



**REGISTERED BANK
DISCLOSURE STATEMENT**



31 DECEMBER 2017



**THE BANK OF TOKYO-MITSUBISHI UFJ, LTD
AUCKLAND BRANCH**

TABLE OF CONTENTS

Disclosure Statement	Page
1. Corporate Information	1
2. Recognition and Priority of Claims of Creditors or Classes in the Event of Insolvency	1
3. Excess of Assets Over Deposit Liabilities	1
4. Guarantee Arrangement	1
5. Directorate	1
6. Auditors	3
7. Conditions of Registration	3
8. Credit Rating	3
9. Other Material Matters	4
10. Financial Statements of the Registered Bank and the Overseas Banking Group	4
11. Directors' and General Manager Auckland Branch's Statement	5

Condensed Interim Financial Statements

Condensed Statement of Comprehensive Income	6
Condensed Statement of Changes in Equity	7
Condensed Statement of Financial Position	8
Condensed Statement of Cash Flows	9

Notes to Condensed Interim Financial Statements

1. Statement of Significant Accounting Principles	11
2. Profit Before Income Tax Expense	12
3. Property, Plant and Equipment	13
4. Loans and Advances	13
5. Deposits	13
6. Total Liabilities of the Branch Net of Amounts Due to Related Parties	13
7. Other Liabilities	14
8. Commitments and Contingent Liabilities	14
9. Related Party Disclosures	15
10. Fair Value of Financial Instruments	16
11. Liquidity Risk Management	18
12. Profitability and Size	19
13. Asset Quality	19
14. Exposures to Market Risk	21
15. Capital Adequacy	21



TABLE OF CONTENTS

Notes to Condensed Interim Financial Statements

16. Credit Exposures to Individual Counterparties	22
17. Insurance Business	23
18. Non-Consolidated Activities	23
19. Securitization, Funds Management, and Other Fiduciary Activities	23
20. Risk Management Policies	23
21. Financial Support	23
22. Subsequent Events	23

Disclosure Statement

For the Nine Months Ended 31 December 2017

This Disclosure Statement contains information as required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) ('the Order').

1. Corporate Information

The 'Overseas Banking Group' includes all entities consolidated for the purposes of public reporting in Japan including The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the 'Overseas Bank'), its subsidiaries, and associated companies.

The Disclosure Statement and Condensed Interim Financial Statements are for the Auckland Branch (the 'Branch') of The Bank of Tokyo-Mitsubishi UFJ, Ltd. It is the only member in the 'Banking Group' in New Zealand.

The Ultimate Holding Company of The Bank of Tokyo-Mitsubishi UFJ, Ltd. is Mitsubishi UFJ Financial Group, Inc. incorporated in Japan.

Since the balance date of the last full year disclosure statement, there has been no change in the Ultimate Holding Company and no material changes in regulations, legislation, or other restrictions of a legally enforceable nature that may materially inhibit the Ultimate Holding Company from providing material financial support to the Banking Group.

2. Recognition and Priority of Claims of Creditors or Classes in the Event of Insolvency

Since the balance date for the last full year Disclosure Statement there have been no material changes in any material legislative or regulatory restrictions in Japan that, in the event of a liquidation of the Registered Bank, subordinate the claims of any class of unsecured creditors of the Branch on the assets of the Registered Bank to those of any other class of unsecured creditors of the Registered Bank

3. Excess of Assets Over Deposit Liabilities

There have been no material changes in any statute that requires the Registered Bank to hold in New Zealand an excess of assets over deposit liabilities since the balance date for the last full year Disclosure Statement.

There have been no material changes in any regulatory or legislative requirements in Japan that require the Registered Bank to maintain sufficient assets in Japan to cover an ongoing obligation to pay deposit liabilities in Japan since the balance date for the last full year Disclosure Statement.

4. Guarantee Arrangement

The obligations of the Banking Group are not guaranteed under any guarantee (including government guarantees and cross guaranteeing arrangements) as at the date of signing this Disclosure Statement.

5. Directorate

5.1 Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of 31 December 2017:

Name	Occupation	Residence
Nobuyuki Hirano	Chairman	Japan
Kiyoshi Sono	Deputy Chairman	Japan
Kanetsugu Mike	President & CEO	Japan

Disclosure Statement For the Nine Months Ended 31 December 2017

Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd., (continued)

Hidekazu Fukumoto	Deputy President	Japan
Saburo Araki	Deputy President	Japan
Takehiko Yamana	Deputy President	Japan
Eiichi Yoshikawa	Deputy President	Japan
Tadashi Kuroda	Senior Managing Director	Japan
Muneaki Tokunari	Senior Managing Director	Japan
Akira Hamamoto	Senior Managing Director	Japan
Naoki Hori	Senior Managing Director	Japan
Masamichi Yasuda	Senior Managing Director	Japan
Hironori Kamezawa	Managing Director	Japan
Atsushi Murakami	Managing Director	Japan
Kazuto Uchida	Managing Director	Japan
Masahito Monguchi	Director	Japan
Makoto Ebata	Director	Japan
Kenji Matsuo	Director	Japan
Tadayuki Matsushige	Director	Japan
Shuzo Sumi	Director	Japan
Naoto Hirota	Director	Japan
Yukiyasu Nishio	Director	Japan
Nobuhiro Matsumoto	Director	Japan
Fumikazu Tatsumi	Director	Japan

The following changes in Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd. since the last full year Disclosure Statement were:

