

**Mitsubishi UFJ Trust and Banking
Corporation**

Hong Kong Branch

**Financial Disclosure for Overseas
Incorporated Authorized Institutions**

31 March 2016

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 2016 (HKD'000)	Year ended 31 March 2015 (HKD'000)
Interest income	204,221	191,192
Interest expense	(46,741)	(55,104)
Other operating income		
- Gains less losses arising from trading in foreign currencies	96	(85)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income (Note 1)	(5,733)	(4,070)
- Others	8,082	(57,499)
Operating expenses		
- Staff expenses	(28,799)	(26,960)
- Others	(25,361)	(23,231)
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>105,765</u>	<u>24,243</u>
Tax expense or tax income	-	-
Profit after taxation	<u><u>105,765</u></u>	<u><u>24,243</u></u>
<u>Notes:</u>		
(1) Fees and commission income	6	6
Fees and commission expenses	(5,739)	(4,076)
	<u>(5,733)</u>	<u>(4,070)</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 2016 (HKD'000)	30 September 2015 (HKD'000)
<u>Assets</u>		
Cash and short term funds (except those included in amount due from overseas offices of the institution)	1,323,835	1,454,329
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)	-	-
Amount due from overseas offices of the institution	77,675	494,472
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	4,359,002	5,082,024
Loans and advances to banks	-	-
Other accounts	409,048	346,620
Provisions for impaired loans and receivables	-	-
Investment securities	18,963,825	16,352,989
Other investments	47,438	141,563
Property, plant and equipment and investment properties	6,838	7,095
Total assets	<u>25,187,661</u>	<u>23,879,092</u>
<u>Liabilities</u>		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	7,028,728	7,480,976
Deposits from customers		
Demand deposits and current accounts	356	82
Savings deposits	4,760	3,575
Time, call and notice deposits	112,589	210,541
Certificates of deposit issued	100,000	-
Amount due to overseas offices of the institution	3,737,725	3,619,489
Amount payable under repos *	13,261,907	11,937,903
Other accounts:		
Current profit/(loss)	105,765	51,850
Provisions	-	-
Other liabilities	835,831	574,676
Total liabilities	<u>25,187,661</u>	<u>23,879,092</u>
* Value of securities sold under repo agreements	<u>13,217,703</u>	<u>11,895,811</u>

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III. Additional balance sheet information

	31 March 2016 (HKD'000)	30 September 2015 (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 2016 (HKD'000)	30 September 2015 (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 2016 (HKD'000)	30 September 2015 (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	<u>-</u>	<u>-</u>
Rescheduled loans and advances to customers as a percentage of total amount of loans and advances to customers	<u>0.00%</u>	<u>0.00%</u>
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	<u>-</u>	<u>-</u>
Rescheduled loans and advances to banks as a percentage of total amount of loans and advances to banks	<u>0.00%</u>	<u>0.00%</u>
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	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
9) Total amount of repossessed assets held	<u>-</u>	<u>-</u>

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IV. Off-balance sheet exposure

	31 March 2016 (HKD'000)	30 September 2015 (HKD'000)
1) Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	4,487,275	3,962,429
Others - Forward forward deposits placed	1,102,890	658,756
	<u>5,590,165</u>	<u>4,621,185</u>
2) Derivative transactions		
Exchange rate-related derivative contracts	1,637,066	1,025,623
Interest rate derivative contracts	9,220,489	8,578,486
	<u>10,857,555</u>	<u>9,604,109</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	(31,830)	(26,691)
Interest rate derivative contracts	(232,550)	(140,684)
	<u>(264,380)</u>	<u>(167,375)</u>

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V. Segmental information

	31 March 2016		30 September 2015	
	(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	2,609,558	0.00%	2,696,293	0.00%
• Stockbrokers	-		-	
• Wholesale and retail trade	220,118	0.00%	529,684	0.00%
• Manufacturing	270,970	0.00%	286,328	0.00%
• Transport and transport equipment	-		-	
• Recreational activities	-		-	
• Information technology	-		30,684	0.00%
• 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	<u>1,058,356</u>	0.00%	<u>1,339,035</u>	0.00%
Total advances to customers	<u><u>4,359,002</u></u>		<u><u>5,082,024</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	1,803,757		2,239,730	
Japan	2,461,419		2,608,242	
Others	93,826		234,052	
	<u><u>4,359,002</u></u>		<u><u>5,082,024</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 2016					
<i>1. Developed Countries</i>	146	13,309	2,674	274	16,403
France	-	4,644	-	-	4,644
Germany	11	3,922	-	-	3,933
Japan	122	-	2,674	274	3,070
United States	11	3,471	-	-	3,482
<i>2. Developing Asia and Pacific</i>	1,665	257	815	1,250	3,987
China	441	-	159	118	718
South Korea	488	81	656	1,116	2,341
Taiwan	736	-	-	-	736

	<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 2015					
<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

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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 2016			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	262	-	262
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	78	-	78
4. Other entities of central government not reported in item 1 above	79	-	79
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	312	-	312
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	731	-	731
Total assets after provision	25,188		
On-balance sheet exposures as percentage of total assets	2.90%		
As at 30 September 2015			
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%		

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VI. Currency risk

Foreign currency exposures

(Equivalent in millions of HKD)

As at 31 March 2016	<u>USD</u>	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
Spot assets	10,909	507	9,892	21,308
Spot liabilities	(11,094)	(488)	(9,787)	(21,369)
Forward purchases	898	6	-	904
Forward sales	(793)	(7)	(5)	(805)
Net options position	-	-	-	-
Net long (short) position	<u>(80)</u>	<u>18</u>	<u>100</u>	<u>38</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30 September 2015	<u>USD</u>	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
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>

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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Section A: Branch Information

VII. Liquidity

	Financial year ended 31 March 2016	Nine-month ended 31 December 2014
Average liquidity ratio	N.A.	<u>100.94%</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 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 2015 to 31 March 2016

HKD'000

Fixed Pay 13,808

Variable Pay 639

Remuneration for

1 April 2014 to 31 March 2015

HKD'000

Fixed Pay 12,845

Variable Pay 556

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Section B: Bank Information (consolidated basis)

	31 March 2016 (Audited) YEN in million	30 September 2015 (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 *	19.97%	18.99%
Shareholders' fund	2,296,728	2,250,675

* 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	45,685,976	38,044,884
Total liabilities	43,215,809	35,624,115
Total loans and advances #	13,590,186	13,051,836
Total deposits	13,710,615	13,001,780
Pre-tax profit/(loss) (term-end figure)	235,920	238,424 @

Total loans and advances represent the total of "Call loans and bills bought" and "Loans and bills discounted" as shown in the balance sheet.

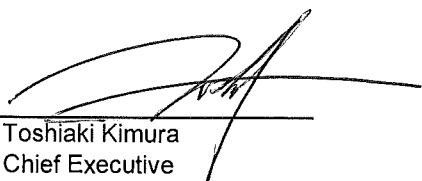
@ For the year ended 31 March 2015

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

112.63	119.97
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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