



**REGISTERED BANK
DISCLOSURE STATEMENT**



30 SEPTEMBER 2015



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

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Auditor's Review Report

Disclosure Statement

For the Six Months Ended 30 September 2015

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., 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 of 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 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 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 30 September 2015:

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

Disclosure Statement For the Six Months Ended 30 September 2015

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
Saburo Araki	Senior Managing Director	Japan
Naoto Hirota	Senior Managing Director	Japan
Tadashi Kuroda	Senior Managing Director	Japan
Satoshi Murabayashi	Senior Managing Director	Japan
Shuzo Iwasaki	Managing Director	Japan
Muneaki Tokunari	Managing Director	Japan
Takahiro Yanai	Managing Director	Japan
Akira Hamamoto	Managing Director	Japan
Masamichi Yasuda	Managing 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:

Tadachiyo Osada resigned as Senior Managing Director on 24 June 2015.

Takehiko Shimamoto resigned as Managing Director on 24 June 2015.

Taihei Yuki resigned as Director on 24 June 2015.

Tadashi Kuroda appointed as Senior Managing Director on 24 June 2015.

Muneaki Tokunari appointed as Managing Director on 24 June 2015.

Takahiro Yanai appointed as Managing Director on 24 June 2015.

Akira Hamamoto appointed as Managing Director on 24 June 2015.

Masamichi Yasuda appointed as Managing Director on 24 June 2015.

- 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
Toru Masutani	Regional Head for Oceania, General Manager (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

Disclosure Statement

For the Six Months Ended 30 September 2015

7. Conditions of Registration

There has been no change to the conditions of registration since the last disclosure statement as at 30 June 2015 to 30 September 2015. However, changes have been made to the conditions of registration to be applied on and after 1 November 2015. Changes mainly refer to (i) a new revised version of “Framework for Restrictions on High-LVR Residential Mortgage lending”(BS19),(ii) impose revised High-LVR speed limits in line with the revised BS19 and remove certain conditions in relation to the LVR restriction, and (iii) to remove superseded reference to the Financial Reporting Act 1993 and redundant capital adequacy requirements . There has been no impact on the Branch.

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	A1	Aa3	2 December 2014
Fitch	A	-	-

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 ability 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.

Disclosure Statement For the Six Months Ended 30 September 2015

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.mufig.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.mufig.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 Six Months Ended 30 September 2015

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 six- month accounting period ended 30 September 2015;

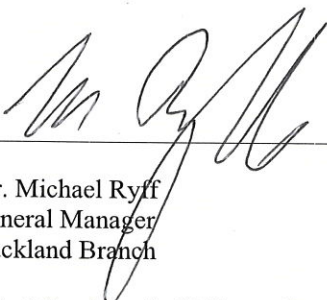
- The Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch had systems in place to monitor and control adequately the material risks of the Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that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

Dated (Sydney): 23 November 2015



Mr. Michael Ryff
General Manager
Auckland Branch

Dated (Auckland): 23 November 2015

Condensed Interim Financial Statements For the Six Month Ended 30 September 2015

Condensed Statement of Comprehensive Income

	Note	Six Months ended 30 September 2015 Unaudited NZD	Six Months ended 30 September 2014 Unaudited NZD
Interest income	2	57,263,400	64,849,437
Interest expense	2	(51,356,280)	(56,858,168)
Net interest income		<u>5,907,120</u>	<u>7,991,269</u>
Fees and commission income	2	6,287,487	7,793,146
Gains less losses on financial instruments	2	(197,931)	(819,144)
Total operating income and losses		6,089,556	6,974,002
Occupancy expenses	2	(130,149)	(130,591)
Personnel expenses	2	(1,553,893)	(1,397,171)
Auditors' remuneration	2	(46,085)	(90,224)
Administration and other expenses	2	(484,829)	(812,007)
Profit before provision for credit impairment and income tax expense		<u>9,781,720</u>	<u>12,535,278</u>
Write back for credit impairment	2	-	379,015
Profit before income tax expense		<u>9,781,720</u>	<u>12,914,293</u>
Income tax expense		(952,482)	(2,578,981)
Profit from continuing operations		<u>8,829,238</u>	<u>10,335,312</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale securities			
- Profit arising during the year		863,398	492,784
- Add: Reclassification adjustment for loss included in profit or loss		195,521	412,361
		<u>1,058,919</u>	<u>905,145</u>
Income tax expense on available-for-sale securities		(296,497)	(253,441)
Other comprehensive income, net of tax		<u>762,422</u>	<u>651,704</u>
Total comprehensive income, net of tax		<u>9,591,660</u>	<u>10,987,016</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 Six Month Ended 30 September 2015

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Available-for- sale Revaluation Reserve	Total
Balance at 1 April 2014	83,000,000	15,292,760	(900,459)	97,392,301
Profit from continuing operations	-	10,335,312	-	10,335,312
Other comprehensive income net of tax	-	-	651,704	651,704
Total comprehensive income, net of tax	-	10,335,312	651,704	10,987,016
Balance at 30 September 2014	83,000,000	25,628,072	(248,755)	108,379,317
Balance at 1 April 2015	83,000,000	14,793,234	652,528	98,445,762
Profit from continuing operations	-	8,829,238	-	8,829,238
Other comprehensive income, net of tax	-	-	762,422	762,422
Total comprehensive income, net of tax	-	8,829,238	762,422	9,591,660
Balance at 30 September 2015	83,000,000	23,622,472	1,414,950	108,037,422

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 Six Month Ended 30 September 2015