Takashi Oyamada resigned as President & CEO on 14 June 2017.
Satoshi Murabayashi resigned as Senior Managing Director on 4 June 2017.
Hitoshi Suzuki resigned as Director on 28 June 2017.
Kenichi Nakamatsu resigned as Director on 31 May 2017.
Michiyoshi Sakamoto resigned as Director on 28 June 2017.
Kanetsugu Mike appointed as President & CEO on 14 June 2017.
Eiichi Yoshikawa appointed as Deputy President on 15 May 2017.
Akira Hamamoto appointed as Senior Managing Director on 15 May 2017.
Naoki Hori appointed as Senior Managing Director on 15 May 2017.
Masamichi Yasuda appointed as Senior Managing Director on 15 May 2017.
Hironori Kamezawa appointed as Managing Director on 28 June 2017.
Kazuto Uchida appointed as Managing Director on 28 June 2017.
Tadayuki Matsushige appointed as Director on 28 June 2017.
Naoto Hirota appointed as Director on 28 June 2017.
Nobuhiro Matsumoto appointed as Director on 28 June 2017.

Disclosure Statement For the Nine Months Ended 31 December 2017

5. Directorate (continued)

5.2 Signatories who have signed the Disclosure Statement. Responsible Person signing on behalf of Directors and New Zealand Chief Executive Officer:

Name	Occupation	Residence
Masahiko Tanimura	Regional Head for Oceania, General Manager (Responsible Person on behalf of the Directors)	Australia
Takamitsu Murakami	General Manager, Auckland Branch (New Zealand Chief Executive Officer)	New Zealand

6. Auditors

Name and address of Auditor whose report is referred to in this Disclosure Statement:

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

7. Conditions of Registration

Changes have been made to the conditions of registration to be applied on and after 1 January 2018. The changes will:

- a) Amend the conditions of registration relating to residential mortgage lending to property investors and non-property investors. As signalled previously, the conditions will allow a small (5%) flow of investor mortgage lending with LVRs greater than 65%, and a 15% flow of non-property investor lending with LVRs above 80%. The amendment to the threshold for investor loans counting as high LVR (65%) will also allow some additional loans to meet the criteria for the combined collateral exemption.
- b) Refer to a revised version of “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) which implements the changes described above.

The Branch has complied with all conditions of registration over the nine-month accounting period ended 31 December 2017.

8. Credit Rating

The Registered Bank has the following long term credit ratings which are applicable to the Banking Group in New Zealand.

	Current Rating	Previous Rating (if changed in the previous two years)	Date of Change
Standard & Poor's	A	A+	29-Nov-2017
Moody's	A1	-	-
Fitch	A	-	-

Disclosure Statement For the Nine Months Ended 31 December 2017

8. Credit Rating (continued)

Rating scales are:

Credit Ratings	S&P's	Moody's	Fitch
Highest quality/Extremely strong capacity to pay interest and principal	AAA	Aaa	AAA
High quality/Very strong capacity to pay interest and principal	AA	Aa	AA
Upper medium grade/Strong capacity to pay interest and principal	A	A	A
Medium grade (lowest investment grade)/Adequate to pay interest and principal	BBB	Baa	BBB
Predominantly speculative/Less near term vulnerability to default	BB	Ba	BB
Speculative, low grade/Great vulnerability	B	B	B
Poor to default/identifiable vulnerability	CCC	Caa	CCC
Highest speculations	CC	Ca	CC
Lowest quality, no interest	C	C	C
Defaulted on obligations	D	-	D

Standard & Poor's and Fitch – Ratings are modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's – A numeric modifier is applied to each generic rating category from Aa to B, indicating that the counterparty is (1) in the higher end of its letter-rating category, (2) in mid-range, (3) in lower end.

9. Other Material Matters

There are no matters relating to the business or affairs of the Registered Bank and its Banking Group that are not contained elsewhere in the Disclosure Statement, and would, if disclosed, materially affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of its Banking Group is the issuer.

10. Financial Statements of the Registered Bank and the Overseas Banking Group

The most recent publicly available Disclosure Statement for the Banking Group can be accessed via the Branch's website: www.nz.bk.mufg.jp. Copies of the most recent publicly available Disclosure Statement for the Banking Group will be provided within two working days at no charge to any person who requests a copy.

The most recent publicly available Financial Statements of the Registered Bank and the Overseas Banking Group may be accessed via the Bank's global website: www.mufg.jp. In addition, Financial Statements are also prepared and filed with the United States Securities and Exchange Commission, Washington, D.C.

Disclosure Statement For the Nine Months Ended 31 December 2017

11. Directors' and General Manager Auckland Branch's Statement

After due enquiry, each Director and the General Manager Auckland Branch believe that:

as at the date on which the Disclosure Statement is signed;

- the Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014 (as amended);
- the Disclosure Statement is not false or misleading ;

and over the nine-month accounting period ended 31 December 2017;

- The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch had systems in place to monitor and control adequately the material risks of the Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied; and
- The Bank of Tokyo-Mitsubishi UFJ, Ltd. has complied with all Conditions of Registration that applied during the period.

Signed for and on behalf of the Board of Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd. by their agent duly appointed in writing, and by the General Manager, Auckland Branch.



