

**Mitsubishi UFJ Trust and Banking
Corporation**

Hong Kong Branch

**Financial Disclosure for Overseas
Incorporated Authorized Institutions**

31 March 2018

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 2018 (HKD'000)	Year ended 31 March 2017 (HKD'000)
Interest income	375,837	261,688
Interest expense	(213,142)	(85,154)
Other operating income		
- Gains less losses arising from trading in foreign currencies	57	4
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(6,369)	(6,647)
- Others	37,830	(1,723)
Operating expenses		
- Staff expenses	(29,429)	(30,767)
- Others	(25,894)	(23,681)
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	138,890	113,720
Tax expense or tax income	-	-
Profit after taxation	138,890	113,720
<u>Notes:</u>		
(1) Fees and commission income	1,620	4
Fees and commission expenses	(7,989)	(6,651)
	(6,369)	(6,647)
(2) Provision for impaired loans and receivables written back	-	-
Bad debt recovered	-	-
	-	-

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II. Balance sheet information

	31 March 2018 (HKD'000)	30 September 2017 (HKD'000)
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	1,234,762	926,181
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)	510,136	35,195
Amount due from overseas offices of the institution	2,209,305	1,429,396
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	3,764,511	3,945,377
Loans and advances to banks	-	-
Other accounts	855,858	400,783
Provisions for impaired loans and receivables	-	-
Investment securities	23,052,797	22,482,765
Other investments	890,295	478,724
Property, plant and equipment and investment properties	5,868	6,406
Total assets	32,523,532	29,704,827
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	10,625,395	7,138,788
Deposits from customers		
Demand deposits and current accounts	970	153
Savings deposits	7,386	5,534
Time, call and notice deposits	1,059,829	814,719
Certificates of deposit issued	130,000	100,000
Amount due to overseas offices of the institution	3,828,392	4,564,087
Amount payable under repos *	15,826,241	16,374,874
Other accounts:		
Current profit/(loss)	138,890	65,671
Provisions	-	-
Other liabilities	906,429	641,001
Total liabilities	32,523,532	29,704,827
* Value of securities sold under repo agreements	15,791,929	16,257,338

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III. Additional balance sheet information

	31 March 2018 (HKD'000)	30 September 2017 (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 2018 (HKD'000)	30 September 2017 (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 2018 (HKD'000)	30 September 2017 (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 2018 (HKD'000)	30 September 2017 (HKD'000)
1) Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	5,674,006	5,693,604
Others - Forward forward deposits placed	643,544	191,360
	<u>6,317,550</u>	<u>5,884,964</u>
2) Derivative transactions		
Exchange rate-related derivative contracts	673,382	1,127,583
Interest rate derivative contracts	13,174,103	11,245,938
	<u>13,847,485</u>	<u>12,373,521</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	(9,256)	(32,775)
Interest rate derivative contracts	123,582	(70,334)
	<u>114,326</u>	<u>(103,109)</u>

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V. Segmental information

	31 March 2018		30 September 2017	
	(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	-		-	
▪ Property investment	-		-	
▪ Financial concerns	2,209,842	0.00%	2,302,814	0.00%
▪ Stockbrokers	-		-	
▪ Wholesale and retail trade	484,564	0.00%	265,561	0.00%
▪ Manufacturing	361,965	0.00%	424,265	0.00%
▪ Transport and transport equipment	44,890	0.00%	47,636	0.00%
▪ Recreational activities	-		-	
▪ Information technology	-		-	
▪ Others	-		-	
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	663,250	0.00%	905,101	0.00%
Total advances to customers	<u>3,764,511</u>		<u>3,945,377</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	1,514,564		1,595,561	
Japan	2,214,630		2,306,858	
China	35,317		42,958	
	<u>3,764,511</u>		<u>3,945,377</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>	
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>	

