

**Mitsubishi UFJ Trust and Banking
Corporation**

Hong Kong Branch

**Financial Disclosure for Overseas
Incorporated Authorised Institutions**

31 March 2015

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

I. Profit and loss information

	Year ended 31 March 2015 (HKD'000)	Year ended 31 March 2014 (HKD'000)
Interest income	191,192	209,736
Interest expense	(55,104)	(43,999)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(85)	(36)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(4,070)	(7,160)
- Others	(57,499)	(57,447)
Operating expenses		
- Staff expenses	(26,960)	(25,094)
- Others	(23,231)	(20,156)
Impairment losses and provisions for impaired loans and receivables (Note 2)	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	<u>24,243</u>	<u>55,844</u>
Tax expense or tax income	-	-
Profit after taxation	<u><u>24,243</u></u>	<u><u>55,844</u></u>
<u>Notes:</u>		
(1) Fees and commission income	6	6
Fees and commission expenses	(4,076)	(7,166)
	<u>(4,070)</u>	<u>(7,160)</u>
(2) Provision for impaired loans and receivables written back	-	-
Bad debt recovered	-	-
	<u>-</u>	<u>-</u>

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II. Balance sheet information

	31 March 2015 (HKD'000)	30 September 2014 (HKD'000)
Assets		
Cash and short term funds (except those included in amount due from overseas offices of the institution)	1,873,321	871,283
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months (except those included in amount due from overseas offices of the institution)	217,179	29,536
Amount due from overseas offices of the institution	1,655,217	12,930
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	5,938,748	6,496,323
Loans and advances to banks	-	-
Other accounts	415,202	313,417
Provisions for impaired loans and receivables	-	-
Investment securities	22,256,636	16,335,051
Other investments	478,802	323,840
Property, plant and equipment and investment properties	6,375	6,781
Total assets	<u>32,841,480</u>	<u>24,389,161</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	8,742,816	3,208,007
Deposits from customers		
Demand deposits and current accounts	2	2
Savings deposits	14,132	12,330
Time, call and notice deposits	116,557	131,050
Amount due to overseas offices of the institution	5,322,589	8,149,762
Amount payable under repos *	17,469,196	12,107,624
Other accounts:		
Current profit/(loss)	24,243	21,246
Provisions	-	-
Other liabilities	1,151,945	759,140
Total liabilities	<u>32,841,480</u>	<u>24,389,161</u>
* Value of securities sold under repo agreements	<u>17,368,150</u>	<u>12,056,157</u>

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III. Additional balance sheet information

	31 March 2015 (HKD'000)	30 September 2014 (HKD'000)
1) Provisions for impaired loans and receivables		
Loans and advances to customers		
- Specific provision	-	-
- Collective provision	-	-
Loans and advances to banks		
- Specific provision	-	-
- Collective provision	-	-
Accrued interest and other accounts		
- Specific provision	-	-
- Collective provision	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<p>Mitsubishi UFJ Trust and Banking Corporation provides the collective provision for loan loss on global loan portfolio based on historical loan loss experience.</p>		
2) Impaired loans and advances to customers		
Total amount of impaired loans and advances to customers	<u>-</u>	<u>-</u>
Percentage of total loans and advances to customers	<u>0.00%</u>	<u>0.00%</u>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>
3) Impaired loans and advances to banks		
Total amount of impaired loans and advances to banks	<u>-</u>	<u>-</u>
Percentage of total loans and advances to banks	<u>0.00%</u>	<u>0.00%</u>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>

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	31 March 2015 (HKD'000)	30 September 2014 (HKD'000)
4) Analysis of overdue loans and advances to customers		
Gross amount of overdue loans and advances to customers		
six months or less but over three months	-	-
one year or less but over six months	-	-
over one year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Overdue loans and advances to customers as a percentage of total amount of loans and advances to customer		
six months or less but over three months	0.00%	0.00%
one year or less but over six months	0.00%	0.00%
over one year	0.00%	0.00%
	<u>0.00%</u>	<u>0.00%</u>
	<u>0.00%</u>	<u>0.00%</u>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>
5) Analysis of overdue loans and advances to banks		
Gross amount of overdue loans and advances to banks		
six months or less but over three months	-	-
one year or less but over six months	-	-
over one year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Overdue loans and advances to banks as a percentage of total amount of loans and advances to banks		
six months or less but over three months	0.00%	0.00%
one year or less but over six months	0.00%	0.00%
over one year	0.00%	0.00%
	<u>0.00%</u>	<u>0.00%</u>
	<u>0.00%</u>	<u>0.00%</u>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>