Mr. Masahiko Tanimura
Regional Head for Oceania,
General Manager
(and Authorised Attorney on behalf of
the Directors)

Dated (Sydney): 20 February 2018



Mr. Takamitsu Murakami
General Manager
Auckland Branch

Dated (Auckland): 20 February 2018

Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

Condensed Statement of Comprehensive Income

	Note	Nine Months ended 31 December 2017 Unaudited NZD	Nine Months ended 31 December 2016 Unaudited NZD
Interest income	2	70,643,484	65,559,783
Interest expense	2	(58,856,277)	(57,913,364)
Net interest income		<u>12,057,207</u>	<u>7,646,419</u>
Fees and commission income	2	11,098,541	8,953,674
Gains less losses on financial instruments	2	(516,001)	1,249,952
		<u>10,582,540</u>	<u>10,203,626</u>
Occupancy expenses	2	(216,672)	(210,307)
Personnel expenses	2	(2,480,953)	(2,269,840)
Auditors' remuneration	2	(97,547)	(101,327)
Administration and other expenses	2	(823,666)	(902,762)
Profit before provision for credit impairment and income tax expense		<u>19,020,909</u>	<u>14,365,809</u>
Provision for credit impairment		-	-
Profit before income tax expense		<u>19,020,909</u>	<u>14,365,809</u>
Income tax expense		(3,178,375)	(810,235)
Profit from continuing operations		<u>15,842,534</u>	<u>13,555,574</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Available-for-sale securities			
- (Loss) arising during the year		(94,865)	(604,070)
- Less: Reclassification adjustment for loss included in profit or loss		-	116,718
		<u>(94,865)</u>	<u>(487,352)</u>
Income tax benefit on available-for-sale securities		26,562	136,458
Other comprehensive (expense), net of tax		<u>(68,303)</u>	<u>(350,894)</u>
Total comprehensive income, net of tax		<u>15,774,231</u>	<u>13,204,680</u>

The condensed interim statement of comprehensive income is to be read in conjunction with the accompanying notes to and forming part of the condensed interim financial statements.

Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Available-for-sale Revaluation Reserve	Total
Balance at 1 April 2016	83,000,000	41,261,540	619,629	124,881,169
Profit from continuing operations	-	13,555,574	-	13,555,574
Other comprehensive (expense), net of tax	-	-	(350,894)	(350,894)
Total comprehensive income / (expense), net of tax	-	13,555,574	(350,894)	13,204,680
Balance at 31 December 2016	83,000,000	54,817,114	268,735	138,085,849
Balance at 1 April 2017	83,000,000	59,290,986	255,033	142,546,019
Profit from continuing operations	-	15,842,534	-	15,842,534
Other comprehensive (expense), net of tax	-	-	(68,303)	(68,303)
Total comprehensive income / (expense), net of tax	-	15,842,534	(68,303)	15,774,231
Balance at 31 December 2017	83,000,000	75,133,520	186,730	158,320,250

The condensed interim statement of changes in equity is to be read in conjunction with the accompanying notes to and forming part of the condensed interim financial statements.

Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

Condensed Statement of Financial Position

	Note	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
Assets				
Cash and short term liquid assets		91,814,441	56,504,826	63,842,818
Amounts due from related parties	9	65,669,109	63,274,980	64,774,654
Amounts due from other financial institutions		239,442,223	234,416,720	234,535,027
Available-for-sale securities		78,208,617	45,962,161	26,302,463
Corporate loans originated by the Bank	4	3,291,497,079	3,014,460,381	3,113,100,250
Acceptances of customers		6,088,449	6,324,151	18,034,582
Derivative instruments		31,117,632	27,794,804	23,713,315
Other assets		1,934,475	2,130,849	870,498
Current tax asset		-	3,109,583	3,109,583
Deferred tax asset		8,717,676	12,506,182	11,869,489
Property, plant and equipment	3	129,086	286,308	243,368
Total Assets		<u>3,814,618,787</u>	<u>3,466,770,945</u>	<u>3,560,396,047</u>
Liabilities				
Amounts due to related parties	9	3,298,436,743	3,100,326,822	3,154,499,789
Deposits	5	317,006,231	191,951,951	218,940,492
Acceptances		6,088,449	6,324,151	18,034,582
Derivative instruments		32,413,252	27,132,859	23,989,845
Other liabilities	7	2,353,862	2,949,313	2,385,320
Total Liabilities		<u>3,656,298,537</u>	<u>3,328,685,096</u>	<u>3,417,850,028</u>
Equity				
Head Office capital	9	83,000,000	83,000,000	83,000,000
Retained earnings		75,133,520	54,817,114	59,290,986
Available-for-sale revaluation reserve		186,730	268,735	255,033
Total Equity		<u>158,320,250</u>	<u>138,085,849</u>	<u>142,546,019</u>
Total Liabilities and Equity		<u>3,814,618,787</u>	<u>3,466,770,945</u>	<u>3,560,396,047</u>
Total Interest Earning and Discount Bearing Assets				
		3,700,962,360	3,351,344,088	3,437,780,558
Total Interest and Discount Bearing Liabilities				
		3,610,395,792	3,275,990,711	3,362,912,069

The condensed interim statement of financial position is to be read in conjunction with the accompanying notes to and forming part of the condensed interim financial statements.