Condensed Statement of Financial Position

	Note	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
Assets				
Cash and short term liquid assets		29,079,287	28,983,418	22,447,350
Amounts due from related parties	9	66,768,818	30,019,231	60,335,239
Amounts due from other financial institutions		104,570,078	54,757,663	54,578,617
Available-for-sale securities		121,384,723	224,665,080	223,252,028
Corporate loans originated by the Bank	4	2,355,035,619	2,648,930,405	2,624,567,904
Acceptances of customers		-	133,129	-
Derivative instruments		21,509,412	12,029,450	12,618,722
Other assets		1,225,673	1,284,251	2,277,953
Current tax asset		1,864,652	771,326	447,881
Deferred tax asset		17,881,007	9,598,456	17,885,055
Property, plant and equipment	3	460,432	676,798	575,310
Total Assets		<u>2,719,779,701</u>	<u>3,011,849,207</u>	<u>3,018,986,059</u>
Liabilities				
Amounts due to related parties	9	2,246,481,303	2,744,505,986	2,705,545,367
Deposits and commercial paper	5	338,453,396	145,613,517	201,275,541
Acceptances		-	133,129	-
Derivative instruments		21,614,889	11,816,071	12,456,131
Other liabilities	7	5,192,691	1,401,187	1,263,258
Total Liabilities		<u>2,611,742,279</u>	<u>2,903,469,890</u>	<u>2,920,540,297</u>
Equity				
Head Office capital	9	83,000,000	83,000,000	83,000,000
Retained earnings		23,622,472	25,628,072	14,793,234
Available-for-sale revaluation reserve		1,414,950	(248,755)	652,528
Total Equity		<u>108,037,422</u>	<u>108,379,317</u>	<u>98,445,762</u>
Total Liabilities and Equity		<u>2,719,779,701</u>	<u>3,011,849,207</u>	<u>3,018,986,059</u>
Total Interest Earning and Discount Bearing Assets				
		2,610,069,707	2,957,336,566	2,924,845,899
Total Interest and Discount Bearing Liabilities				
		2,569,741,317	2,874,144,346	2,890,153,464

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 Six Month Ended 30 September 2015

Condensed Statement of Cash Flows

	Six Months ended 30 September 2015 Unaudited NZD	Six Months ended 30 September 2014 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	63,148,937	61,362,783
Commission fees & trading income	6,138,570	6,649,970
Interest paid	(51,216,342)	(55,853,002)
Payment to suppliers, employees and others	(2,125,281)	(1,944,202)
Net cash flows from operating activities before changes in operating assets and liabilities	15,945,884	10,215,549
Net (increase) / decrease in operating assets:		
Net decrease in corporate loans originated by the Bank	268,157,832	332,407,686
Net (increase) / decrease in amounts due from other financial institutions	(49,991,461)	35,109,677
Net decrease in available-for-sale securities	98,415,140	61,705,065
Net (increase) in amounts due from related parties	(6,433,579)	(6,785,520)
Net decrease in other assets	1,258,465	323,972
	311,406,397	422,760,880
Net increase / (decrease) in operating liabilities:		
Net increase in commercial paper and deposits	135,248,471	20,550,512
Net (decrease) in amounts due to related parties	(457,274,618)	(467,799,346)
Net increase / (decrease) in other liabilities	3,991,853	(273,327)
	(318,034,294)	(447,522,161)
Net cash flows from operating activities before income tax	9,317,987	(14,545,732)
Net tax paid	(2,661,702)	(1,962,800)
Net cash flows from operating activities	6,656,285	(16,508,532)
Cash Flows from Investing Activities		
Payment for property, plant and equipment	(24,348)	(9,003)
Net cash flows from investing activities	(24,348)	(9,003)
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 / (decrease) in cash and cash equivalents	6,631,937	(16,517,534)
Cash and cash equivalents at beginning of year	22,447,350	45,500,952
Cash and cash equivalents at end of the period	29,079,287	28,983,418
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	29,079,287	28,983,418
Closing cash and cash equivalents	29,079,287	28,983,418

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 Six Month Ended 30 September 2015

Condensed Statement of Cash Flows (continued)

	Six Months ended 30 September 2015	Six Months ended 30 September 2014
	Unaudited NZD	Unaudited NZD
Reconciliation of profit from continuing operations to net cash flows from operating activities		
Profit from continuing operations	8,829,238	10,335,312
Decrease in corporate loans	269,532,285	330,445,520
(Increase) / decrease in due from other financial institutions	(49,991,461)	35,109,677
Decrease in available-for-sale securities	102,926,224	60,559,592
(Increase) in due from related parties	(6,433,579)	(6,785,520)
Decrease in other assets	1,052,279	630,547
(Decrease) / increase in certificate of deposit	(23,182,246)	3,223,011
Increase in commercial paper and deposits	160,360,100	17,290,870
(Decrease) in due to related parties	(459,064,064)	(466,757,548)
Increase / (decrease) in other payable	3,983,398	(656,489)
(Decrease) in provision for credit impairment	-	(379,015)
Movement in tax provision	(1,709,220)	616,182
Non-Cash items:		
Depreciation of property, plant and equipment	131,915	136,797
Other	221,417	(277,466)
Net cash flows from operating activities	6,656,286	(16,508,530)

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 Six Months Ended 30 September 2015

1. Statement of Significant Accounting Policies

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 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 the requirements of NZ IAS 34 Interim Financial Reporting and 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 statements should be read in conjunction with the financial statements for the year ended 31 March 2015.

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 statements for year ended 31 March 2015.

