

**Mitsubishi UFJ Trust and Banking  
Corporation**

**Hong Kong Branch**

**Financial Disclosure for Overseas  
Incorporated Authorised Institutions**

**30 September 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

	Six-month ended 30 September 2015 (HKD'000)	Six-month ended 30 September 2014 (HKD'000)
Interest income	100,159	101,619
Interest expense	(19,740)	(27,316)
Other operating income		
- Gains less losses arising from trading in foreign currencies	4	(23)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(2,943)	(2,138)
- Others	1,292	(26,883)
Operating expenses		
- Staff expenses	(13,888)	(12,895)
- Others	(13,034)	(11,118)
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	51,850	21,246
Tax expense or tax income	-	-
Profit after taxation	51,850	21,246
<u>Notes:</u>		
(1) Fees and commission income	4	4
Fees and commission expenses	(2,947)	(2,142)
	<u>(2,943)</u>	<u>(2,138)</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 2015 (HKD'000)	31 March 2015 (HKD'000)
<b>Assets</b>		
Cash and short term funds (except those included in amount due from overseas offices of the institution)	1,454,329	1,873,321
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
Amount due from overseas offices of the institution	494,472	1,655,217
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	5,082,024	5,938,748
Loans and advances to banks	-	-
Other accounts	346,620	415,202
Provisions for impaired loans and receivables	-	-
Investment securities	16,352,989	22,256,636
Other investments	141,563	478,802
Property, plant and equipment and investment properties	7,095	6,375
Total assets	<u>23,879,092</u>	<u>32,841,480</u>
<b>Liabilities</b>		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	7,480,976	8,742,816
Deposits from customers		
Demand deposits and current accounts	82	2
Savings deposits	3,575	14,132
Time, call and notice deposits	210,541	116,557
Amount due to overseas offices of the institution	3,619,489	5,322,589
Amount payable under repos *	11,937,903	17,469,196
Other accounts:		
Current profit/(loss)	51,850	24,243
Provisions	-	-
Other liabilities	574,676	1,151,945
Total liabilities	<u>23,879,092</u>	<u>32,841,480</u>
* Value of securities sold under repo agreements	<u>11,895,811</u>	<u>17,368,150</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 2015 (HKD'000)	31 March 2015 (HKD'000)
<b>1) Provisions for impaired loans and receivables</b>		
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>		
<b>2) Impaired loans and advances to customers</b>		
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>
<b>3) Impaired loans and advances to banks</b>		
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 2015 (HKD'000)	31 March 2015 (HKD'000)
<b>4) Analysis of overdue loans and advances to customers</b>		
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>
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>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>
<b>5) Analysis of overdue loans and advances to banks</b>		
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>
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>
Value of collateral held	<u>-</u>	<u>-</u>
Specific provisions made	<u>-</u>	<u>-</u>

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## Financial Disclosure for Overseas Incorporated Authorised Institutions

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#### III. Additional balance sheet information

	30 September 2015 (HKD'000)	31 March 2015 (HKD'000)
<b>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)</b>		
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%
<b>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)</b>		
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%
<b>8) Analysis of other overdue assets by major categories</b>		
Investment securities		
six months or less but over three months	-	-
one year or less but over six months	-	-
over one year	-	-
<b>9) Total amount of repossessed assets held</b>	-	-