Condensed Interim Financial Statements

For the Nine Months Ended 31 December 2017

Condensed Statement of Cash Flows

	Nine Months ended 31 December 2017 Unaudited NZD	Nine Months ended 31 December 2016 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	69,466,277	66,613,613
Commission fees & trading income	10,854,452	9,831,577
Interest paid	(58,759,241)	(58,847,092)
Payment to suppliers, employees and others	(3,597,864)	(2,960,558)
Net cash flows from operating activities before changes in operating assets and liabilities	17,963,624	14,637,540
Net (increase) / decrease in operating assets:		
Net (increase) in corporate loans originated by the Bank	(177,337,043)	(197,244,147)
Net (increase) in amounts due from other financial institutions	(4,907,196)	(35,033,782)
Net (increase) in available-for-sale securities	(51,883,598)	(19,705,497)
Net (increase) in amounts due from related parties	(894,455)	(7,108,849)
Net decrease in other assets	11,666,432	44,913
	(223,355,860)	(259,047,362)
Net increase / (decrease) in operating liabilities:		
Net increase / (decrease) in commercial papers and deposits	98,672,658	(290,699,470)
Net increase in amounts due to related parties	143,502,998	562,425,561
Net (decrease) in other liabilities	(11,921,380)	(4,777)
	230,254,276	271,721,314
Net cash flows from operating activities before income tax	24,862,040	27,311,492
Net tax refund	3,109,583	1,494,140
Net cash flows from operating activities	27,971,623	28,805,632
Cash Flows from Investing Activities		
Payment for property, plant and equipment	-	(91,833)
Net cash flows from investing activities	-	(91,833)
Cash Flows from Financing Activities		
Remittance to the Overseas Bank	-	-
Capital injection	-	-
Net cash flows from financing activities	-	-
Net change in Cash and Cash Equivalents		
Net increase in cash and cash equivalents	27,971,623	28,713,799
Cash and cash equivalents at beginning of year	63,842,818	27,791,027
Cash and cash equivalents at end of the period	91,814,441	56,504,826
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	91,814,441	56,504,826
Closing cash and cash equivalents	91,814,441	56,504,826

The condensed interim statement of cash flows is to be read in conjunction with the accompanying notes to and forming part of the condensed interim financial statements.

Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

Condensed Statement of Cash Flows (continued)

	Nine Months ended 31 December 2017 Unaudited NZD	Nine Months ended 31 December 2016 Unaudited NZD
Reconciliation of profit from continuing operations to net cash used in operating activities		
Profit from continuing operations	15,842,534	13,555,574
(Increase) in corporate loans	(178,396,829)	(196,562,908)
(Increase) in amounts due from other financial institutions	(4,907,196)	(35,033,782)
(Increase) in available-for-sale securities	(52,001,019)	(19,332,906)
(Increase) in amounts due from related parties	(894,455)	(7,108,849)
(Increase) in other assets	(1,063,978)	(867,027)
Increase in certificate of deposit	24,850,018	34,943,835
Increase / (decrease) in deposits	73,215,721	(326,988,729)
Increase in amounts due to related parties	143,936,954	562,837,258
Increase in other payable (cash)	42,740	1,609,609
(Decrease) in provision for credit impairment	-	-
Movement in tax provision	6,287,958	2,304,375
Non-cash items:		
Depreciation of property, plant and equipment	108,787	170,284
Other	950,388	(721,102)
Net cash flows from operating activities	27,971,623	28,805,632

The condensed interim statement of cash flows is to be read in conjunction with the accompanying notes to and forming part of the condensed interim financial statements.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

1. Statement of Significant Accounting Principles

a) Reporting entity and Statement of Compliance

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch (“The Branch”) operates in Auckland, New Zealand and the Registered Bank is incorporated in Japan. The Branch is profit-oriented and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013. The condensed interim financial statements of the Branch incorporated in this Disclosure Statement have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”) and comply with requirements of NZ IAS 34 Interim Financial Reporting and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended). These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting. The Branch does not qualify for any differential reporting exemptions and the condensed interim financial statement should be read in conjunction with the financial statements for the year ended 31 March 2017.

The condensed interim financial statements were authorised for issue by the directors on the date of signing this Disclosure Statement.

b) Basis of preparation

The condensed interim financial statements are presented in New Zealand dollars.

The condensed interim financial statements have been prepared on the historical cost basis, except for the revaluation of certain non-current assets and financial instruments.

Cost is based on the fair-value of the consideration given in exchange for assets.

c) Changes in accounting policy

There have been no material changes in accounting policies since the last financial statement for year ended 31 March 2017.

d) Comparative figures

Certain comparative figures have been re-stated to comply with the current year presentation. There has been no re-statement on comparative figures for this condensed interim financial statement.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

2. Profit Before Income Tax Expense

	Nine Months ended 31 December 2017 Unaudited NZD	Nine Months ended 31 December 2016 Unaudited NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	70,641,087	65,555,221
Related parties	2,397	4,562
	70,643,484	65,559,783
(b) Fees and Commissions income		
Fees and commission income	11,098,541	8,953,674
	11,098,541	8,953,674
(c) Gains less losses on financial instruments		
Net (loss) / gain on interest rate derivatives	(1,087,924)	1,031,728
Net gain on currency derivatives	546,720	154,298
Net gain on foreign currency	24,812	63,410
Other income	391	516
	(516,001)	1,249,952
	81,226,024	75,763,409
Total interest income derived from financial assets:		
At amortised cost	69,443,132	64,689,926
Available-for-sale securities	1,200,352	869,857
Total fee income derived from financial assets that are not at fair value through profit and loss		
Net (loss) / gain on financial assets/liabilities held for trading	11,086,080	8,769,594
Net realised gain on held for trading	(1,015,720)	721,112
Net realised gain on held for trading	499,328	528,324
Other fee income	12,461	184,080
Other income	391	516
	81,226,024	75,763,409
Expenses		
(a) Interest expense		
Deposits and other accounts	4,039,369	7,054,334
Related parties	54,546,908	50,859,030
	58,586,277	57,913,364
Total interest expense was derived from financial liabilities:		
At amortised cost	58,586,277	57,913,364
Designated at fair value through profit and loss	-	-
	58,586,277	57,913,364
(b) Other operating expenses		
Rental & operating lease costs	216,672	210,307
Depreciation		
Furniture, fixtures and fittings	11,115	16,037
Office equipment	95,469	149,369
Motor vehicles	2,203	4,878
Auditors' remuneration		
Audit fees	97,547	101,327
Other non-audit services	-	-
Salaries	2,414,226	2,230,701
Staff related cost	66,727	39,139
Net losses from the disposal of fixed assets	5,495	-
General administration and other operating expenses	709,384	732,478
	3,618,838	3,484,236
Profit before income tax expense	19,020,909	14,365,809

