



**REGISTERED BANK
DISCLOSURE STATEMENT**



30 JUNE 2014



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

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Disclosure Statement

For the Three Months Ended 30 June 2014

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

1. Corporate Information

On 1 January 2006, The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited merged to form a single entity named The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the 'Overseas Bank' and the 'Registered Bank').

The 'Overseas Banking Group' includes all entities consolidated for the purposes of public reporting in Japan including The Bank of Tokyo-Mitsubishi UFJ, Ltd., 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

There have been no material changes in any material legislative or regulatory restrictions in Japan, in 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 since the balance date for the last full year Disclosure Statement.

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 guarantee and cross guaranteeing arrangement as at the date of signing this Disclosure Statement.

5. Directorate

5.1 Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of 30 June 2014:

Name	Occupation	Residence
Katsunori Nagayasu	Chairman	Japan
Kiyoshi Sono	Deputy Chairman	Japan
Nobuyuki Hirano	President	Japan

Disclosure Statement

For the Three Months Ended 30 June 2014

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

Takashi Morimura	Deputy President	Japan
Takeshi Ogasawara	Deputy President	Japan
Hidekazu Fukumoto	Deputy President	Japan
Takashi Morisaki	Deputy President	Japan
Takashi Oyamada	Deputy President	Japan
Tadachiyo Osada	Senior Managing Director	Japan
Saburo Araki	Managing Director	Japan
Satoshi Murabayashi	Managing Director	Japan
Shuzo Iwasaki	Managing Director	Japan
Takehiko Shimamoto	Managing Director	Japan
Naoto Hirota	Managing Director	Japan
Taihei Yuki	Director	Japan
Teruo Ozaki	Director	Japan
Shuzo Sumi	Director	Japan

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

Takamune Okihara resigned as Deputy Chairman on 14 May 2014.
Takashi Nagaoka resigned as Deputy President on 31 May 2014.
Hitoshi Suzuki resigned as Deputy President on 26 June 2014.
Kunio Ishihara resigned as Director on 26 June 2014.
Takashi Oyamada appointed as Deputy President on 26 June 2014.
Shuzo Iwasaki appointed as Managing Director on 26 June 2014.
Naoto Hirota appointed as Managing Director on 26 June 2014.
Shuzo Sumi appointed as Director on 26 June 2014.

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

Name	Occupation	Residence
Toru Masutani	Regional Head for Australia & New Zealand, General Manager, Sydney Branch (Responsible Person on behalf of the Directors)	Australia
Michael Ryff	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
Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

7. Conditions of Registration

There has been no change to the conditions of registration since the last disclosure statement as at 30 June 2014.

Disclosure Statement For the Three Months Ended 30 June 2014

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+	-	-
Moody's	Aa3	-	-
Fitch	A	A-	4 March 2013

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 affair 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 at no charge to any person who requests a copy by the end of second working day after the day on which the request is made.

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 Three Months Ended 30 June 2014

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;
- the Disclosure Statement is not false or misleading ;

and over the three months accounting period ended 30 June 2014;

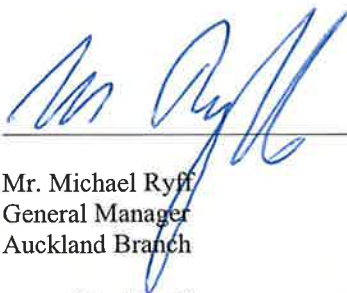
- The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch had systems in place to monitor and control adequately the material risks of the Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that 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. Toru Masutani
Regional Head for Australia & New Zealand,
General Manager, Sydney Branch
(and Authorised Attorney on behalf of
the Directors)