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 Six Months Ended 30 September 2015

2. Profit Before Income Tax Expense

	Six Months ended 30 September 2015 Unaudited NZD	Six Months ended 30 September 2014 Unaudited NZD
Operating revenue		
a) Interest income		
Corporate loans and other accounts	57,255,345	64,849,042
Related parties	8,055	395
	57,263,400	64,849,437
(b) Fee and Commission income		
Fees and commissions income	6,287,487	7,793,146
	6,287,487	7,793,146
(c) Gains less losses on financial instruments		
Net (loss) / gain on interest rate derivatives	(134,838)	93,663
Net (loss) / gain on foreign currency	(63,102)	459
Loss on sale of available-for-sale securities	-	(948,799)
Other income	9	35,533
	(197,931)	(819,144)
	63,352,956	71,823,439
Total interest income derived from financial assets:		
At amortised cost	55,038,448	60,545,678
Available-for-sale securities	2,224,952	4,303,759
Designated at fair value through profit or loss	-	-
Total fee income derived from financial assets that are not at fair value through profit or loss	6,119,981	7,528,416
Net (loss) / gain on financial assets / liabilities held for trading	(273,793)	27,822
Net realised gain on held for trading	75,853	66,300
Other fee income	167,506	264,730
Loss on sale of available-for-sale securities	-	(948,799)
Other income	9	35,533
	63,352,956	71,823,439
Expenses		
(a) Interest expense		
Deposits and other accounts	5,145,704	1,906,326
Related parties	46,210,576	54,951,842
	51,356,280	56,858,168
Total interest expense was derived from financial liabilities:		
At Amortised cost	51,356,280	56,858,168
Designated at fair value through profit or loss	-	-
	51,356,280	56,858,168
(b) Other operating expenses		
Rental & operating lease costs	130,149	130,591
Depreciation		
Furniture, fixtures and fittings	16,384	18,133
Office equipment	111,183	112,218
Motor vehicles	4,348	6,446
Auditors' remuneration		
Audit fees	46,085	90,224
Other non-audit services	-	-
Salaries	1,479,720	1,318,603
Staff related cost	74,173	78,568
Net losses from the disposal of fixed assets	7,311	-
General administration and other operating expenses	345,603	675,210
Provision for credit impairment	-	(379,015)
	2,214,956	2,050,978
Profit before income tax expense	9,781,720	12,914,293

Total income excluding any net loss for six months ended 30 September 2015 is NZD 63,550,896 (six months ended 30 September 2014 : NZD 72,772,238)

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

3. Property, Plant and Equipment

During the six months ended 30 September 2015 the Branch acquired property, plant and equipment with a cost of NZD 24,348 (six months ended 30 September 2014: NZD 9,003; twelve months ended 31 March 2015: NZD 46,600).

During the six months ended 30 September 2015 the Branch disposed of property, plant and equipment with the carrying amount of NZD 7,311 (six months ended 30 September 2014: Nil; twelve months ended 31 March 2015: NZD 81).

There was no impairment loss for property, plant and equipment recognized during the six months ended 30 September 2015 (six months ended 30 September 2014: Nil; twelve months ended 31 March 2015: Nil).

4. Loans and Advances

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
Corporate loans originated by the bank	2,418,731,271	2,682,689,101	2,688,263,556
Less: individual impairment allowance	(63,695,652)	(33,758,696)	(63,695,652)
	2,355,035,619	2,648,930,405	2,624,567,904

5. Deposits

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
Retail deposit bearing interest	6,054,998	624,936	4,213,543
Retail deposit not bearing interest	15,193,382	15,975,157	15,572,646
Certificate deposit	24,904,115	13,189,412	48,086,360
Call deposit	63,273,461	37,596,425	49,176,102
Term deposit	229,027,440	78,227,587	84,226,890
	338,453,396	145,613,517	201,275,541

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

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
Total Liabilities	2,611,742,279	2,903,469,890	2,920,540,297
Less: total amounts due to related parties (Note : 9)	(2,261,415,197)	(2,751,246,641)	(2,710,028,333)
Total liabilities net of amounts due to related parties	350,327,082	152,223,249	210,511,964

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

7. Other Liabilities

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
Provision	127,828	130,025	120,895
Unearned income	877,612	1,070,920	923,390
Others *	4,187,251	200,242	218,973
	5,192,691	1,401,187	1,263,258

*Others comprises of the cash receipts from customers that were temporary received and waiting for further instructions.

8. Commitments and Contingent Liabilities

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD	As at 31 March 2015 Audited NZD
a) Future lease rental commitments			
Operating lease (primarily premises)			
Due within 1 year	240,114	247,336	160,027
Due within 1 - 2 years	178,362	72,840	42,490
Due within 2 - 5 years	548,514	6,070	-
Due over 5 years	193,916	-	-
	1,160,906	326,246	202,517
b) Other commitments			
Undrawn facility commitments	1,133,022,544	822,041,486	599,565,862
c) Contingent liabilities			
Guarantees given	410,595	1,517,813	710,595
Performance related contingencies	17,351,095	5,164,635	6,342,505
Trade related contingencies	1,938,968	55,556	93,243
	19,700,658	6,738,004	7,146,343

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.
- 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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

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. Amount due to related parties is mainly term deposits which are due in accordance with an agreed date. The maturity analysis for these balances are presented in Note 13. The interest rate risk analysis for these balances are presented in Note 12. 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.

	Six Months ended 30 September 2015 Unaudited NZD	Six Months ended 30 September 2014 Unaudited NZD	Twelve Months ended 31 March 2015 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	66,768,818	30,019,231	60,335,239
Derivative instruments	6,717,978	5,278,090	8,039,325
	73,486,796	35,297,321	68,374,564
Liabilities			
Amounts due to related parties	2,246,481,303	2,744,505,986	2,705,545,367
Derivative instruments	14,933,893	6,740,655	4,482,966
	2,261,415,196	2,751,246,641	2,710,028,333
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantee given	227,782	135,000	227,782
Performance related contingencies	400,000	692,782	600,000
	627,782	827,782	827,782
B) Transactions			
Interest income	8,055	395	395
Interest expense	46,210,576	54,951,842	109,352,896
Net (loss) / gain from derivative instruments	(3,015,367)	(1,298,554)	(2,323,056)
Fees and commissions income	252	503	960

The Branch's Head Office capital comprises of 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 18 and Note 19.