Total income excluding any net loss for nine months ended 31 December 2017 is NZD 82,313,948 (nine months ended 31 December 2016: NZD 75,763,409)

The condensed interim statement of comprehensive income is to be read in conjunction with the accompanying notes to and form part of the condensed interim financial statements.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

3. Property, Plant and Equipment

During the nine months ended 31 December 2017 the Branch did not acquire property, plant and equipment (nine months ended 31 December 2016: NZD 91,921; twelve months ended 31 March 2017: NZD 100,335).

During the nine months ended 31 December 2017 the Branch disposed property, plant and equipment with the amount of NZD 5,495 (nine months ended 31 December 2016: Nil; twelve months ended 31 March 2017: NZD 258).

There was no impairment loss for property, plant and equipment recognized during the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil; twelve months ended 31 March 2017: Nil).

4. Loans and Advances

	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
Corporate loans originated by the bank	3,291,497,079	3,014,460,381	3,113,100,250
Less: individual impairment allowance	-	-	-
	3,291,497,079	3,014,460,381	3,113,100,250

5. Deposits

	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
Deposit from corporate bearing interest	84,149,818	8,775,638	7,944,787
Deposit from corporate not bearing interest	4,885,052	14,891,914	9,585,977
Certificate deposit	66,774,993	84,658,528	41,924,975
Call deposit	78,702,303	48,199,967	57,935,767
Term deposit	82,524,065	35,425,904	101,548,986
	317,006,231	191,951,951	218,940,492

6. Total Liabilities of the Branch Net of Amounts Due to Related Parties

	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
Total Liabilities	3,656,298,537	3,328,685,096	3,417,850,028
Less: total amounts due to related parties (Note : 9)	(3,317,704,073)	(3,113,471,853)	(3,167,182,132)
Total liabilities net of amounts due to related parties	338,594,464	215,213,243	250,667,896

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

7. Other Liabilities

	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
Provision	147,483	155,835	146,916
Unearned income	2,025,344	1,112,464	2,002,794
Others	181,035	1,681,014	235,610
	2,353,862	2,949,313	2,385,320

8. Commitments and Contingent Liabilities

	As at 31 December 2017 Unaudited NZD	As at 31 December 2016 Unaudited NZD	As at 31 March 2017 Audited NZD
(a) Future lease rental commitments			
Operating lease (primarily premises)			
Due within 1 year	178,792	271,737	217,366
Due within 1 - 2 years	184,156	178,792	180,123
Due within 2 - 5 years	335,117	519,273	473,577
Due over 5 years	-	-	-
	698,065	969,802	871,066
(b) Other commitments			
Undrawn facility commitments	1,858,013,066	855,712,402	1,357,823,179
(c) Contingent liabilities			
Guarantees given	14,221,840	12,542,659	13,208,455
Performance related contingencies	13,820,342	6,335,215	11,180,473
Trade related contingencies	15,156,505	14,567,479	3,674,185
	43,198,687	33,445,353	28,063,113

The Branch provides guarantees in its normal course of business on behalf of its customers and there are three principal types of guarantee:

- Guarantee given – a financial guarantee that is an agreement by which the Branch agrees to pay an amount of money on demand on behalf of a customer to a third party during the life of the guarantee.
- Performance related contingencies – a guarantee given by the Branch that undertakes to pay a sum of money to a third party where the customer fails to fulfil certain terms and conditions of a contract.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

8. Commitments and Contingent Liabilities (continued)

- Trade related contingencies – contingent liabilities arising from trade-related obligations secured against an underlying shipment of goods to make a payment to a third party if a counterparty fails to fulfil a contractual non-monetary obligation.

The credit risk involved in issuing guarantees is essentially the same as that involved in extending loan facilities to customers. Apart from the normal documentation for a facility of this type, the customer must also provide the Branch with a written indemnity, undertaking that in the event the Branch is called upon to pay, the Branch will be fully reimbursed by the customer.

The Branch has no financial assets that have been pledged as collateral for liabilities or contingent liabilities.

9. Related Party Disclosures

The Auckland Branch is a branch of an overseas company, The Bank of Tokyo-Mitsubishi UFJ, Ltd., which is incorporated in Japan and is the ultimate parent bank.

Related party transactions are unsecured and entered into in the normal course of business. During the period there have been dealings between Auckland branch, other overseas branches and Head Office. Amounts due from related parties is only related to settlement account which is due on demand. Amounts due to related parties is mainly term deposits which are due in accordance with an agreed date. No related party debts have been written off or forgiven during the reporting period.