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	31 March 2015 (HKD'000)	30 September 2014 (HKD'000)
6) Rescheduled loans and advances to customers (net of those which have been overdue for over three months and reported in overdue loans and advances to customers)		
Amount of rescheduled loans and advances to customers	-	-
Rescheduled loans and advances to customers as a percentage of total amount of loans and advances to customers	0.00%	0.00%
7) Rescheduled loans and advances to banks (net of those which have been overdue for over three months and reported in overdue loans and advances to banks)		
Amount of rescheduled loans and advances to banks	-	-
Rescheduled loans and advances to banks as a percentage of total amount of loans and advances to banks	0.00%	0.00%
8) Analysis of other overdue assets by major categories		
Investment securities		
six months or less but over three months	-	-
one year or less but over six months	-	-
over one year	-	-
	-	-
9) Total amount of repossessed assets held	-	-

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IV. Off-balance sheet exposure

	31 March 2015 (HKD'000)	30 September 2014 (HKD'000)
1) Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	4,386,960	3,067,907
Others - Forward forward deposits placed	436,531	-
	<u>4,823,491</u>	<u>3,067,907</u>
2) Derivative transactions		
Exchange rate-related derivative contracts	3,944,267	4,427,074
Interest rate derivative contracts	12,841,432	7,164,002
	<u>16,785,699</u>	<u>11,591,076</u>
3) Total fair value of derivative transactions (the effect of bilateral netting agreement has not been taken into account)		
Exchange rate-related derivative contracts	(40,260)	(188,590)
Interest rate derivative contracts	(200,786)	(147,103)
	<u>(241,046)</u>	<u>(335,693)</u>

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V. Segmental information

	31 March 2015		30 September 2014	
	(HKD'000)	% covered by collateral or other security	(HKD'000)	% covered by collateral or other security
1) Analysis of loans and advances to customers by major sectors:				
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
▪ Property development	200,000	0.00%	200,000	0.00%
▪ Property investment	-		-	
▪ Financial concerns	2,640,446	0.00%	2,691,397	0.00%
▪ Stockbrokers	-		-	
▪ Wholesale and retail trade	531,222	0.00%	1,069,495	0.00%
▪ Manufacturing	188,432	0.00%	211,919	0.00%
▪ Transport and transport equipment	-		13,196	0.00%
▪ Recreational activities	-		-	
▪ Information technology	110,684	0.00%	110,684	0.00%
▪ Others	100,000	0.00%	100,000	0.00%
Individuals				
▪ Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-		-	
▪ Loans for the purchase of other residential properties	-		-	
▪ Credit card advances	-		-	
▪ Others	-		-	
Trade finance	-		-	
Loans and advances for use outside Hong Kong	<u>2,167,964</u>	0.00%	<u>2,099,632</u>	0.00%
Total advances to customers	<u><u>5,938,748</u></u>		<u><u>6,496,323</u></u>	
2) Analysis of loans and advances to customers by major countries or geographical segments (transfers of risk has been taken into account)				
Hong Kong	2,079,668		2,676,519	
Japan	3,441,181		3,311,490	
Others	417,899		508,314	
	<u><u>5,938,748</u></u>		<u><u>6,496,323</u></u>	
3) Analysis of overdue loans and advances to customers classified by major countries or geographical segments (transfers of risk has been taken into account)				
	<u><u>-</u></u>		<u><u>-</u></u>	
4) Analysis of impaired loans and advances to customers classified by major countries or geographical segments (transfers of risk has been taken into account)				
	<u><u>-</u></u>		<u><u>-</u></u>	

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V. Segmental information

5) Major country or geographical segment breakdown of international claims by types of counterparties (which constitute not less than 10% of the total international claims after taking into account any recognised risk transfer)
(Equivalent in million of HKD)

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank Financial Institution</u>	<u>Non-Financial Private Sector</u>	<u>Total</u>
As at 31 March 2015					
<i>1. Developed Countries</i>	2,244	17,027	4,001	332	23,604
France	-	5,526	-	-	5,526
Germany	15	6,622	-	-	6,637
Japan	2,137	-	3,998	332	6,467
United States	9	3,720	1	-	3,730
<i>2. Developing Asia and Pacific</i>	2,366	265	770	1,568	4,969
South Korea	663	84	586	1,188	2,521
Taiwan	1,584	-	-	-	1,584

