

Mitsubishi UFJ Trust and Banking Corporation

Hong Kong Branch

(Incorporated in Japan with limited liability)

Financial Disclosure for Overseas Incorporated Authorized Institutions

31 March 2022

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.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

	Year ended 31 March 2022 (HKD'000)	Year ended 31 March 2021 (HKD'000)
Interest income	251,011	209,725
Interest expense	(23,286)	(91,943)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(734)	(1)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(2,595)	(3,914)
- Others	(80,694)	(44,563)
Operating expenses		
- Staff and rental expenses	(44,373)	(42,050)
- Others	(13,268)	(12,778)
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	86,061	14,476
Tax expense or tax income	-	-
Profit after taxation	86,061	14,476
<u>Notes:</u>		
(1) Fees and commission income	5,842	1,986
Fees and commission expenses	(8,437)	(5,900)
	(2,595)	(3,914)
(2) Provision for impaired loans and receivables written back	-	-
Bad debt recovered	-	-
	-	-

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

II. Balance sheet information

	31 March 2022 (HKD'000)	30 September 2021 (HKD'000)
Assets		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	2,639,902	1,093,842
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)	2,082,713	1,557,536
Amount due from overseas offices of the institution	4,734,666	6,273,213
Trade Bills	-	-
Certificate of deposit held	-	-
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	-	-
Loans and advances to banks	-	-
Other accounts	2,017,876	882,217
Provisions for impaired loans and receivables	-	-
Investment securities	17,842,932	24,626,558
Other investments	1,062,643	1,933,860
Property, plant and equipment and investment properties	7,191	6,301
Total assets	<u>30,387,923</u>	<u>36,373,527</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	8,872,684	5,973,875
Deposits from customers		
Demand deposits and current accounts	28	27
Savings deposits	243	238
Time, call and notice deposits	1,010,043	1,564,071
Certificates of deposit issued	2,348,925	9,178,743
Issued debt securities	-	-
Amount due to overseas offices of the institution	6,953,970	6,636,832
Amount payable under repos	10,124,012	10,482,600
Other accounts:		
Current profit/(loss)	86,061	75,468
Provisions	-	-
Other liabilities	991,957	2,461,673
Total liabilities	<u>30,387,923</u>	<u>36,373,527</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

	31 March 2022 (HKD'000)	30 September 2021 (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 new accounting guidance.</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 (continued)

	31 March 2022 (HKD'000)	30 September 2021 (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 (continued)

	31 March 2022 (HKD'000)	30 September 2021 (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

	31 March 2022 (HKD'000)	30 September 2021 (HKD'000)
1) Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	-	-
Others - Forward forward deposits placed	861,273	747,617
	<u>861,273</u>	<u>747,617</u>
2) Derivative transactions		
Exchange rate contracts	1,238,970	576,782
Interest rate contracts	14,464,875	16,817,712
	<u>15,703,845</u>	<u>17,394,494</u>
3) Total fair value of derivative transactions (the effect of bilateral netting agreement has not been taken into account)		
Net fair value of exchange rate contracts	(1,018)	(4,202)
Positive value	52	-
Negative value	(1,070)	(4,202)
Net fair value of interest rate contracts	274,667	(438,454)
Positive value	432,303	75,644
Negative value	(157,636)	(514,098)
	<u>273,649</u>	<u>(442,656)</u>

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

V. Segmental information

	31 March 2022	30 September 2021
	(HKD'000)	(HKD'000)
	% covered by collateral or other security	% 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	-	-
▪ Stockbrokers	-	-
▪ Wholesale and retail trade	-	-
▪ Manufacturing	-	-
▪ Transport and transport equipment	-	-
▪ 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	-	-
Total advances to customers	<u>-</u>	<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	-	-
Japan	-	-
China	-	-
	<u>-</u>	<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>
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 (continued)

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 2022					
<i>1. Developed Countries</i>	4,947	5,992	4,354	556	15,849
Japan	4,841	-	3,427	484	8,752
<i>2. Developing Asia and Pacific</i>	4,514	490	1,550	2,293	8,847
China	2,165	322	1,114	616	4,217
Taiwan	2,349	-	313	565	3,227
<i>3. Offshore Centres</i>	49	39	3,761	553	4,402
	<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 2021					
<i>1. Developed Countries</i>	7,096	10,470	5,065	592	23,223
Japan	6,935	-	4,870	518	12,323
<i>2. Developing Asia and Pacific</i>	1,307	346	1,756	2,595	6,004
China	862	169	1,169	962	3,162
Taiwan	390	-	498	473	1,361
<i>3. Offshore Centres</i>	468	42	5,141	307	5,958