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk

Credit risk is the risk of loss to the Branch arising from the failure of a counterparty to repay principal and/or interest under a commitment entered into with the Branch. Credit risk arises from the lending, treasury and trade finance activities of the Branch. Credit risk also arises from the possibility that the counterparty to a derivative financial instrument will not adhere to the terms of the contract with the Branch when settlement becomes due. The Branch's credit exposure on derivative financial instruments is determined in accordance with Capital Adequacy Framework (Standardized Approach) BS2A. The credit equivalent is derived by taking into account the residual maturity of each instrument.

Corporate loans originated by the bank are secured partially by following collateral/credit enhancement:

- i. financial guarantee by either third parties or customer's parent company
- ii. deposit assignment
- iii. asset assignment such as aircraft

Concentration of credit risk is determined by management to be by industry sector, geographical location and customer credit rating. Industry sectors are determined by reference to the categories in the RBNZ M3 Institutions Standard Statistical Return. The geographical locations reflect the primary location of the underlying borrower.

The following table details the Branch's maximum credit risk exposure without taking account of any collateral/credit enhancement held of recognised financial assets and derivative financial instruments as at the reporting date.

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD
Notional Principal		
On Balance Sheet		
Cash and short term liquid assets	29,079,287	28,983,418
Amounts due from related parties	66,768,818	30,019,231
Amounts due from other financial institutions	104,570,078	54,757,663
Available-for-sale securities	121,384,723	224,665,080
Acceptances of customers	-	133,129
Corporate loans originated by the Bank	2,355,035,619	2,648,930,405
Other assets	3,044,576	2,015,205
Total	2,679,883,101	2,989,504,131
Off Balance Sheet		
Guarantee given	410,595	1,517,813
Performance related contingencies	17,351,095	5,164,635
Trade related contingencies	1,938,968	55,556
Undrawn facility commitments	1,133,022,544	822,041,486
Total	1,152,723,202	828,779,490
Credit Equivalent		
Derivative instruments	30,453,840	21,281,303

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customer Industry Sector

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD
Notional principal		
On Balance Sheet		
Communications	251,248,724	251,932,783
Construction	4,056,548	3,496,153
Electricity, gas and water	411,582,178	467,879,435
Finance	644,977,749	680,388,540
Fishing	68,887,365	64,931,093
Food manufacturing	194,561,638	184,433,578
Forestry	47,782,124	51,011,079
Mining	-	32,786,087
Other manufacturing	103,297,916	157,372,678
Property and business services	139,763,181	248,057,904
Transport and storage	643,152,652	676,369,410
Wholesale trade	162,772,246	162,444,355
Wood and paper manufacturing	7,800,780	8,401,036
Total	2,679,883,101	2,989,504,131

Notional principal

Off Balance Sheet		
Communications	70,833,332	82,333,332
Construction	64,924,138	65,503,448
Electricity, gas and water	280,000,000	124,100,000
Finance	102,566,750	132,827,782
Fishing	9,651,516	7,557,626
Food manufacturing	474,172,058	363,152,373
Other manufacturing	72,500,000	19,055,556
Property and Business Services	39,981,826	3,010,686
Transport and storage	17,000,000	21,000,000
Wholesale trade	21,093,582	300,000
Wood and paper manufacturing	-	9,938,687
Total	1,152,723,202	828,779,490

Credit equivalent derivative financial instruments

Communications	1,230,967	271,350
Electricity, gas and water	393,003	1,762,835
Finance	14,526,011	11,741,385
Fishing	2,437,901	455,242
Food manufacturing	5,235,583	3,499,925
Forestry	33,779	-
Other manufacturing	423,737	2,021,363
Transport and storage	2,054,077	505,242
Wholesale trade	4,118,782	358,107
Wood and paper manufacturing	-	665,854
Total	30,453,840	21,281,303

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk (continued)

ii. Concentration of Credit Risk by Customer Geographical Location

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD
Notional principal		
On Balance Sheet		
New Zealand	2,344,600,152	2,736,964,292
Japan	225,544,782	189,167,971
Australia	39,988,284	33,374,897
Netherlands	69,749,883	29,996,971
Total	2,679,883,101	2,989,504,131
Off Balance Sheet		
New Zealand	1,000,156,452	827,951,707
Japan	627,782	827,783
Australia	150,000,000	-
Other	1,938,968	-
Total	1,152,723,202	828,779,490
Credit equivalent of derivative financial instruments		
New Zealand	18,825,113	8,539,620
Japan	11,495,200	12,734,089
Australia	133,527	7,594
Total	30,453,840	21,281,303

iii. Concentration of Credit Risk by Customer Credit Rating

The following tables set out the credit quality information for balance which are neither past due nor impaired. Please refer to Note 17 for impaired asset.

30 September 2015 Unaudited

Credit Rating	S&P Rating	Notional principal		Credit equivalent of derivative financial instruments
		On balance Sheet	Off balance Sheet	
1-2	A- and above	831,452,915	87,424,138	2,798,197
3-7	B- to BBB+	1,750,810,638	1,064,671,282	16,431,671
8-9	CCC+/- and below	30,850,730	-	33,779
Not rated*		66,768,818	627,782	11,190,193
		2,679,883,101	1,152,723,202	30,453,840

30 September 2014 Unaudited

Credit Rating	S&P Rating	Notional principal		Credit equivalent of derivative financial instruments
		On balance Sheet	Off balance Sheet	
1-2	A- and above	958,861,591	479,503,448	566,534
3-7	B- to BBB+	1,949,000,037	348,448,259	10,022,041
8-9	CCC+/- and below	51,623,271	-	-
Not rated*		30,019,232	827,783	10,712,728
		2,989,504,131	828,779,490	21,281,303

There is no period end aggregate exposure equal to or exceeding 10% of the global equity of the Overseas Banking Group.