	<u>Banks</u>	<u>Public sector entities</u>	<u>Others</u>	<u>Total</u>
As at 30 September 2014				
<i>1. Asia Pacific excluding Hong Kong</i>	2,232	1,528	4,863	8,623
Japan	441	652	3,318	4,411
South Korea	1,043	685	917	2,645
<i>2. North and South America</i>	21	626	33	680
United States	21	626	1	648
<i>3. Europe</i>	29	10,590	-	10,619
Germany	14	4,577	-	4,591
France	-	4,700	-	4,700
Netherland	-	1,313	-	1,313

Current segmental information of international claims is disclosed in accordance with the new guidelines of Return of International Banking Statistics (MA(BS)21) submitted to the HKMA. Comparative information disclosed in accordance with the guidelines of Return of External Positions (MA(BS)9A) is not directly comparable due to adoption of different reporting basis.

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V. Segmental information

6) Non-bank Mainland exposures (Equivalent in million of HKD)

<u>Types of Counterparties</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
As at 31 March 2015			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	224	-	224
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	992	-	992
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government 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	284	-	284
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	1,500	-	1,500
Total assets after provision	32,841		
On-balance sheet exposures as percentage of total assets	4.57%		

As at 30 September 2014

1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	237	-	237
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	765	-	765
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government 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	155	-	155
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	1,157	-	1,157
Total assets after provision	24,389		
On-balance sheet exposures as percentage of total assets	4.74%		

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Section A: Branch Information

VI. Currency risk

Foreign currency exposures

(Equivalent in millions of HKD)

As at 31 March 2015	<u>USD</u>	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	13,165	1,217	13,882	28,264
Spot liabilities	(11,601)	(3,038)	(13,757)	(28,396)
Forward purchases	1,130	1,839	1	2,970
Forward sales	(2,802)	-	(6)	(2,808)
Net options position	-	-	-	-
Net long (short) position	<u>(108)</u>	<u>18</u>	<u>120</u>	<u>30</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2014	<u>USD</u>	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	8,760	878	10,802	20,440
Spot liabilities	(8,117)	(3,765)	(10,716)	(22,598)
Forward purchases	1,536	2,890	-	4,426
Forward sales	(2,252)	(1)	-	(2,253)
Net options position	-	-	-	-
Net long (short) position	<u>(73)</u>	<u>2</u>	<u>86</u>	<u>15</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above net position of individual currency (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies. The net positions are calculated by using the "model user" approach set out in the return "Foreign Currency Position - MA(BS)6" submitted to the HKMA.

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VII. Liquidity

	Nine-month ended	Financial year ended
	31 December 2014	31 March 2014
Average liquidity ratio	<u>100.94%</u>	<u>90.04%</u>

The average liquidity ratio is the simple average of each month's average liquidity ratio for the reporting period. Liquidity ratio is calculated in accordance with the guidelines of Hong Kong Monetary Authority and Fourth Schedule of the Banking Ordinance.

	Three-month ended
	31 March 2015
Average liquidity maintenance ratio	<u>70.12%</u>

Starting from 2015, Hong Kong Monetary Authority applied the new liquidity maintenance ratio to category 2 financial institutions. The average liquidity maintenance ratio is the simple average of each month's average liquidity maintenance ratio for the reporting period. Liquidity maintenance ratio is calculated in accordance with the guidelines of Hong Kong Monetary Authority and Banking (Liquidity) Rules.

Liquidity Risk Management

Hong Kong Branch's liquidity policy and strategy are reviewed regularly by the Risk Management Committee, chaired by the General Manager and comprises of Senior Management and key personnel of the Branch.

The Branch manages the liquidity risk by Head Office and Branch Internal Funding Strategy Rules, Statutory Liquidity Ratio and Maturity Profile of Assets and Liabilities in accordance with the requirements stated in the "Supervisory Policy Manual" (LM-2 Sound Systems and Controls for Liquidity Risk Management) issued by the HKMA.