Dated (Sydney): 25 August 2014



Mr. Michael Ryff
General Manager
Auckland Branch

Dated (Auckland): 25 August 2014

Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

Condensed Statement of Comprehensive Income

	Note	Three Months ended 30 June 2014 Unaudited NZD	Three Months ended 30 June 2013 Unaudited NZD
Interest income	2	32,244,660	23,414,183
Interest expense	2	<u>(28,286,253)</u>	<u>(21,080,275)</u>
Net interest income		<u>3,958,407</u>	<u>2,333,908</u>
Fees and commission income	2	3,657,670	4,455,353
Other (loss)/income	2	<u>(95,011)</u>	<u>36,092</u>
Total other income		3,562,659	4,491,445
Occupancy expenses	2	(65,441)	(46,454)
Personnel expenses	2	(489,466)	(465,528)
Auditors' remuneration	2	(44,417)	(45,947)
Administration and other expenses	2	<u>(282,017)</u>	<u>(217,304)</u>
Profit before provision for credit impairment and income tax expenses		<u>6,639,725</u>	<u>6,050,120</u>
Provision for credit impairment	2	<u>-</u>	<u>(39,200,000)</u>
Profit/(Loss) before income tax expense		<u>6,639,725</u>	<u>(33,149,880)</u>
Income tax (expense) / benefit		<u>(1,450,323)</u>	<u>9,329,262</u>
Profit/(Loss) from continuing operations		<u>5,189,402</u>	<u>(23,820,618)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Available-for-sale securities			
- Gain/(Loss) arising during the year		133,074	(934,193)
- Less: Reclassification adjustments for loss included in profit or loss		<u>142,437</u>	<u>11,668</u>
		275,511	(922,525)
Income tax (expense)/benefit on available-for-sale securities		<u>(77,143)</u>	<u>258,307</u>
Other comprehensive income, net of tax		<u>198,368</u>	<u>(664,218)</u>
Total comprehensive income, net of tax		<u>5,387,770</u>	<u>(24,484,836)</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 Three Months Ended 30 June 2014

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Available-for- sale Revaluation Reserve	Total
Balance at 1 April 2013	83,000,000	31,559,518	123,457	114,682,975
(Loss) from continuing operations	-	(23,820,618)	-	(23,820,618)
Other comprehensive income, net of tax	-	-	(664,218)	(664,218)
Total comprehensive income, net of tax	-	(23,820,618)	(664,218)	(24,484,836)
Balance at 30 June 2013	83,000,000	7,738,900	(540,761)	90,198,139
Balance at 1 April 2014	83,000,000	15,292,760	(900,459)	97,392,301
Profit from continuing operations	-	5,189,402	-	5,189,402
Other comprehensive income, net of tax	-	-	198,368	198,368
Total comprehensive income, net of tax	-	5,189,402	198,368	5,387,770
Balance at 30 June 2014	83,000,000	20,482,162	(702,091)	102,780,071

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 As at 30 June 2014

Condensed Statement of Financial Position

	Note	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
Assets				
Cash and short term liquid assets		60,174,121	94,677,956	45,500,952
Amounts due from related parties	9	28,301,540	6,212,181	23,233,711
Amounts due from other financial institutions		99,655,401	89,876,609	89,867,340
Available-for-sale securities		247,316,897	126,743,907	284,319,527
Corporate loans originated by the Bank	4	3,147,841,039	2,683,111,462	2,978,996,910
Acceptances of customers		-	40,907	-
Other assets		1,980,151	1,008,044	1,912,306
Current tax asset		14,515	-	1,552,241
Deferred tax asset		9,697,423	11,072,785	9,687,163
Property, plant and equipment	3	736,394	1,025,363	804,592
Derivative instruments		11,211,193	12,263,366	14,217,122
Total Assets		<u>3,606,928,674</u>	<u>3,026,032,580</u>	<u>3,450,091,864</u>
Liabilities				
Amounts due to related parties	9	3,356,760,000	2,881,931,393	3,211,263,534
Deposits	5	134,721,532	38,275,249	125,099,637
Acceptances		-	40,907	-
Other liabilities	7	1,669,059	2,722,484	2,307,318
Current tax liability		-	850,429	-
Derivative instruments		10,998,012	12,013,979	14,029,074
Total Liabilities		<u>3,504,148,603</u>	<u>2,935,834,441</u>	<u>3,352,699,563</u>
Equity				
Head Office capital	9	83,000,000	83,000,000	83,000,000
Retained earnings		20,482,162	7,738,900	15,292,760
Available-for-sale securities revaluation reserve		(702,091)	(540,761)	(900,459)
Total Equity		<u>102,780,071</u>	<u>90,198,139</u>	<u>97,392,301</u>
Total Liabilities and Equity		<u>3,606,928,674</u>	<u>3,026,032,580</u>	<u>3,450,091,864</u>
Total Interest Earning and Discount Bearing Assets		3,554,987,458	3,033,609,934	3,398,684,729
Total Interest and Discount Bearing Liabilities		3,472,378,877	2,914,188,119	3,324,443,417

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.