*The 'not rated' exposure is related to inter-branch exposure.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk (continued)

Collateral and other credit enhancements

The general nature and amount of collateral or other credit enhancements taken to mitigate the credit risk of each financial asset class are summarized as follows:

a. Cash and short term liquid assets

These exposures are mainly to relatively low risk banks (rate A+, AA- or better). These balances are not collateralized.

b. Amounts due from related parties

These exposures are generally considered to be low risk due to the nature of the counterparties. There are typically no collateral or other credit enhancements obtained in respect of amounts due from related parties.

c. Amounts due from other financial institutions

The balance is short term deposit to other financial institutions. Collateral is not generally sought on these balances as exposures are considered to be of low risk.

d. Available-for-sale securities

These exposures are with the New Zealand government. Collateral is not sought directly with respect to these exposures.

e. Derivative instrument

The Branch is exposed to credit risk on derivative contracts, which arises as a result of counterparty credit risk. This credit risk from derivatives is mitigated where possible through master netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. A master netting agreement provides the contractual framework within which dealing activities across a range of over-the-counter products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. There have been no amounts set off in the statement of financial position for derivative assets and derivative liabilities as at 30 September 2015 (2014: Nil).

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk (continued)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 30 September 2015
NZD

	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c) = (a) – (b)	Related amounts not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Derivatives	21,509,412	-	21,509,412	(371,178)	21,138,234

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 30 September 2015
NZD

	Gross amounts of recognised financial liabilities (a)	Gross amounts of financial liabilities set off in the statement of financial position (b)	Net amounts of financial assets presented in the statement of financial position (c) = (a) – (b)	Related amounts not setoff in the statement of financial position (d)	Net amount (e) = (c) – (d)
Derivatives	21,614,889	-	21,614,889	(371,178)	21,243,711

Collateral is obtained against derivative assets but the amount is based on the creditworthiness of the counterparty. There has been no collateral obtained against derivative assets for the six month ended 30 September 2015 (2014: Nil).

f. Other Assets

Collateral is generally not sought on these balances.

g. Corporate loans originated by the Bank

The Branch assesses the integrity and ability of counterparties to meet their contracted financial obligation for repayment. Principal collateral types for corporate loans include:

- i. Cash (usually in the form of a charge over a deposit)
- ii. Guarantee received from third parties
- iii. Charges over business assets such as real estate, aircraft and ships

A client's facilities may also be secured by different types of collateral with an agreed value, this may be less than the carrying amount of credit exposure. These facilities are deemed secured, partially secured or unsecured.

The Branch lending is generally to large corporate counterparties of strong financial standing, the majority of which borrow on unsecured terms. If there is collateral received during loan drawdown, the value of the collateral will be checked against the agreement to ensure that it complies with the agreed value.

On Balance Sheet

	As at 30 September 2015 Unaudited		As at 30 September 2014 Unaudited	
	NZD	%	NZD	%
Maximum Exposure	2,355,035,619	100.00	2,648,930,405	100.00
Collateral classification				
Secured	294,655,468	12.51	222,139,379	8.39
Partially secured	52,924,573	2.25	239,247,824	9.03
Unsecured	2,007,455,578	85.24	2,187,543,202	82.58

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

10. Concentration of Credit Risk (continued)

h. Undrawn facility commitments and contingent liabilities

The Branch applies the same principle for off balance sheet risk as it does for its on balance sheet risks. In the case of undrawn facility commitments, counterparties will be subject to the same principle as corporate loan and collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Off Balance Sheet	As at 30 September 2015 Unaudited		As at 30 September 2014 Unaudited	
	NZD	%	NZD	%
Maximum Exposure	1,152,723,202	100.00	828,779,490	100.00
Collateral classification				
Secured	17,000,000	1.47	-	-
Partially secured	-	-	-	-
Unsecured	1,135,723,202	98.53	828,779,490	100.00

11. Concentration of Funding

Concentration of funding is determined by management to be by counterparty type and geographical location. The geographical locations reflect the primary location of the underlying depositor.

	As at 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD
a) Category analysis		
Customer deposits	338,453,396	145,613,517
Due to related parties	2,246,481,303	2,744,505,986
	<u>2,584,934,699</u>	<u>2,890,119,503</u>
b) Counterparty analysis		
Agriculture	2,371,658	434,374
Communications	50,286,113	-
Constructions	5,663,176	4,472,297
Electricity, gas and water	-	35,007,882
Finance	2,376,791,718	2,757,695,398
Food Manufacturing	2,160,945	7,622,167
Forestry	3,989,084	5,796,493
Education	9,002,515	-
Other Manufacturing	8,579,206	3,994,551
Property and business services	5,560,263	11,723
Transport and Storage	58,240,662	53,245,767
Wholesale Trade	60,499,650	20,240,157
Wood and Paper Manufacturing	1,789,709	1,598,694
	<u>2,584,934,699</u>	<u>2,890,119,503</u>
c) Geographical analysis		
Australia	1,034,685,437	1,369,249,265
New Zealand	338,453,393	132,412,295
Japan	1,211,795,869	1,293,538,240
Singapore	-	81,730,291
Fiji	-	13,189,412
	<u>2,584,934,699</u>	<u>2,890,119,503</u>

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

12. Interest Rate Risk

Interest rate risk is the risk of loss to the Branch arising from movements in interest rates thereby having an adverse effect on the net interest earnings of the Branch in the current reporting period and in future years.

The following table represents the interest rate sensitivity gap of the Branch as at the reporting date. It analyses the Branch's assets and liabilities into relevant maturity groupings based on the earlier of residual contractual maturity or interest repricing date. One of the major causes of the mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are managed by the Sydney Branch as part of the overall risk management process conducted in accordance with strict policy guidelines.