Derivative instruments with related parties are used to manage interest rate and currency exposures and include foreign exchange forwards, interest rate swaps, and currency options.

	Nine Months ended 31 December 2017 Unaudited NZD	Nine Months ended 31 December 2016 Unaudited NZD	Three Months ended 31 March 2017 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	65,669,109	63,274,980	64,774,654
Derivative instruments	13,346,266	14,972,920	11,913,581
Others	925		925
	79,015,375	78,247,900	76,689,160
Liabilities			
Amounts due to related parties	3,298,436,743	3,100,326,822	3,154,499,789
Derivative instruments	19,267,330	13,145,031	12,682,343
	3,317,704,073	3,113,471,853	3,167,182,132
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantees given	771,304	45,556	227,782
Performance related contingencies	1,400,000	280,000	1,400,000
	2,171,304	325,556	1,627,782
B) Transactions			
Interest income	2,397	4,562	4,562
Interest expense	54,546,908	50,859,030	66,965,975
Net (loss) / profit from derivative instruments	(542,777)	11,784,462	9,003,945
Fees and commissions income	6,517	995	2,948

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

9. Related Party Disclosures (continued)

The Branch's Head Office capital comprises funds provided by the overseas bank to support the Branch's daily operation and to fulfil local thin capitalisation requirements. It is non-interest bearing and there is no fixed date for repatriation. The capital of the registered bank is managed by the overseas bank. The Branch does not separately manage capital other than for the purpose of the Reserve Bank of New Zealand's requirements as disclosed in Note 14 and Note 15.

Other transactions like sundry administrative charges are not material to the results and are therefore not disclosed separately.

10. Fair Value of Financial Instruments

Quoted market prices, where available, are used to estimate the fair value of financial instruments. However, quoted market prices are not available for a substantial portion of financial instruments and fair value for such financial instruments is estimated using discounted cash flow models that utilise prices from observable current market transactions, or other valuation techniques. The summary table shows the carrying amounts and estimated fair values of financial instruments as at the reporting date. The methodologies and assumptions used to estimate the fair value of the financial instruments are:

- (a) For those assets or liabilities that are short term in nature, the related carrying value is equivalent to their fair value.
- (b) For floating rate loans and deposits, the carrying amount in the statement of financial position is considered a reasonable estimate of their fair value after making allowances for impairment. For fixed rate loans and deposits, fair value is estimated using discounted cash flow models based on current market rates. The differences between estimated fair value of loans and deposits and carrying value reflect the difference between observable market interest rates and customer rates on day one and changes in interest rates since the loans' and deposits' origination.
- (c) The fair values of derivative instruments are calculated using the discounted cash flow model. Swap transactions are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from observable interest rates. Foreign currency forward contracts are measured using observable forward exchange rates and yield curves derived from observable interest rates matching maturities of the contracts.
- (d) The fair values of available-for-sales securities are derived from quoted prices in the active market.

31 December 2017 Unaudited	Note	Held for Trading NZD	Available for Sale Securities NZD	Loans and Receivables NZD	Other Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets							
Cash and cash equivalents	a	-	-	91,814,441	-	91,814,441	91,814,441
Amounts due from related parties	a	-	-	65,669,109	-	65,669,109	65,669,109
Amounts due from other financial institutions	a	-	-	239,442,223	-	239,442,223	239,442,223
Available-for-sale securities	d	-	78,208,617	-	-	78,208,617	78,208,617
Corporate loans originated by the Bank	b	-	-	3,291,497,079	-	3,291,497,079	3,294,414,342
Other assets	c, a	31,117,632	-	7,712,620	-	38,830,252	38,830,252
Total financial assets		31,117,632	78,208,617	3,696,135,472	-	3,805,461,721	3,808,378,984
Liabilities							
Amounts due to related parties	b	-	-	-	3,298,436,743	3,298,436,743	3,305,129,517
Deposits	a, b	-	-	-	317,006,231	317,006,231	317,006,231
Other liabilities	c	32,413,252	6,088,449	-	-	38,501,701	38,501,701
Total financial liabilities		32,413,252	6,088,449	-	3,615,442,974	3,653,944,675	3,660,637,449

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

10. Fair Value of Financial Instruments (continued)

31 December 2016 Unaudited	Note	Held for Trading NZD	Available for Sale Securities NZD	Loans and Receivables NZD	Other Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets							
Cash and cash equivalents	a	-	-	56,504,826	-	56,504,826	56,504,826
Amounts due from related parties	a	-	-	63,274,980	-	63,274,980	63,274,980
Amounts due from other financial institutions	a	-	-	234,416,720	-	234,416,720	234,416,720
Available-for-sale securities	d	-	45,962,161	-	-	45,962,161	45,962,161
Corporate loans originated by the Bank	b	-	-	3,014,460,381	-	3,014,460,381	3,018,414,937
Other assets	c, a	27,794,804	-	8,439,792	-	36,234,596	36,234,596
Total financial assets		27,794,804	45,962,161	3,377,096,699	-	3,450,853,664	3,454,808,220
Liabilities							
Amounts due to related parties	b	-	-	-	3,100,326,822	3,100,326,822	3,108,780,674
Deposits	a, b	-	-	-	191,951,951	191,951,951	191,951,951
Other liabilities	c	27,132,859	6,324,151	-	-	33,457,010	33,457,010
Total financial liabilities		27,132,859	6,324,151	-	3,292,278,773	3,325,735,783	3,334,189,635