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

Condensed Statement of Cash Flows

	Three Months ended 30 June 2014 Unaudited NZD	Three Months ended 30 June 2013 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	31,379,660	24,983,781
Commission fees & trading income	3,562,659	4,491,445
Interest paid	(27,891,879)	(21,808,082)
Payment to suppliers, employees and others	(480,388)	(1,678,073)
Net cash flows from operating activities before changes in operating assets and liabilities	6,570,052	5,989,071
Net (increase) / decrease in operating assets:		
Net (increase) in corporate loans originated by the Bank	(166,458,537)	(214,169,448)
Net (increase) in amounts due from other financial institutions	(9,788,061)	(961,067)
Net decrease in available-for-sale securities	35,482,037	3,010,553
Net (increase) / decrease in amounts due from related parties	(5,067,829)	24,464,969
Net (increase) in other assets	(210,106)	(1,314,898)
	(146,042,496)	(188,969,891)
Net increase / (decrease) in operating liabilities:		
Net increase / (decrease) in commercial paper and deposits	9,676,551	(1,886,580)
Net increase in amounts due to related parties	145,047,436	213,288,851
Net (decrease) / increase in other liabilities	(578,374)	653,116
	154,145,613	212,055,387
Net cash flows from operating activities before income tax	14,673,169	29,074,567
Net tax paid	-	(500,000)
Net cash flows from operating activities	14,673,169	28,574,567
Cash Flows from Investing Activities		
Payment for property, plant and equipment	-	-
Net cash flows from investing activities	-	-
Cash Flows from Financing Activities		
Remittance to the Overseas Bank	-	-
Capital injection	-	-
Net cash flows from financing activities	-	-
Net Increase in Cash and Cash Equivalents		
Net increase in cash and cash equivalents	14,673,169	28,574,567
Cash and cash equivalents at beginning of year	45,500,952	66,103,389
Cash and cash equivalents at end of the period	60,174,121	94,677,956
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	60,174,121	94,677,956
Closing cash and cash equivalents	60,174,121	94,677,956

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 Three Months Ended 30 June 2014

Condensed Statement of Cash Flows (continued)

	Three Months ended 30 June 2014 Unaudited NZD	Three Months ended 30 June 2013 Unaudited NZD
Reconciliation of profit from continuing operations to net cash used in operating activities		
Profit/(Loss) from continuing operations	5,189,402	(23,820,618)
(Increase) in corporate loans	(168,844,129)	(214,015,575)
(Increase) in due from other financial institutions	(9,788,061)	(961,067)
Decrease in available-for-sale securities	37,002,630	4,426,277
(Increase)/Decrease in due from related parties	(5,067,829)	24,464,969
(Increase) in other assets	(69,990)	(144,985)
Increase/(Decrease) in commercial paper and deposits	9,621,895	(1,897,165)
Increase in due to related parties	145,496,466	212,571,628
(Decrease) in other payable (cash)	(444,147)	(319,108)
Increase in provision for credit impairment	-	39,200,000
Movement in tax provision	1,450,323	(9,829,261)
Non-cash items:		
Depreciation of property, plant and equipment	68,198	85,049
Other	58,411	(1,185,577)
Net cash flows from operating activities	14,673,169	28,574,567

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 Three Months Ended 30 June 2014

1. Statement of Significant Accounting Principles

a) 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. 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 the requirements of NZ IAS 34 Interim Financial Reporting and Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014. 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 financial statements should be read in conjunction with the financial statements for the year ended 31 March 2014.

The condensed interim financial statements were authorized 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 2014.

d) Comparative figures

Certain comparative figures have been re-stated to comply with the current year presentation.

