
- Interest rate derivative contracts	-	-
- Others	-	-
ii. The total fair value of the above derivative transactions		
- Exchange rate-related derivative contracts	701	(1,075)
- Interest rate derivative contracts	-	-

No bilateral netting arrangements for above derivative transactions.



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	<u>Three months ended Jun 30, 2021</u>	<u>Three months ended Jun 30, 2020</u>
VI. Liquidity		
i. The average liquidity maintenance ratio ("LMR")	55.78%	61.27%
ii. The average core funding ratio ("CFR")	793.19%	569.79%

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 Liquidity Risk 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 the Liquidity Risk 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.



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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.

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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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 :

<https://investors.statestreet.com/filings-reports/annual-reports-and-proxy-statements/default.aspx>

Section B - State Street Corporation Information (consolidated basis)

	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>	<u>HK\$ Equivalent</u>
	<u>(In Millions)</u>	<u>(In Millions)</u>	<u>(In Millions)</u>
I. Capital and Capital Adequacy (In accordance with the Basel Capital Accord)			
i. Tier 1 capital	13.50%	15.40%	15.10%
ii. Total capital	14.80%	16.20%	16.00%
iii. Leverage ratio	5.20%	6.40%	6.10%
iv. Tier 1 capital	121,657	130,616	121,207
v. Total capital	134,019	138,075	129,042
vi. Total amount of shareholders' funds	195,426	203,119	192,773
II. Other Financial Information			
i. Total assets	2,535,545	2,439,802	2,171,955
ii. Total liabilities	2,340,119	2,236,683	1,979,183
iii. Total loans and advances	237,645	215,547	207,080
iv. Total deposits (Note 8)	2,049,764	1,859,068	1,553,638
	<u>Six months ended</u>	<u>Year ended</u>	<u>Six months ended</u>
	<u>Jun 30, 2021</u>	<u>Dec 31, 2020</u>	<u>Jun 30, 2020</u>
	<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	12,147	22,484	12,239

Note :

8 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 "Rauline Wong", written over a horizontal line.

Rauline Wong
Chief Executive of
State Street Bank & Trust Company, Hong Kong Branch
September 28, 2021