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability for substantially the entire term of the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2017		31 December 2016	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	10,324,166	-	13,085,271
Currency swaps	-	2,412,955	-	4,883,613
Currency options	-	69,492	-	-
FX forwards	-	18,311,019	-	9,825,920
Total derivative financial assets	-	31,117,632	-	27,794,804
Derivative financial liabilities				
Interest rate swaps	-	11,591,748	-	12,272,271
Currency swaps	-	2,412,955	-	5,029,983
Currency options	-	93,223	-	-
FX forwards	-	18,315,326	-	9,830,605
Total derivative financial liabilities	-	32,413,252	-	27,132,859
Available-for-sale securities	78,208,617	-	45,962,161	-

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

10. Fair Value of Financial Instruments (continued)

Financial assets and financial liabilities, other than the items on the above table, are carried at amortised cost. Their fair value is represented by level 2 fair value measurements.

There were no financial assets and liabilities which were carried at fair value categorised under Level 3 in this period.

11. Liquidity Risk Management

Liquidity risk is the risk that the Branch will not have sufficient funds to meet its financial obligations. The Branch has policies to ensure that sufficient funds are available to meet its obligations as and when they fall due, and to maintain a prudent level of liquidity buffer to meet unexpected demands for funds under adverse market conditions. To achieve this objective, the Branch adopts a set of liquidity management strategies which limits the liquidity risk to acceptable levels. The compliance of such internal limits is being independently monitored and regularly reported to the Regional Head for Oceania. A contingency plan has been developed in the event of a major liquidity problem. The operations of the Branch are subject to these policies.

The Branch measures its liquidity requirements by undertaking scenario analysis under the following two scenarios:

Going-concern – which refers to the normal behaviour of cashflows in the ordinary course of business and would form the day-to-day focus of the Branch’s liquidity management.

Bank-specific (“name”) crisis – which covers the behaviour of cash flows where there is some actual or perceived problem with the Branch.

The Branch is committed to raising its liabilities from a wide range of institutional and corporate lenders. This reduces dependence upon certain lenders and the possibility that a large portion of the deposit base will be withdrawn with little notice. As part of its liquidity management policies, the Branch maintains a portfolio of readily liquid assets and has established committed funding arrangements from other institutions. Liquidity is managed by the Treasury Department of the Sydney Branch under the supervision of the Oceania Region Asset and Liability Management Committee. Reports on liquidity are reviewed by the Regional Head for Oceania, sent to the Parent Bank weekly and presented to the Oceania Region Asset and Liability Management Committee monthly.

The Branch holds the following liquid assets in order to manage its liquidity risk:

	As at 31 December 2017 NZD	As at 31 December 2016 NZD
Cash and short term liquid assets	91,814,441	56,504,826
Amounts due from related parties	65,669,109	63,274,980
Amounts due from other financial institutions	239,442,223	234,416,720
Available-for-sale securities	<u>78,208,617</u>	<u>45,962,161</u>
	<u>475,134,390</u>	<u>400,158,687</u>

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

12. Profitability and Size

The Overseas Banking Group

(a) Profitability

	Six Months ended 30 September 2017 JPY(000's)	Six Months ended 30 September 2016 JPY(000's)
Net Profit After Tax	396,712,000	405,581,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.32%	0.32%

(b) Size

	Six Months ended 30 September 2017 JPY(000's)	Six Months ended 30 September 2016 JPY(000's)
Total Assets	234,877,976,000	219,652,995,000
% Change in total assets over the previous 12 months	6.93%	-0.49%

13. Asset Quality

(i) The Overseas Banking Group

	As at 30 September 2017 JPY (000's)	As at 30 September 2016 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,155,959,000	1,333,861,000
Total individually impaired assets expressed as a percentage of total assets	0.49%	0.61%
Total individual credit impairment allowance	162,550,000	229,010,000
Total individual credit impairment allowance expressed as a percentage of total individually impaired assets	14.06%	17.17%
Total collective credit impairment allowance	523,673,000	564,025,000

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

13. Asset Quality (continued)

(ii) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch.

The provision for impairment is made as a result of downgrading the Registered Bank's internal credit rating of customers due to the customers' cash flow problem that affects the customers' going concern. The provision represents the Branch's best estimate of the difference between the carrying amount of the corporate loans and the recoverable amount based on expected future cash flows under liquidation.

The Branch does not have any individually impaired assets that have been recognized, any individual credit impairment allowances, any collective credit impairment allowance, and any assets that are at least 90 days past due but not impaired as at 31 December 2017 (31 December 2016: Nil).

The total collective credit impairment allowance of the Overseas Banking Group covers the assets of the Branch.

The Branch did not charge or credit to the condensed statement of comprehensive income for any increase or decrease in individual and collective credit impairment allowances during the half year accounting period ended 31 December 2017 (31 December 2016: Nil).

The total interest income recognized on impaired asset over the half year accounting period ended 31 December 2017 is Nil (31 December 2016: Nil).

There is no undrawn balance on lending commitments to counterparties for whom drawn balances are classified as individually impaired. There are no other amounts under administration.

The Branch does not have any financial assets designated as at fair value through profit or loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

14. Exposure to Market Risk

Aggregate market risk exposures of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch have been derived in accordance with Schedule 9 of the Reserve Bank Order.