30 September 2015
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	Up to 3 months NZD	Over 3 months and up to 6 months NZD	Over 6 months and up to 1 year NZD	Over 1 year and up to 2 years NZD	Over 2 years NZD	NON INTEREST SENSITIVE NZD	TOTAL NZD	WEIGHTED AVE. EFF. RATE %
ASSETS								
Cash and short term liquid assets	29,079,287	-	-	-	-	-	29,079,287	2.25
Amounts due from related parties	-	-	-	-	-	66,768,818	66,768,818	
Amounts due from other financial institutions	104,570,078	-	-	-	-	-	104,570,078	3.03
Available-for-sale securities	39,965,400	26,800,740	-	-	54,618,583	-	121,384,723	3.92
Corporate loans originated by the Bank	2,204,362,962	69,881,424	-	10,268,131	70,523,102	-	2,355,035,619	3.44
Acceptances of Customers	-	-	-	-	-	-	-	
Property, Plant and Equipment	-	-	-	-	-	460,432	460,432	
Other assets	-	-	-	-	-	42,480,744	42,480,744	
Total assets	2,377,977,727	96,682,164	-	10,268,131	125,141,685	109,709,994	2,719,779,701	
LIABILITIES								
Amounts due to related parties	2,017,429,513	47,881,975	-	10,360,450	170,809,365	-	2,246,481,303	3.20
Deposits	211,777,145	84,414,406	27,068,463	-	-	15,193,382	338,453,396	3.31
Liability for Acceptances	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	26,807,580	26,807,580	
Total liabilities	2,229,206,658	132,296,381	27,068,463	10,360,450	170,809,365	42,000,962	2,611,742,279	

30 September 2014
Unaudited

	Up to 3 months NZD	Over 3 months and up to 6 months NZD	Over 6 months and up to 1 year NZD	Over 1 year and up to 2 years NZD	Over 2 years NZD	NON INTEREST SENSITIVE NZD	TOTAL NZD	WEIGHTED AVE. EFF. RATE %
ASSETS								
Cash and short term liquid assets	28,983,418	-	-	-	-	-	28,983,418	3.00
Amounts due from related parties	-	-	-	-	-	30,019,231	30,019,231	
Amounts due from other financial institutions	54,757,663	-	-	-	-	-	54,757,663	3.69
Available-for-sale securities	-	-	170,634,875	-	54,030,205	-	224,665,080	2.93
Corporate loans originated by the Bank	2,415,531,474	149,412,457	-	4,598,190	79,388,285	-	2,648,930,406	4.24
Acceptances of Customers	-	-	-	-	-	133,129	133,129	
Property, Plant and Equipment	-	-	-	-	-	676,798	676,798	
Other assets	-	-	-	-	-	23,683,482	23,683,482	
Total assets	2,499,272,555	149,412,457	170,634,875	4,598,190	133,418,490	54,512,640	3,011,849,207	
LIABILITIES								
Amounts due to related parties	2,510,823,805	149,711,431	-	4,602,493	79,368,257	-	2,744,505,986	3.91
Deposits	116,448,948	4,689,412	8,500,000	-	-	15,975,157	145,613,517	3.41
Liability for Acceptances	-	-	-	-	-	133,129	133,129	
Other liabilities	-	-	-	-	-	13,217,258	13,217,258	
Total liabilities	2,627,272,753	154,400,843	8,500,000	4,602,493	79,368,257	29,325,544	2,903,469,890	

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

13. Maturity Analysis for Assets and Liabilities

The tables below analyse the Branch's financial assets and liabilities, as required by NZ IFRS7 "Financial Instruments: Disclosures", in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the obligation is crystallised. There is no expectation that the principal or interest will be repaid or received early than the obligation. The table includes both interest and principal cash flows. Therefore, they may differ to the carrying amounts on the condensed statement of financial position.

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	On Demand NZD	To 1 Month NZD	1 to 3 Months NZD	3 to 12 Months NZD	1 to 5 Years NZD	Over 5 Years NZD	Total NZD
ASSETS							
Cash and short term liquid assets	29,079,287	-	-	-	-	-	29,079,287
Amounts due from related parties	66,768,818	-	-	-	-	-	66,768,818
Amounts due from other financial institutions	-	-	105,000,000	-	-	-	105,000,000
Available-for-sale securities	-	40,123,378	27,501,370	2,260,275	54,624,995	-	124,510,018
Corporate loans originated by the Bank	7,720,000	21,863,802	197,221,433	516,476,481	1,630,669,167	268,483,076	2,642,433,959
Derivative instruments	-	2,208,162	3,005,072	9,202,218	12,039,043	47,134	26,501,629
	103,568,105	64,195,342	332,727,875	527,938,974	1,697,333,205	268,530,210	2,994,293,711
LIABILITIES							
Amounts due to related parties	-	748,333,156	439,490,194	304,762,901	790,741,503	35,884,682	2,319,212,436
Deposits	84,521,841	68,515,042	55,490,561	132,221,900	-	-	340,749,344
Acceptances	-	-	-	-	-	-	-
Derivative instruments	-	2,191,256	2,990,576	9,127,123	11,861,878	46,454	26,217,287
Lease commitment	-	20,009	40,019	180,085	726,876	193,916	1,160,905
Gross loan commitment	1,133,022,544	-	-	-	-	-	1,133,022,544
Guarantee given	-	-	-	235,000	175,595	-	410,595
Performance related contingencies	-	400,000	-	16,951,095	-	-	17,351,095
Trade related contingencies	-	-	-	-	1,938,968	-	1,938,968
	1,217,544,385	819,459,463	498,011,350	463,478,104	805,444,820	36,125,052	3,840,063,174