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch
Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

V. Segmental information (continued)

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 2022			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,303	-	1,303
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	744	-	744
4. Other entities of central government not reported in item 1 above	1,078	-	1,078
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	77	-	77
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,025	-	1,025
Total	4,227	-	4,227
Total assets after provision	30,388		
On-balance sheet exposures as percentage of total assets	13.91%		
As at 30 September 2021			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,513	21	1,534
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	780	-	780
4. Other entities of central government not reported in item 1 above	912	17	929
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	81	2	83
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,040	5	1,045
Total	4,326	45	4,371
Total assets after provision	36,374		
On-balance sheet exposures as percentage of total assets	11.89%		

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 31 March 2022	<u>USD</u>	<u>JPY</u>	<u>Total</u>
Spot assets	24,996	1,233	26,229
Spot liabilities	(24,146)	(1,267)	(25,413)
Forward purchases	239	-	239
Forward sales	(1,001)	(1)	(1,002)
Net options position	-	-	-
Net long (short) position	<u>88</u>	<u>(35)</u>	<u>53</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2021	<u>USD</u>	<u>JPY</u>	<u>Total</u>
Spot assets	29,467	1,609	31,076
Spot liabilities	(28,944)	(1,613)	(30,557)
Forward purchases	92	-	92
Forward sales	(593)	-	(593)
Net options position	-	-	-
Net long (short) position	<u>22</u>	<u>(4)</u>	<u>18</u>
Net structural position	<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 31 March 2022	For the quarter ended 31 March 2021
Average liquidity maintenance ratio	<u>107.60%</u>	<u>202.94%</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.

2) Liquidity Risk Management

Governance

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch ("HK Branch") formulates Liquidity Management Policy to measure, monitor and manage liquidity risk in accordance with Head Office policies and rules and HKMA requirements.

HK Branch Senior Management exercises effective oversight of the liquidity management system to ensure the compliance with the relevant rules of Head Office, HK Branch as well as HKMA requirements.

HK Branch Market Risk Committee (MRC) is responsible for managing market risk and liquidity risk, making decisions on the major issues relating to market risk management and liquidity risk management, regularly reviewing risk management reports.

Treasury Group is responsible for managing liquidity position, implementing liquidity management strategies and monitoring market liquidity.

Risk Management Group is responsible for monitoring and reporting the position of liquidity risk metrics and early warning indicators.

Internal Auditors are responsible for reviewing the implementation of the liquidity management system.

Strategies

The liquidity management strategies of HK Branch are to invest in liquefiable assets and ensure diversification and stability of funding by building long term relationship with existing or potential counterparties and customers, maintaining the diverse of funding sources options and monitoring market liquidity.

Risk Tolerance

HK Branch has established internal limits and procedures to monitor the position of the liquidity risk metrics, including Liquidity Maintenance Ratio, Funding Gap and Minimum Amount of Liquefiable Securities, to ensure compliance with HKMA regulatory requirements and adequate liquidity under normal and stressed circumstances.

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

VII. Liquidity (continued)

2) Liquidity Risk Management - continued

Risk Controls

In designing the framework of Liquidity Risk Controls, HK Branch has incorporated the principles of complete coverage, appropriateness and effectiveness to set out various types of liquidity risk controls and manage the position of liquidity risk metrics from different perspectives, in consideration of balance sheet structure, cash-flow profile, liquidity position, funding concentration across different dimensions, early warning indicators etc.

As for the implementation of risk controls, HK Branch measures and monitors the position of liquidity risk metrics and reports the results to Market Risk Committee. These risk controls are reviewed regularly to ensure the complete coverage, appropriateness and effectiveness on a continuing basis.

Stress Test

In designing the framework of Liquidity Stress Testing, HK Branch has incorporated the principles of complete coverage, effectiveness and timeliness to conduct the stress testing and provide the results from different perspectives, in consideration of changeable market environment and on the basis of insightful assessment and analysis to Senior Management to make prompt decision on investment and funding strategies and risk remedial or mitigating actions under normal and stressed circumstances.

