REGISTERED BANK DISCLOSURE STATEMENT

31 MARCH 2020

MUFG

MUFG BANK, LTD.
AUCKLAND BRANCH

TABLE OF CONTENTS

Disclosure Statements

Financial Statements

Notes to Financial Statements

TABLE OF CONTENTS

Notes to Financial Statements

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

1.1 Registered Bank (The 'Overseas Bank')

MUFG Bank, Ltd.
7-1, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-8388, Japan

The 'Overseas Banking Group' includes all entities consolidated for the purposes of public reporting in Japan including MUFG Bank, Ltd., its subsidiaries, and associated companies.

1.2 New Zealand Branch

MUFG Bank, Ltd., Auckland Branch
Level 22, 151 Queen Street
Auckland, New Zealand

It is the only member of the 'Banking Group' in New Zealand

1.3 The Ultimate Parent Bank

MUFG Bank, Ltd.
7-1, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-8388, Japan

1.4 The Ultimate Holding Company

Mitsubishi UFJ Financial Group, Inc.
7-1, Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-8330, Japan

1.5 Summary of Regulations

There are no regulations, legislation or other restrictions of a legally enforceable nature which may materially inhibit the legal ability of MUFG Bank, Ltd., or Mitsubishi UFJ Financial Group, Inc. to provide material financial support to MUFG Bank, Ltd. Auckland Branch.

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

The Deposit Insurance Law of Japan is intended to protect depositors if a financial institution fails to meet its obligations. The Deposit Insurance Corporation of Japan (DICJ) was established in accordance with that law. The Deposit Insurance System (DIS) is administered by the DICJ. The DICJ is a semi-government organization that was established in 1971 with the purpose of operating Japan's deposit insurance system, in compliance with the Deposit Insurance Law. Banks and certain other credit institutions participate in the DIS on a compulsory basis.

All deposits are protected and subject to the JPY 10 million maximum per customer. The only exception is for non interest deposits that are redeemable on demand and used by the depositor primarily for payment and settlement functions. The deposits in settlement accounts are fully protected without a maximum amount limitation. The DICJ charges insurance premiums on an annual basis on all deposits for the protection.

Certain types of deposits such as foreign currency deposits (currencies other than JPY) and negotiable certificates of deposit are outside the scope of protection under the DIS. Liquidation dividends will be payable in accordance with the asset situation of the failing financial institution. The following deposits of MUFG Bank, Ltd., Auckland Branch are not protected:

	As at 31 March 2020 NZD	**As at 31 March 2019 NZD**
Amount due to related parties	5,042,976,787	4,425,224,966
Retail deposit	256,892,999	229,527,060
Certificate deposit	330,044,948	43,883,264
Call deposit	275,480,071	203,635,003
Term deposit	198,221,596	226,990,804
	6,103,616,401	5,129,261,097

In the event of a bank default, except for the above protection afforded by the DIS, all creditors will rank equally.

3. Excess of Assets Over Deposit Liabilities

MUFG Bank, Ltd., Auckland Branch is not required by any statute to hold in New Zealand an excess of assets over deposit liabilities.

In Japan, under Japanese law for the Reserve Requirement System, Japanese banks (including MUFG Bank, Ltd.) are required to maintain certain reserves on deposit with the Bank of Japan based on the amount of deposit balances and certain other factors. This requirement has potential impact on the management of the liquidity of the New Zealand operations.

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 Address to which communications to the Directors and Responsible Persons may be sent:

C/- Mr Hideki Nakashiro,
Managing Director, Head of Oceania, Head of Sydney Branch
(and Authorised Attorney on behalf of the Directors)
MUFG Bank, Ltd., Sydney Branch
Level 25, Gateway Building, 1 Macquarie Place
Sydney, NSW 2000, AUSTRALIA

C/- Mr Takamitsu Murakami
Managing Director, Head of Auckland Branch
MUFG Bank, Ltd., Auckland Branch
Level 22, 151 Queen Street
Auckland, NEW ZEALAND

5.2 Directors of MUFG Bank, Ltd. as of 31 March 2020:

Name:	Kiyoshi Sono	**Name:**	Kanetsugu Mike
Occupation:	Chairman	**Occupation:**	President & CEO
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Executive director
Qualification:	Faculty of Law Kyushu University, Japan	**Qualification:**	BA in Economics Keio University, Japan; MBA University of Pennsylvania, USA
Name:	Akihiko Nakamura	**Name:**	Kenji Yabuta
Occupation:	Deputy President	**Occupation:**	Deputy President
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Executive director
Qualification:	BA in Economics Waseda University, Japan;	**Qualification:**	Faculty of Law The University of Tokyo, Japan
Name:	Naoki Hori	**Name:**	Hironori Kamezawa
Occupation:	Deputy President	**Occupation:**	Deputy President
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Executive director
Qualification:	Faculty of Law Kyoto University, Japan	**Qualification:**	Master of Science The University of Tokyo, Japan