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

2. Profit Before Income Tax Expense

	Three Months ended 30 June 2014 Unaudited NZD	Three Months ended 30 June 2013 Unaudited NZD
Operating revenue		
a) Interest income		
Corporate loans and other accounts	32,244,265	23,404,594
Related parties	395	9,589
	32,244,660	23,414,183
(b) Other operating income		
Fees and commissions income	3,657,670	4,455,353
Net gain on interest rate derivatives	54,762	32,286
Net gain on currency derivatives	-	-
Net gain on foreign currency	3,184	3,768
Other (loss)/income	(152,957)	38
	3,562,659	4,491,445
	35,807,319	27,905,628
Total interest income derived from financial assets:		
At amortised cost	30,381,269	22,663,739
Available-for-sale securities	1,863,391	750,444
Designated at fair value through profit or loss	-	-
Total fee income derived from financial assets that are not at fair value through profit and loss	3,622,417	4,402,507
Net gain/(loss) on financial assets/liabilities held for trading	22,986	(2,576)
Net realised gain on held for trading	34,960	38,630
Other fee income	35,253	52,846
Loss on sale of available-for-sale securities	(152,996)	-
Other income	39	38
	35,807,319	27,905,628
Expenses		
(a) Interest expense		
Deposits and other accounts	638,760	259,262
Related parties	27,647,493	20,821,013
	28,286,253	21,080,275
Total interest expense was derived from financial liabilities:		
At amortised cost	28,286,253	21,080,275
Designated at fair value through profit and loss	-	-
	28,286,253	21,080,275
(b) Other operating expenses		
Rental & operating lease costs	65,441	46,454
Depreciation		
Furniture, fixtures and fittings	9,066	20,880
Office equipment	55,909	62,677
Motor vehicles	3,223	1,492
Auditors' remuneration		
Audit fees	44,417	45,947
Other non-audit services	-	-
Salaries	459,446	467,692
Staff related cost	30,020	(2,164)
General administration and other operating expenses	213,819	132,255
Credit impairment loss	-	39,200,000
	881,341	39,975,233
Profit/(loss) before income tax expense	6,639,725	(33,149,880)

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

3. Property, Plant and Equipment

During the three months ended 30 June 2014 the Branch did not acquire any property, plant and equipment (three months ended 30 June 2013: Nil; twelve months ended 31 March 2014: NZD 44,420).

During the three months ended 30 June 2014 the Branch did not dispose any property, plant and equipment (three months ended 30 June 2013: Nil; twelve months ended 31 March 2014: NZD 37,089).

There was no impairment loss for property, plant and equipment recognized during the three months ended 30 June 2014 (three months ended 30 June 2013: Nil; twelve months ended 31 March 2014: Nil).

4. Loans and Advances

	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
Corporate loans originated by the bank	3,181,978,749	2,722,311,462	3,013,134,621
Less: individual impairment allowance	34,137,710	39,200,000	34,137,710
	3,147,841,039	2,683,111,462	2,978,996,910

5. Deposits

	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
Retail deposit bearing interest	521,228	2,379,496	1,471,320
Retail deposit not bearing interest	19,102,654	6,018,523	11,919,754
Certificate deposit	4,852,325	14,732,876	9,966,401
Call deposit	34,235,494	11,639,548	28,408,271
Term deposit	76,009,831	3,504,806	73,333,891
	134,721,532	38,275,249	125,099,637

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

	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
Total Liabilities	3,504,148,603	2,935,834,441	3,352,699,563
Less: total amounts due to related parties	(3,359,104,674)	(2,889,956,329)	(3,214,821,073)
Total liabilities net of amounts due to related parties	145,043,929	45,878,112	137,878,490

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

7. Other Liabilities

	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
Provision	127,117	99,912	112,780
Unearned income	1,338,636	2,491,525	1,783,386
Others	203,306	131,047	411,152
	1,669,059	2,722,484	2,307,318

8. Commitments and Contingent Liabilities

	As at 30 June 2014 Unaudited NZD	As at 30 June 2013 Unaudited NZD	As at 31 March 2014 Audited NZD
a) Future lease rental commitments			
Operating lease (primarily premises)			
Due within 1 year	247,458	174,618	247,458
Due within 1 - 2 years	116,373	174,618	160,027
Due within 2 - 5 years	24,280	43,533	42,490
	388,111	392,769	449,975
b) Other commitments			
Undrawn facility commitments	666,722,038	1,010,885,805	627,039,889
c) Contingent liabilities			
Guarantees given	1,517,813	1,573,839	1,435,000
Performance related contingencies	4,692,782	35,024,737	4,692,782
Trade related contingencies	10,565	-	10,687
	6,221,160	36,598,576	6,138,469

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 carry out certain terms and conditions of a contract.

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

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 perform 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 the settlement account which is due on demand. Amount due to related parties are mainly term deposits which are due in according 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.