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

13. Maturity Analysis for Assets and Liabilities (continued)

30 September 2014
Unaudited

	On Demand NZD	To 1 Month NZD	1 to 3 Months NZD	3 to 12 Months NZD	1 to 5 Years NZD	Over 5 Years NZD	Total NZD
ASSETS							
Cash and short term liquid assets	28,983,418	-	-	-	-	-	28,983,418
Amounts due from related parties	30,019,231	-	-	-	-	-	30,019,231
Amounts due from other financial institutions	-	55,000,000	-	-	-	-	55,000,000
Available-for-sale securities	-	527,671	2,145,863	165,593,933	60,676,314	-	228,943,781
Corporate loans originated by the Bank	-	12,475,759	156,303,391	492,251,084	1,991,596,418	341,946,225	2,994,572,877
Other assets	-	133,129	-	-	-	-	133,129
Derivative instruments	-	1,265,412	3,006,877	4,649,509	9,043,330	107,942	18,073,071
	59,002,649	69,401,971	161,456,131	662,494,526	2,061,316,062	342,054,167	3,355,725,507
LIABILITIES							
Amounts due to related parties	-	864,001,896	851,625,147	301,321,173	799,995,932	15,935,813	2,832,879,961
Deposits	54,136,680	73,107,240	5,352,831	13,500,000	-	-	146,096,751
Acceptances	-	133,129	-	-	-	-	133,129
Derivative instruments	-	1,253,245	2,984,569	4,559,128	8,878,606	107,690	17,783,238
Lease commitments	-	20,621	41,243	185,472	78,910	-	326,246
Gross loan commitment	822,041,486	-	-	-	-	-	822,041,486
Guarantees given	-	-	1,000,000	435,000	82,813	-	1,517,813
Performance related contingencies	-	400,000	-	4,671,853	92,782	-	5,164,635
Trade related contingencies	-	55,556	-	-	-	-	55,556
	876,178,166	938,971,687	861,003,790	324,672,626	809,129,043	16,043,503	3,825,998,815

14. 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 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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

14. Fair Value of Financial Instruments (continued)

30 September 2015 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	-	-	29,079,287	-	29,079,287	29,079,287
Amounts due from related parties	a	-	-	66,768,818	-	66,768,818	66,768,818
Amounts due from other financial institutions	a	-	-	104,570,078	-	104,570,078	104,570,078
Available-for-sale securities	d	-	121,384,723	-	-	121,384,723	121,384,723
Corporate loans originated by the Bank	b	-	-	2,355,035,619	-	2,355,035,619	2,362,078,162
Other assets	c, a	21,509,412	-	1,182,440	-	22,691,852	22,691,852
Total financial assets		21,509,412	121,384,723	2,556,636,242	-	2,699,530,377	2,706,572,920
Liabilities							
Amounts due to related parties	b	-	-	-	2,246,481,303	2,246,481,303	2,261,244,453
Deposits	a, b	-	-	-	338,453,396	338,453,396	338,453,396
Other liabilities	c	21,614,889	-	-	-	21,614,889	21,614,889
Total financial liabilities		21,614,889	-	-	2,584,934,699	2,606,549,588	2,621,312,738

30 September 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	-	-	28,983,418	-	28,983,418	28,983,418
Amounts due from related parties	a	-	-	30,019,231	-	30,019,231	30,019,231
Amounts due from other financial institutions	a	-	-	54,757,663	-	54,757,663	54,757,663
Available-for-sale securities	d	-	224,665,080	-	-	224,665,080	224,665,080
Corporate loans originated by the Bank	b	-	-	2,648,930,405	-	2,648,930,405	2,655,490,938
Other assets	c, a	12,029,450	-	788,752	-	12,818,202	12,818,202
Total financial assets		12,029,450	224,665,080	2,763,479,469	-	3,000,173,999	3,006,734,532
Liabilities							
Amounts due to related parties	b	-	-	-	2,744,505,986	2,744,505,986	2,756,817,324
Deposits	a, b	-	-	-	145,613,517	145,613,517	145,613,517
Other liabilities	c	11,816,071	-	-	-	11,816,071	11,816,071
Total financial liabilities		11,816,071	-	-	2,890,119,503	2,901,935,574	2,914,246,912

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

14. Fair Value of Financial Instruments (continued)

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 September 2015		30 September 2014	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	10,473,005	-	3,562,717
Currency Options	-	-	-	689,638
FX forwards	-	11,036,407	-	7,777,095
Total derivative financial assets	-	21,509,412	-	12,029,450
Derivative financial liabilities				
Interest rate swaps	-	10,503,911	-	3,343,450
Currency Options	-	-	-	689,638
FX forwards	-	11,110,978	-	7,782,983
Total derivative financial liabilities	-	21,614,889	-	11,816,071
Available-for-sale securities	121,384,723	-	224,665,080	-

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 carried at fair value categorised under Level 3 in this period.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

15. 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 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 30 September 2015 Unaudited NZD	As at 30 September 2014 Unaudited NZD
Cash and short term liquid assets	29,079,287	28,983,418
Amounts due from related parties	66,768,818	30,019,231
Amounts due from other financial institutions	104,570,078	54,757,663
Available-for-sale securities	121,384,723	224,665,080
	321,802,906	338,425,392

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

16. Profitability and Size

a) Profitability

The Overseas Banking Group

	Six Months ended 30 September 2015 JPY(000's)	Six Months ended 30 September 2014 JPY(000's)
Net Profit After Tax	444,001,000	405,496,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.36%	0.41%

b) Size

	Six Months ended 30 September 2015 JPY(000's)	Six Months ended 30 September 2014 JPY(000's)
Total Assets	220,723,906,000	204,103,429,000
% Change in total assets over the previous 12 months	8.14%	6.22%

17. Asset Quality

(i) The Overseas Banking Group

	As at 30 September 2015 JPY(000's)	As at 30 September 2014 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,275,325,000	1,297,910,000
Total individually impaired assets expressed as a percentage of total assets	0.58%	0.64%
Total individually credit impairment allowance	208,093,000	214,575,000
Total individually credit impairment allowance expressed as percentage of total individually impaired assets	16.32%	16.53%
Total collective credit impairment allowance	574,917,000	502,942,000

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

17. 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 loans and the recoverable amount based on expected future cash flows under liquidation.

	As at 30 September 2015 NZD	As at 30 September 2014 NZD
Individual impaired assets – Gross amounts before provision for loan impairment:		
Balance at the beginning of the period	63,695,652	64,410,714
Addition during the period	-	-
Amounts written off	-	-
Deletion	-	(715,122)
Balance at the end of the period	63,695,652	63,645,652

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 September 2015. The total collective credit impairment allowance of the Overseas Banking Group covers the assets of the Branch.