# 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 2015 (HKD'000)	31 March 2015 (HKD'000)
<b>1) Contingent liabilities and commitments</b>		
Direct credit substitutes	-	-
Other commitments	3,962,429	4,386,960
Others - Forward forward deposits placed	658,756	436,531
	<u>4,621,185</u>	<u>4,823,491</u>
<b>2) Derivative transactions</b>		
Exchange rate-related derivative contracts	1,025,623	3,944,267
Interest rate derivative contracts	8,578,486	12,841,432
	<u>9,604,109</u>	<u>16,785,699</u>
<b>3) Total fair value of derivative transactions (the effect of bilateral netting agreement has not been taken into account)</b>		
Exchange rate-related derivative contracts	(26,691)	(40,260)
Interest rate derivative contracts	(140,684)	(200,786)
	<u>(167,375)</u>	<u>(241,046)</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 2015		31 March 2015	
	(HKD'000)	% covered by collateral or other security	(HKD'000)	% covered by collateral or other security
<b>1) Analysis of loans and advances to customers by major sectors:</b>				
<b>Loans and advances for use in Hong Kong</b>				
Industrial, commercial and financial				
• Property development	200,000	0.00%	200,000	0.00%
• Property investment	-		-	
• Financial concerns	2,696,293	0.00%	2,640,446	0.00%
• Stockbrokers	-		-	
• Wholesale and retail trade	529,684	0.00%	531,222	0.00%
• Manufacturing	286,328	0.00%	188,432	0.00%
• Transport and transport equipment	-		-	
• Recreational activities	-		-	
• Information technology	30,684	0.00%	110,684	0.00%
• Others	-		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	-		-	
<b>Trade finance</b>	-		-	
<b>Loans and advances for use outside Hong Kong</b>	1,339,035	0.00%	2,167,964	0.00%
<b>Total advances to customers</b>	<u>5,082,024</u>		<u>5,938,748</u>	
<b>2) Analysis of loans and advances to customers by major countries or geographical segments (transfers of risk has been taken into account)</b>				
Hong Kong	2,239,730		2,079,668	
Japan	2,608,242		3,441,181	
Others	234,052		417,899	
	<u>5,082,024</u>		<u>5,938,748</u>	
<b>3) Analysis of overdue loans and advances to customers classified by major countries or geographical segments (transfers of risk has been taken into account)</b>				
	<u>-</u>		<u>-</u>	
<b>4) Analysis of impaired loans and advances to customers classified by major countries or geographical segments (transfers of risk has been taken into account)</b>				
	<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>
<b>As at 30 September 2015</b>					
<i>1. Developed Countries</i>	611	11,494	2,245	305	14,655
France	-	4,326	-	-	4,326
Germany	35	3,385	-	-	3,420
Japan	522	-	2,222	305	3,049
United States	26	2,434	1	-	2,461
<i>2. Developing Asia and Pacific</i>	1,786	259	763	1,352	4,160
China	173	-	222	180	575
South Korea	582	83	541	1,156	2,362
Taiwan	1,031	-	-	-	1,031
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank Financial Institution</u>	<u>Non-Financial Private Sector</u>	<u>Total</u>
<b>As at 31 March 2015</b>					
<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

**Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch**  
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**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>
<b>As at 30 September 2015</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	223	-	223
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	180	-	180
4. Other entities of central government not reported in item 1 above	81	-	81
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	277	-	277
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	761	-	761
Total assets after provision	23,879		
On-balance sheet exposures as percentage of total assets	3.19%		

**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	166	-	166
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	674	-	674
Total assets after provision	32,841		
On-balance sheet exposures as percentage of total assets	2.05%		

**Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch**  
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**Section A: Branch Information**

**VI. Currency risk**

**Foreign currency exposures**  
(Equivalent in millions of HKD)

<b>As at 30 September 2015</b>	<b>USD</b>	<b>JPY</b>	<b>EUR</b>	<b>Total</b>
Spot assets	9,544	1,006	9,298	19,848
Spot liabilities	(10,580)	(975)	(9,249)	(20,804)
Forward purchases	1,037	-	-	1,037
Forward sales	(56)	-	(3)	(59)
Net options position	-	-	-	-
Net long (short) position	<u>(55)</u>	<u>31</u>	<u>46</u>	<u>22</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 31 March 2015</b>	<b>USD</b>	<b>JPY</b>	<b>EUR</b>	<b>Total</b>
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>

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

	Six-month ended 30 September 2015	Six-month ended 30 September 2014
Average liquidity ratio	N.A.	<u>90.30%</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.

Average liquidity maintenance ratio	<u>49.13%</u>	N.A.
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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.

# Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

## Financial Disclosure for Overseas Incorporated Authorised Institutions

### Section A: Branch Information

#### VIII. Remuneration system

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##### 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:-

<b>Remuneration for</b>	<b>HKD'000</b>
<b><u>1 April 2015 to 30 September 2015</u></b>	
Fixed Pay	6,547
Variable Pay	639
<b>Remuneration for</b>	
<b><u>1 April 2014 to 30 September 2014</u></b>	<b>HKD'000</b>
Fixed Pay	6,081
Variable Pay	556

# Mitsubishi UFJ Trust and Banking Corporation, Hong Kong Branch

## Financial Disclosure for Overseas Incorporated Authorised Institutions

### Section B: Bank Information (consolidated basis)

	30 September 2015 (Unaudited) YEN in million	31 March 2015 (Audited) 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 *	19.08%	19.15%
Shareholders' fund	2,250,675	2,320,489

\* 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	38,044,884	38,309,785
Total liabilities	35,624,115	35,841,541
Total loans and advances #	13,051,836	12,774,409
Total deposits	13,001,780	12,824,878
Pre-tax profit/(loss) (interim figure)	114,824	126,399 @

# 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 2014

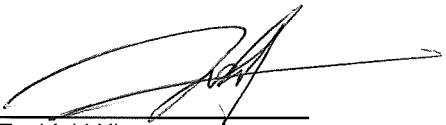
Note: The amounts were stated in YEN in this report. The prevailing exchange rates USD against Japanese YEN for each reporting date are

119.97

120.26

#### 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