As for the implementation of stress testing, HK Branch conducts the regular Liquidity Stress Testing for Liquidity Maintenance Ratio and on cash-flow basis and reports the results to Market Risk Committee. The stress scenarios include Bank Specific Scenario, Market Disruption Scenario and Combination Scenario of the above scenarios. These scenarios are reviewed regularly to ensure that the stress testing scenarios are of sufficient severity level and the results are effective to conduct the assessment of the adequacy of liquidity under stressed circumstances.

Contingency Funding Plan

In designing the framework of Contingency Funding Plan (CFP), HK Branch has incorporated the principles of effectiveness, operational feasibility and timeliness to set out various types of contingency funding measures to acquire sufficient funding during the liquidity crisis situation in consideration of funding capacity and support from Head Office, funding and operational costs, current market situation, regulatory requirements, and other short-term or long-term liquidity, financial or operational impacts etc.

As for the implementation of CFP, HK Branch conducts regular testing of CFP to ensure the availability of contingency funding measures and the readiness of the respective arrangements, and evaluate the overall effectiveness, operational feasibility and impacts.

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section A: Branch Information

VII. Liquidity (continued)

3) Liquidity Gap

The table below analyses the on- and off-balance sheet items, broken down into maturity buckets * and the resultant liquidity gaps:

(Equivalent in millions of HKD)

As at 31 March 2022	<u>Next day</u>	<u>2 to 7 days</u>	<u>8 days to 1 month</u>	<u>>1 month</u>	<u>>3 months</u>	<u>Over 1 year</u>	<u>Balancing amount</u>	<u>Total amount</u>
				<u>up to 3 months</u>	<u>up to 12 months</u>			
Total on-balance sheet assets	11,857	5,040	6,903	4,466	2,498	891	493	30,388
Total off-balance sheet claims	-	861	-	-	-	-	-	861
Total on-balance sheet liabilities	1,255	6,600	14,744	5,841	2,482	526	677	30,388
Total off-balance sheet obligations	-	-	1,174	-	-	-	-	1,174
Contractual Maturity Mismatch	10,602	(699)	(9,015)	(1,375)	16	365		
Cumulative Contractual Maturity Mismatch	10,602	9,903	888	(487)	(471)	(106)		

As at 31 March 2021	<u>Next day</u>	<u>2 to 7 days</u>	<u>8 days to 1 month</u>	<u>>1 month</u>	<u>>3 months</u>	<u>Over 1 year</u>	<u>Balancing amount</u>	<u>Total amount</u>
				<u>up to 3 months</u>	<u>up to 12 months</u>			
Total on-balance sheet assets	16,168	4,279	13,012	3,990	463	558	578	34,216
Total off-balance sheet claims	-	466	312	-	-	-	-	778
Total on-balance sheet liabilities	102	8,189	17,206	11,357	217	778	1,167	34,216
Total off-balance sheet obligations	311	311	156	-	-	-	-	778
Contractual Maturity Mismatch	15,755	(3,755)	(4,038)	(7,367)	246	(220)		
Cumulative Contractual Maturity Mismatch	15,755	12,000	7,962	595	841	621		

* The maturity buckets mainly follow information provided to the HKMA for part 4 of the MA(BS)23 - Return on Liquidity Monitoring Tools

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 20. 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 <u>1 April 2021 to 31 March 2022</u>	<u>HKD'000</u>
Fixed Pay	15,464
Variable Pay	632
Remuneration for <u>1 April 2020 to 31 March 2021</u>	<u>HKD'000</u>
Fixed Pay	13,351
Variable Pay	619

Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

Financial Disclosure for Overseas Incorporated Authorised Institutions

Section B: Bank Information (consolidated basis)

	31 March 2022 (Audited) YEN in million	30 September 2021 (Unaudited) YEN in million
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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 *	20.78%	23.25%
Shareholders' fund	2,335,872	2,475,103

* 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

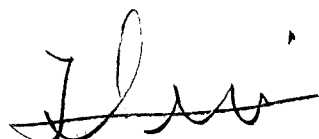
Total assets	42,830,074	38,656,209
Total liabilities	40,480,510	36,167,493
Total loans and advances #	3,789,063	4,060,960
Total deposits	11,864,354	11,644,361
Pre-tax profit/(loss) (term-end figure)	232,748	163,654 @

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 2021

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.



Maromi Oike
Chief Executive
Hong Kong Branch