

Mitsubishi UFJ Trust and Banking Corporation

Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorized Institutions

30 September 2018

This Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available at the following address and website of our Hong Kong Branch:

Suites 2102-7, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

https://www.int.tr.mufg.jp/english/ourservices/administration/hk_branch.html

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

	Six-month ended 30 September 2018 (HKD'000)	Six-month ended 30 September 2017 (HKD'000)
Interest income	275,067	171,310
Interest expense	(203,711)	(89,234)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(77)	(3)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(4,114)	(3,831)
- Others	20,764	14,626
Operating expenses		
- Staff expenses	(14,958)	(14,405)
- Others	(12,556)	(12,792)
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	60,415	65,671
Tax expense or tax income	-	-
Profit after taxation	60,415	65,671
<u>Notes:</u>		
(1) Fees and commission income	9	3
Fees and commission expenses	(4,123)	(3,834)
	<u>(4,114)</u>	<u>(3,831)</u>
(2) Provision for impaired loans and receivables written back	-	-
Bad debt recovered	-	-
	<u>-</u>	<u>-</u>

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

II. Balance sheet information

	30 September 2018 (HKD'000)	31 March 2018 (HKD'000)
<u>Assets</u>		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	2,027,300	1,234,762
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)	1,752,182	510,136
Amount due from overseas offices of the institution	278,709	2,209,305
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers #	-	3,764,511
Loans and advances to banks	1,959,451	-
Other accounts	986,126	855,858
Provisions for impaired loans and receivables	-	-
Investment securities	23,769,161	23,052,797
Other investments	1,253,193	890,295
Property, plant and equipment and investment properties	5,742	5,868
Total assets	<u>32,031,864</u>	<u>32,523,532</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	7,472,979	10,625,395
Deposits from customers		
Demand deposits and current accounts	967	970
Savings deposits	3,227	7,386
Time, call and notice deposits	499,170	1,059,829
Certificates of deposit issued	50,000	130,000
Amount due to overseas offices of the institution	6,743,804	3,828,392
Amount payable under repos *	16,070,962	15,826,241
Other accounts:		
Current profit/(loss)	60,415	138,890
Provisions	-	-
Other liabilities	1,130,340	906,429
Total liabilities	<u>32,031,864</u>	<u>32,523,532</u>
* Value of securities sold under repo agreements	<u>15,967,922</u>	<u>15,791,929</u>

Loan business was transferred to another group company for group's functional realignment.

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

III. Additional balance sheet information

	30 September 2018 (HKD'000)	31 March 2018 (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>

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

III. Additional balance sheet information

	30 September 2018 (HKD'000)	31 March 2018 (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>

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

III. Additional balance sheet information

	30 September 2018 (HKD'000)	31 March 2018 (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	-	-

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

IV. Off-balance sheet exposure

	30 September 2018 (HKD'000)	31 March 2018 (HKD'000)
1) Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	-	5,674,006
Others - Forward forward deposits placed	302,196	643,544
	<u>302,196</u>	<u>6,317,550</u>
2) Derivative transactions		
Exchange rate-related derivative contracts	2,719,594	673,382
Interest rate derivative contracts	13,560,476	13,174,103
	<u>16,280,070</u>	<u>13,847,485</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	(68,823)	(9,256)
Interest rate derivative contracts	139,167	123,582
	<u>70,344</u>	<u>114,326</u>

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

V. Segmental information

	30 September 2018	31 March 2018	
	(HKD'000)	(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%
▪ Stockbrokers	-	-	
▪ Wholesale and retail trade	-	484,564	0.00%
▪ Manufacturing	-	361,965	0.00%
▪ Transport and transport equipment	-	44,890	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%
Total advances to customers	<u>-</u>	<u>3,764,511</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	
Japan	-	2,214,630	
China	-	35,317	
	<u>-</u>	<u>3,764,511</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>	

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

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 30 September 2018					
<i>1. Developed Countries</i>	1,556	14,104	3,031	54	18,745
France	-	3,527	-	-	3,527
Germany	31	3,196	-	-	3,227
Japan	1,503	-	2,716	-	4,219
United States	14	6,426	292	-	6,732
<i>2. Developing Asia and Pacific</i>	2,856	729	1,410	1,818	6,813
China	1,046	75	1,333	397	2,851
South Korea	93	78	77	1,226	1,474
Taiwan	1,717	-	-	138	1,855
<i>3. Offshore Centres</i>	510	-	2,232	453	3,195
Hong Kong	510	-	969	453	1,932
Jersey	-	-	863	-	863

	<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

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

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 30 September 2018			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,078	9	1,087
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	92	3	95
4. Other entities of central government not reported in item 1 above	252	-	252
5. Other entities of local government not reported in item 2 above	23	-	23
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	396	3	399
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	209	10	219
Total	2,050	25	2,075
Total assets after provision	32,032		
On-balance sheet exposures as percentage of total assets	6.40%		

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%		

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

VI. Currency risk

Foreign currency exposures

(Equivalent in millions of HKD)

As at 30 September 2018	USD	JPY	EUR	CNY	Total
Spot assets	20,295	1,089	7,781	37	29,202
Spot liabilities	(17,627)	(2,037)	(7,721)	(35)	(27,420)
Forward purchases	110	949	-	-	1,059
Forward sales	(2,826)	-	(5)	-	(2,831)
Net options position	-	-	-	-	-
Net long (short) position	<u>(48)</u>	<u>1</u>	<u>55</u>	<u>2</u>	<u>10</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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.

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

VII. Liquidity

	For the quarter ended		Six-month ended
	30 Sep 2018	30 Jun 2018	30 Sep 2017
Average liquidity maintenance ratio	<u>80.39%</u>	<u>89.59%</u>	<u>63.37%</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.

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

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 18. 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 2018 to 30 September 2018

HKD'000

Fixed Pay	6,169
Variable Pay	735

Remuneration for

1 April 2017 to 30 September 2017

HKD'000


Fixed Pay	6,591
Variable Pay	684

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch
Financial Disclosure for Overseas Incorporated Authorised Institutions
Section B: Bank Information (consolidated basis)

	30 September 2018 (Unaudited) YEN in million	31 March 2018 (Audited) 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 *	24.44%	20.03%
Shareholders' fund	2,440,921	2,410,545
* 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	38,684,478	46,610,840
Total liabilities	36,131,022	44,046,439
Total loans and advances #	5,357,023	14,712,821
Total deposits	14,066,628	15,694,762
Pre-tax profit/(loss) (interim figure)	103,235	154,536 @
# 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 six-month ended 30 September 2017		
Note: The amounts were stated in YEN in this report. The prevailing exchange rates USD against Japanese YEN for each reporting date are		
	113.52	106.31

Statement of Compliance

The principal activities of our branch are securities investments, corporate banking service 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