	Three Months ended 30 June 2014 Unaudited NZD	Three Months ended 30 June 2013 Unaudited NZD	Three Months ended 31 March 2014 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	28,301,540	6,212,181	23,233,711
Derivative instruments	8,815,610	4,126,580	10,611,940
	37,117,150	10,338,761	33,845,651
Liabilities			
Amounts due to related parties	3,356,760,000	2,881,931,393	3,211,263,534
Derivative instruments	2,344,674	8,024,936	3,557,539
	3,359,104,674	2,889,956,329	3,214,821,073
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantees given	135,000	135,000	135,000
Performance related contingencies	692,782	30,692,782	692,782
	827,782	30,827,782	827,782
B) Transactions			
Interest income	395	9,589	14,110
Interest expense	27,647,493	20,821,013	89,180,586
Net gain / (loss) from derivative instruments	8,523	750,237	1,571,300
Fees and commissions income	250	9,599	10,043

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

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 requirement. 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 by using 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 valuation techniques and input 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.
- c. The fair values of derivative instruments are calculated using 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 quoted interest rate. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- d. The fair values of available-for-sales securities are derived from quoted price in the active market.

30 June 2014 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	-	-	60,174,121	-	60,174,121	60,174,121
Amounts due from related parties	a	-	-	28,301,540	-	28,301,540	28,301,540
Amounts due from other financial institutions	a	-	-	99,655,401	-	99,655,401	99,655,401
Available-for-sale securities	d	-	247,316,897	-	-	247,316,897	247,316,897
Corporate loans originated by the Bank	b	-	-	3,147,841,039	-	3,147,841,039	3,154,558,767
Other assets	c, a	11,211,193	-	1,961,044	-	13,172,237	13,172,237
Total financial assets		11,211,193	247,316,897	3,337,933,145	-	3,596,461,235	3,603,178,963
Liabilities							
Amounts due to related parties	b	-	-	-	3,356,760,000	3,356,760,000	3,368,701,084
Deposits	b	-	-	-	134,721,532	134,721,532	134,721,532
Other liabilities	c, a	10,998,012	-	-	125,786	11,123,798	11,123,798
Total financial liabilities		10,998,012	-	-	3,491,607,318	3,502,605,330	3,514,546,414

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

10. Fair Value of Financial Instruments (continued)

30 June 2013 Audited	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	-	-	94,677,956	-	94,677,956	94,677,956
Amounts due from related parties	a	-	-	6,212,181	-	6,212,181	6,212,181
Amounts due from other financial institutions	a	-	-	89,876,609	-	89,876,609	89,876,609
Available-for-sale securities	d	-	126,743,907	-	-	126,743,907	126,743,907
Corporate loans originated by the Bank	b	-	-	2,683,111,462	-	2,683,111,462	2,691,439,098
Other assets	c, a	12,263,366	-	833,170	-	13,096,536	13,096,536
Total financial assets		12,263,366	126,743,907	2,874,711,378	-	3,013,718,651	3,022,046,287
Liabilities							
Amounts due to related parties	b	-	-	-	2,881,931,393	2,881,931,393	2,890,969,869
Deposits	b	-	-	-	38,275,249	38,275,249	38,275,249
Other liabilities	c, a	12,013,979	-	-	96,747	12,110,726	12,110,726
Total financial liabilities		12,013,979	-	-	2,920,303,389	2,932,317,368	2,941,355,844

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).

	30 June 2014		30 June 2013	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	3,753,093	-	2,217,411
Currency Options	-	813,514	-	168,717
FX forwards	-	6,644,586	-	9,877,238
Total derivative financial assets	-	11,211,193	-	12,263,366
Derivative financial liabilities				
Interest rate swaps	-	3,538,662	-	1,968,024
Currency Options	-	813,514	-	168,717
FX forwards	-	6,645,836	-	9,877,238
Total derivative financial liabilities	-	10,998,012	-	12,013,979
Available-for-sale securities	247,316,897	-	126,743,907	-
Corporate loans originated by the bank	-	3,154,558,767	-	2,691,439,098
Amounts related to related parties	-	3,368,701,084	-	2,890,969,869

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

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

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 situations. 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 are being independently monitored and regularly reported to the Regional Head for Australia and New Zealand. 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 a bank’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 Australia and New Zealand, 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 30 June 2014 NZD	:	As at 30 June 2013 NZD
Cash and short term liquid assets	60,174,121		94,677,956
Amounts due from related parties	28,301,540		6,212,181
Amounts due from other financial institutions	99,655,401		89,876,609
Available-for-sale securities	<u>247,316,897</u>		<u>126,743,907</u>
	<u>435,447,959</u>		<u>317,510,653</u>

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

12. Profitability and Size

The Overseas Banking Group

a) Profitability

	Twelve Months ended 31 March 2014 JPY(000's)	Twelve Months ended 31 March 2013 JPY(000's)
Net Profit After Tax	754,323,000	673,514,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.39%	0.39 %

b) Size

	Twelve Months ended 31 March 2014 JPY(000's)	Twelve Months ended 31 March 2013 JPY(000's)
Total Assets	201,614,685,000	181,625,667,000
% Change in total assets over the previous 12 months	11.01%	5.80 %