This is the Branch's policy to maintain a conservative level of liquid funds as well as to keep a minimum amount of liquefiable securities on a daily basis to meet all obligations when they fall due in the normal course of business and to meet the statutory liquidity ratio requirements.

This is also the Branch's strategy to invest in highly liquid securities for quick and easy sale in case of funding crises. As one of the main overseas branches, the Branch may also mainly rely on Head Office for liquidity in funding crises.

The Branch also conducts stress test of the Branch's liquidity on monthly basis under stress test worst case scenarios of Bank internal factors, market external factors and combination of both internal and external factors.

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VIII. Remuneration system

Remuneration Policy

This disclosure is made in accordance with the Hong Kong Monetary Authority's Supervisory Policy Manual CG-5 'Guideline on a Sound Remuneration System' (HKMA SPM CG-5).

The remuneration policy of Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch is established at branch level in accordance with local custom and regulations without setting up a remuneration committee and applies to all locally employed staff. Hong Kong Branch does not engage external consultant in providing advice on remuneration. A few executives in this branch are considered to be senior management and key personnel. Senior management comprises 3 executives being charged with overseeing all the branch activities. They are supported by risk control personnel to monitor the key risks arising from change in local custom and regulations that directly affect minimum wage and statutory benefits. Key personnel are employees on manager grade or above heading major business functions. During the reporting period, the number of key personnel was 22. The remuneration package of this branch is total cash basis with minimal benefits, variable pay only consisting of cash discretionary bonus without any deferment, which enables this branch to retain sufficient human resources in risk management.

Pay for staff is reviewed in March each year based on individual job performance in the immediate past assessment year. Senior management is responsible for the review process and report the decision to Head Office for record. The criteria used for calculating the score of performance measurement are personal achievement, knowledge, competence and teamwork. Discretionary bonus may be paid, subject to senior management's review each year, to the staff in accordance with his or her performance appraisal done in March. Employees carrying out the duties of risk management, financial control, compliance, legal and internal audit are also subject to that review to ensure that they are remunerated independently of the business they oversee.

During the reporting period, no change was made to the remuneration policy and measures to counter key risks. No deferred payment, sign-on bonus, sign-on award or severance payment was paid to any staff in this Branch. Given a small number of executives, disclosure of a breakdown of the remuneration figures of senior management and key personnel is sensitive; therefore, the disclosure of aggregate figures is considered to be appropriate in accordance with Paragraph 3.3.3 of HKMA SPM CG-5. The remuneration of senior management and key personnel for this reporting period was as follows:-

Remuneration for

1 April 2014 to 31 March 2015

HKD'000

Fixed Pay 12,845

Variable Pay 556

Remuneration for

1 April 2013 to 31 March 2014

HKD'000

Fixed Pay 12,155

Variable Pay 563

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

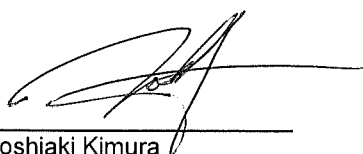
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Section B: Bank Information (consolidated basis)

	31 March 2015 (Audited) YEN in million	30 September 2014 (Unaudited) YEN in million
The information set out below was based on the consolidated accounts of Mitsubishi UFJ Trust and Banking Corporation, which have been compiled in Japanese GAAP basis.		
Capital and capital adequacy		
Capital adequacy ratio *	19.15%	19.72%
Shareholders' fund	2,320,489	2,063,037
* The ratios are presented on a consolidated basis in accordance with the guidelines set forth by the Bank for International Settlement. The ratios incorporate market risk and operational risk.		
Other financial information		
Total assets	38,309,785	35,748,843
Total liabilities	35,841,541	33,541,696
Total loans and advances #	12,774,409	12,263,257
Total deposits	12,824,878	12,629,092
Pre-tax profit/(loss) (term-end figure)	238,424	213,087 @
# Total loans and advances represent the total of "Call loans and bills bought" and "Loans and bills discounted" as shown in the balance sheet.		
@ For the year ended 31 March 2014		
Note: The amounts were stated in YEN in this report. The prevailing exchange rates USD against Japanese YEN for each reporting date are		
	120.26	109.43

Statement of Compliance

The principal activities of our branch are securities investments, loans to customers and treasury activities. The Disclosure Statement complies fully with the disclosure standards set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority, and is neither false nor misleading.



Toshiaki Kimura
Chief Executive
Hong Kong Branch