	As at 31 December 2017 NZD(000's)	As at 31 December 2016 NZD(000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional Capital Charge *	2,316	1,621
(b) Implied risk weighted exposure	28,950	20,263

(2) Aggregate Foreign Currency Exposure

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch does not have any foreign currency exposures.

(3) Aggregate Equity Exposure

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch does not have any equity exposures.

By entering into foreign exchange transactions, interest rate swap transactions, currency swap transactions and long term fixed interest deposits with the Sydney Branch, the Branch does not hold any significant foreign exchange exposure and long term interest rate exposure. Under this arrangement, the Branch is exposed to limited market risk which is immaterial.

* The Notional Capital Charge is calculated in accordance with Capital Adequacy Framework (Standardized Approach) BS2A.

15. Capital Adequacy

The capital adequacy guidelines adopted by the Financial Services Agency (FSA) in Japan that are applicable to Japanese bank holding companies and banks with international operations closely follow the risk-weighted approach introduced by the Basel Committee on Banking Supervision of the Bank for International Settlements.

Basel II, as adopted by the FSA, has been applied to Japanese banks since 31 March, 2007. Certain provisions of Basel III have been adopted by the FSA for Japanese banking institutions with international operations conducted through their foreign offices and became effective 31 March 2013. As a result, the minimum capital required by FSA is at least equal to Basel II.

The Financial Stability Board identified the Overseas Banking Group as a global systematically important bank, or G-SIB, in its most recent annual report published in November 2016.

Effective 31 March, 2016, the FSA's capital conservation buffer, countercyclical buffer and G-SIB surcharge requirements became applicable to Japanese banking institutions with international operations conducted through foreign offices. As a result, starting from 31 March 2016, Overseas Banking Group is required to maintain a capital conservation buffer of 0.625% and a G-SIB surcharge of 0.375% in addition to the 4.50% minimum Common Equity Tier 1 capital ratio. As of the same date, no countercyclical buffer is applicable. When fully implemented on 31 March, 2019, the Overseas Banking Group will be required to maintain a capital conservation buffer of 2.5%, a countercyclical buffer of up to 2.5%, and a G-SIB surcharge of 1.5%, assuming the Overseas Banking Group will be in Bucket 2 of the G-SIB list.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

15. Capital Adequacy (continued)

The table below presents the minimum consolidated risk-based capital ratios from 31 March 2017:

	2017
Minimum Common Equity Tier 1 ratio	4.50%
Capital Conservation Buffer	1.25%
Countercyclical Buffer	-
G-SIB Surcharge	0.75%
Total	6.50%
Minimum Tier 1 ratio	8.00%
Minimum Capital ratio	10.00%

Both the Overseas Banking Group and the Overseas Bank met those requirements at the reporting date.

Overseas Banking Group	As at 31 December 2017	As at 31 December 2016
Capital ratios:		
Common Equity Tier 1 Capital	11.56%	10.57%
Tier 1 capital	13.39%	12.09%
Total capital	16.14%	14.95%

Overseas Bank	As at 31 December 2017	As at 31 December 2016
Capital ratios:		
Common Equity Tier 1 Capital	12.23%	11.35%
Tier 1 capital	14.36%	13.27%
Total capital	17.32%	16.39%

The most recent publicly available information in relation to the capital adequacy framework implemented by the Overseas Bank and Overseas Banking Group are disclosed under the Ultimate Holding Company's report which can be accessed via the Bank's global website: www.mufig.jp.

16. Credit Exposures to Individual Counterparties

Based on actual credit exposures, there is no credit exposure to any individual counterparty (excluding any booking outside New Zealand) of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch equal to or exceeding 10% of the Overseas Banking Group's equity as at the nine months ended 31 December 2017.

There has been no peak end-of-day aggregate credit exposure to any individual counterparty (excluding any booking outside New Zealand) of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch equal to or exceeding 10% of the Overseas Banking Group's equity as at 31 December 2017 during this accounting period.

The credit exposure to individual counterparties was calculated on the basis of actual end-of-day aggregate amount of credit exposures by using investment grade credit rating over the period.

Notes to the Condensed Interim Financial Statements For the Nine Months Ended 31 December 2017

17. Insurance Business

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch *does not* conduct any insurance business in or outside New Zealand.

18. Non-Consolidated Activities

The Bank of Tokyo-Mitsubishi UFJ, Ltd. *does not* conduct any insurance business or non-financial activities in New Zealand outside The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch.

19. Securitization, Funds Management, and Other Fiduciary Activities

(a) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch is not involved in any establishment, marketing or sponsorship of trust, custodial, funds management or other fiduciary activities.

(b) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch is not involved in any origination of securitized assets, or in the marketing or servicing of securitization schemes.

(c) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch is not involved in the marketing and distribution of insurance products.

20. Risk Management Policies

The risk management policies and procedures of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch conform with those of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the “Overseas Banking Group”).

The Branch's application of risk management systems is subject to review by the Overseas Banking Group Audit Office on a regular basis.

There have been no material changes to the above policies since publication of the previous Disclosure Statement.

21. Financial Support

The Auckland Branch is part of The Bank of Tokyo-Mitsubishi UFJ, Ltd. The assets of the Branch are legally available for the satisfaction of debts of the entire company, not solely those appearing in the accompanying statement of financial position, and its debts may result in claims against assets not appearing thereon.

22. Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the nine months ended 31 December 2017, that has significantly affected, or may significantly affect, the operations of the branch, the results of the operations, or the state of affairs of the branch in future financial years.