13. Asset Quality

(i) The Overseas Banking Group

	As at 31 March 2014 JPY (000's)	As at 31 March 2013 JPY(000's)
Total individual impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,484,342,000	1,676,113,000
Total individually impaired assets expressed as a percentage of total assets	0.74%	0.92%
Total individual credit impairment allowance	269,762,000	299,751,000
Total individual credit impairment allowance expressed as a percentage of total individually impaired assets	18.17%	17.88%
Total collective credit impairment allowance	535,357,000	620,782,000

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

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' financial position. The provision represents the Branch's best estimate of the difference between the carrying amount of the corporate loans amount based on expected future cash flows.

	As at 30 June 2014 NZD	As at 30 June 2013 NZD
Individual impaired assets:		
Balance at the beginning of the period	64,410,774	-
Addition during the period	-	79,920,066
Amounts written off	-	-
Balance at the end of the period	<u>64,410,774</u>	<u>79,920,066</u>
Total individual credit impairment allowance	34,137,710	39,200,000

The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch does not have any collective credit impairment allowance, and any past due but not impaired assets as at 30 June 2014. The total collective credit impairment allowance of the Overseas Banking Group covers the assets of the Branch.

The total interest income recognized on impaired asset over the accounting period ended 30 June 2014 is nil.

Individual provision for loan impairment

	As at 30 June 2014 NZD	As at 30 June 2013 NZD
Balance at the beginning of the period	34,137,710	-
Charge to impairment of loans in profit and loss	-	39,200,000
Amounts written off	-	-
Balance at the end of the period	<u>34,137,710</u>	<u>39,200,000</u>

Profit or loss charge

	As at 30 June 2014 NZD	As at 30 June 2013 NZD
Specific provision for impairment against advances	-	39,200,000
Total provision for impairment against advances	-	39,200,000

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 Bank of Tokyo-Mitsubishi UFJ Ltd., Auckland 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 Three Months Ended 30 June 2014

14. Exposures 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 30 June 2014 NZD(000's)	As at 30 June 2013 NZD(000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional Capital Charge *	2,108	673
(b) Implied risk weighted exposure	26,350	8,413

(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.

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

15. Capital Adequacy

The table below presents the minimum consolidated risk-based capital ratios from 31 March 2013 . The underlying figures are calculated in accordance with Japanese banking regulations based upon information derived from the consolidated financial statements prepared in accordance with Japanese GAAP, as required by the Financial Services Agency in Japan. It is expected to maintain a minimum ratio up to full implementation of Basel III at 31/3/2019 based on Basel III Internal rating-based approach as follows:

	2013	2014	2015	2016	2017	2018	2019
Minimum Common Equity Tier 1 ratio	3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer				0.625%	1.25%	1.875%	2.5%
Total	3.5%	4.0%	4.5%	5.125%	5.75%	6.375%	7.0%
Minimum Tier 1 ratio	4.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Total (with Capital Conservation Buffer)	4.5%	5.5%	6.0%	6.625%	7.25%	7.875%	8.5%
Minimum Capital ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Total (with Capital Conservation Buffer)	8.0%	8.0%	8.0%	8.625%	9.25%	9.875%	10.5%

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

Overseas Banking Group

	As at 30 June 2014	As at 30 June 2013
Capital ratios:		
Common Equity Tier 1 Capital	10.91%	11.63 %
Tier 1 capital	12.18%	13.19 %
Total capital	15.66%	17.29 %

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

15. Capital Adequacy (continued)

Overseas Bank	As at 30 June 2014	As at 30 June 2013
Capital ratios:		
Common Equity Tier 1 Capital	11.91%	11.71 %
Tier 1 capital	13.74%	13.90 %
Total capital	17.60%	18.21 %

The most recent publicly available information in related to 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.mufg.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 equaled or exceeded 10% of the Overseas Banking Group's equity at three months ended 30 June 2014.

There is 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 equaled or exceeded 10% of the Overseas Banking Group's equity as at 30 June 2014 during this accounting period.

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

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 in 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.

Notes to the Condensed Interim Financial Statements For the Three Months Ended 30 June 2014

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 periodical 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 three months ended 30 June 2014, 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.