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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 2018					
<i>1. Developed Countries</i>	2,295	15,087	3,194	158	20,734
France	-	4,746	-	-	4,746
Germany	36	4,174	-	-	4,210
Japan	2,226	-	2,916	158	5,300
United States	25	5,140	279	-	5,444
<i>2. Developing Asia and Pacific</i>	2,324	560	1,418	1,025	5,327
China	1,060	77	1,222	272	2,631
South Korea	313	-	196	606	1,115
Taiwan	951	-	-	148	1,099

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank Financial Institution</u>	<u>Non-Financial Private Sector</u>	<u>Total</u>
As at 30 September 2017					
<i>1. Developed Countries</i>	1,683	15,171	3,872	320	21,046
France	-	4,561	-	-	4,561
Germany	31	4,155	-	-	4,186
Japan	1,639	-	3,631	320	5,590
United States	10	5,467	241	-	5,718
<i>2. Developing Asia and Pacific</i>	1,215	294	961	1,003	3,473
China	412	-	766	162	1,340
South Korea	314	-	195	702	1,211
Taiwan	490	-	-	139	629

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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 2018			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,003	5	1,008
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	197	2	199
4. Other entities of central government not reported in item 1 above	151	-	151
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	538	1	539
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	711	8	719
Total	2,600	16	2,616
Total assets after provision	32,524		
On-balance sheet exposures as percentage of total assets	8.00%		

As at 30 September 2017

1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	564	-	564
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	261	-	261
4. Other entities of central government not reported in item 1 above	152	-	152
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	342	-	342
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	374	2	376
Total	1,693	2	1,695
Total assets after provision	29,705		
On-balance sheet exposures as percentage of total assets	5.70%		

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VI. Currency risk

Foreign currency exposures

(Equivalent in millions of HKD)

As at 31 March 2018	USD	JPY	EUR	CNY	Total
Spot assets	16,231	2,754	10,132	247	29,364
Spot liabilities	(16,045)	(3,205)	(10,009)	(41)	(29,300)
Forward purchases	237	464	-	-	701
Forward sales	(539)	-	(7)	(204)	(750)
Net options position	-	-	-	-	-
Net long (short) position	<u>(116)</u>	<u>13</u>	<u>116</u>	<u>2</u>	<u>15</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2017	USD	JPY	EUR	CNY	Total
Spot assets	15,751	474	9,823	428	26,476
Spot liabilities	(16,008)	(906)	(9,760)	(38)	(26,712)
Forward purchases	735	436	-	-	1,171
Forward sales	(527)	-	(6)	(389)	(922)
Net options position	-	-	-	-	-
Net long (short) position	<u>(49)</u>	<u>4</u>	<u>57</u>	<u>1</u>	<u>13</u>
Net structural position	<u>-</u>	<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

	Financial year ended	Financial year ended
	31 March 2018	31 March 2017
Average liquidity maintenance ratio	<u>65.17%</u>	<u>67.55%</u>

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 Market Risk 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 25. 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 2017 to 31 March 2018

HKD'000

Fixed Pay 13,442

Variable Pay 684

Remuneration for

1 April 2016 to 31 March 2017

HKD'000

Fixed Pay 13,422

Variable Pay 791

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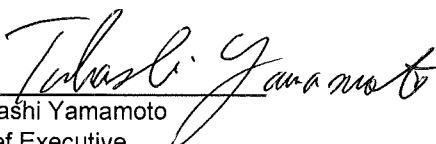
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Section B: Bank Information (consolidated basis)

	31 March 2018 (Audited) YEN in million	30 September 2017 (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 *	20.03%	20.55%
Shareholders' fund	2,410,545	2,416,218
* 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	46,610,840	45,366,276
Total liabilities	44,046,439	42,798,928
Total loans and advances #	14,712,821	14,567,826
Total deposits	15,694,762	14,892,371
Pre-tax profit/(loss) (term-end figure)	249,419	171,671 @
# 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 2017		
Note: The amounts were stated in YEN in this report. The prevailing exchange rates USD against Japanese YEN for each reporting date are		
	106.31	112.70

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.


 Takashi Yamamoto
 Chief Executive
 Hong Kong Branch