The aggregate amount of individual credit impairment allowance against individually impaired assets as at 30 September 2015 was NZD 63,695,652 (30 September 2014: NZD 33,758,695)

The total interest income recognized on impaired asset over the accounting period ended 30 September 2015 is NZD 1,389,682 (30 September 2014: NZD 2,028,837)

Individual provision for loan impairment

	As at 30 September 2015 NZD	As at 30 September 2014 NZD
Balance at the beginning of the period	63,695,652	34,137,710
(Credit) / Charge to financial performance for an increase in individual impairment allowance	-	(379,015)
Amount written off	-	-
Balance at the end of the period	63,695,652	33,758,695

Profit or loss charge

	As at 30 September 2015 NZD	As at 30 September 2014 NZD
Specific provisions for impairment against advances	-	(379,015)
Total provisions for impairment against advances	-	(379,015)

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 Six Months Ended 30 September 2015

18. 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.

	Six Months ended 30 September 2015 Unaudited NZD (000's)	Six Months ended 30 September 2014 Unaudited NZD (000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional Capital Charge*	931	1,497
(b) Implied risk weighted exposure	11,638	18,713

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

	Peak End of Day Ending 30 September 2015 Unaudited NZD (000's)	Peak End of Day Ending 30 September 2014 Unaudited NZD (000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional Capital Charge**	2,736	3,814
(b) Implied risk weighted exposure	34,200	47,675

(2) Aggregate Foreign Currency Exposure

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

(3) Aggregate Equity Exposure

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

** The peak end of day Notional Capital Charge has been derived by determining the maximum over the period at the close of each business day derived in accordance with Capital Adequacy Framework (Standardized Approach) BS2A.

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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

19. Capital Adequacy

The table below presents the minimum consolidated risk-based capital ratios from 30 September 2014. 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:

	2014	2015	2016	2017	2018	2019
Minimum Common Equity Tier 1 ratio	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer			0.625%	1.25%	1.875%	2.5%
Total	4.0%	4.5%	5.125%	5.75%	6.375%	7.0%
Minimum Tier 1 ratio	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Total (with Capital Conservation Buffer)	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%
Total (with Capital Conservation Buffer)	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 September 2015 Unaudited	As at 30 September 2014 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	10.77%	10.72%
Tier 1 capital	12.23%	11.95%
Total capital	15.39%	15.41%

Overseas Bank

	As at 30 September 2015 Unaudited	As at 30 September 2014 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	11.76%	11.57%
Tier 1 capital	13.37%	13.30%
Total capital	16.91%	17.12%

The most recent publicly available information in relation to capital adequacy framework implemented by the overseas bank and overseas banking group are disclosed under the ultimate holding company's annual report which can be accessed via the Bank's global website: www.mufg.jp.

20. 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 at six months ended 30 September 2015.

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 30 September 2015 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.

21. Insurance Business

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2015

22. 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.

23. 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.

24. Risk Management Policies

The risk management policies and procedures of the Branch conform with those of the ultimate parent bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“the Parent Bank”).

The Branch's application of risk management systems is subject to review by the Parent Bank Internal Audit Office on a regular basis.

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

25. 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.

26. 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 six months ended 30 September 2015, 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.

REVIEW REPORT TO SHAREHOLDERS OF THE BANK OF TOKYO-MITSUBISHI UFJ, LTD – AUCKLAND BRANCH

We have reviewed pages 1 to 32 of the Disclosure Statement of The Bank of Tokyo-Mitsubishi UFJ, Ltd – Auckland Branch ('the Branch' and 'the Banking Group'), which consists of the condensed interim financial statements of the Branch and the supplementary information required to be disclosed under Schedules 5, 7, 9, 10, 12 and 14 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the 'Order').

The condensed interim financial statements comprise the statement of financial position of the Branch, as at 30 September 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information on pages 6 to 29.

This report is made solely to the Branch's shareholders, as a body. Our review has been undertaken so that we might state to the Branch's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Branch's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the condensed interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the preparation and presentation of supplementary information which fairly states the matters required to be disclosed under Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order and which is prepared in accordance with any guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989 and any Conditions of Registration.

Our Responsibilities

We are responsible for reviewing the condensed interim financial statements presented by the Directors in order to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the condensed interim financial statements, taken as a whole, have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and do not present fairly the matters to which they relate.

We are also responsible for reviewing the supplementary information presented by the Directors (excluding the supplementary information relating to Capital Adequacy) to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information (excluding the supplementary information relating to Capital Adequacy) does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 10, 12 and 14 of the Order.

We are also responsible for reviewing the supplementary information presented by the Directors relating to Capital Adequacy in order to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the information is not in all material respects prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9.

We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410). As the auditor of the Branch, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements or the supplementary information. Other than in our capacity as auditor, we have no relationship with or interests in The Bank of Tokyo-Mitsubishi UFJ, Ltd – Auckland Branch.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- the condensed interim financial statements on pages 6 to 32 have not been prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and do not present fairly, in all material respects, the financial position of the Banking Group as at 30 September 2015 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*;
- the supplementary information disclosed in accordance with Schedules 5, 7, 10, 12 and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and
- the supplementary information disclosed on pages 30 to 31 relating to credit and market risk exposure and capital adequacy as required by Schedule 9 of the Order, is not in all material respects prepared in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A) and disclosed in accordance with Schedule 9 of the Order.

Emphasis of Matter

The Branch is part of The Bank of Tokyo-Mitsubishi UFJ, Ltd. As described in Note 25, the assets of the Branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying condensed statement of financial position and its debts may result in claims against assets not appearing thereon. Our conclusion is not qualified in respect of this matter.



23 November 2015
Chartered Accountants
AUCKLAND, NEW ZEALAND