5. Directorate (continued)

Name: Masato Miyachi
Occupation: Deputy President
Residence: USA
Executive or Independent director: Executive director
Qualification: BA in Economics
The University of Tokyo, Japan;
Master of Science
Stanford University, USA;
Doctor of Philosophy
Waseda University, Japan

Name: Muneya Taniguchi
Occupation: Senior Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University, Japan

Name: Takayoshi Futae
Occupation: Senior Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Osaka University, Japan;
MBA
University of Chicago, USA

Name: Masahiro Kuwahara
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Law
The University of Tokyo, Japan;
MBA
University of California, USA

Name: Hiroki Kameda
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University , Japan;
MS in Management of Technology
Massachusetts Institute of Technology, USA

Name: Shigeru Yoshifuji
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Bachelor of Engineering
Master of Engineering
Ph.D Engineering
Tokyo Institute of Technology, Japan

Name: Masakazu Ikeda
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Law
Koyto University, Japan

Name: Naomi Hayashi
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University, Japan;
Graduate School of Business

Name: Junichi Hanzawa
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
The University of Tokyo, Japan;

Name: Hiroshi Mori
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Law
The University of Tokyo, Japan;
Duke University School of Law, USA
Attorney

Name: Nobuyuki Hirano
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Law
Kyoto University, Japan

Name: Naoto Hirota
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University, Japan;
MBA
Stanford University, USA

5. Directorate (continued)

Name:	Hiroaki Fujisue	**Name:**	Akira Hamamoto
Occupation:	Director	**Occupation:**	Director
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Executive director
Qualification:	Bachelor of Laws Kyushu University, Japan; MBA Cornell University, USA	**Qualification:**	Faulty of Law Waseda University, Japan;
Name:	Fumikazu Tatsumi	**Name:**	Shinichi Koide
Occupation:	Director	**Occupation:**	Director
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Independent director
Qualification:	School of Law and Politics Kwansei Gakuin University, Japan	**Qualification:**	College of Economics Aoyama Gakuin University, Tokyo, Japan
Name:	Toshifumi Kitazawa	**Name:**	Tadayuki Matsushige
Occupation:	Director	**Occupation:**	Director
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Independent director	**Executive or Independent director:**	Independent director
Qualification:	BA in Economics The University of Tokyo, Japan;	**Qualification:**	School of Political Science and Economics Waseda University, Japan; CPA
Name:	Masahito Monguchi	**Name:**	Shigeo Ohyagi
Occupation:	Director	**Occupation:**	Director
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Independent director	**Executive or Independent director:**	Independent director
Qualification:	Faculty of Law The University of Tokyo, Japan; Attorney	**Qualification:**	BA in Economics Keio University, Japan
Name:	Kenji Matsuo		
Occupation:	Director		
Residence:	Japan		
Executive or Independent director:	Independent director		
Qualification:	B.A Economics Kobe University, Japan		

5. Directorate (continued)

Mr. Nobuyuki Hirano, Mr. Kiyoshi Sono, Mr. Kanetsugu Mike, Mr Kenji Yabuta, Mr. Akira Hamamoto, Mr. Naoki Hori, Mr Masato Miyachi, Mr Masakazu Ikeda, Mr. Takayoshi Futae, Mr. Masahiro Kuwahara, Mr. Shigeru Yoshifuji, Mr. Junichi Hanzawa, Mr. Hiroshi Mori and Mr. Naomi Hayashi have other directorships as follows:

i. Mitsubishi UFJ Financial Group, Inc.

Mr. Hironori Kamezawa has other directorship as follows:

i. Mitsubishi UFJ Financial Group, Inc.
ii. Global Open Network, Inc.
iii. Global Open Network Japan, Inc.

Mr. Hiroki Kameda has other directorship as follows:

i. Mitsubishi UFJ Financial Group, Inc.
ii. Global Open Network, Inc.
iii. Global Open Netwerk Japan, Inc.
iv. Mitsubishi UFJ Information Technology, Ltd

Mr. Toshifumi Kitazawa has other directorships as follows:

i. Tokio Marine & Nichido Fire Insurance Co., Ltd.

Mr. Shinichi Koide has other directorships as follows:

i. Chairman, President and CEO of Salesforce.com Co., Ltd.

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

Name	Occupation	Residence	Qualification
Hideki Nakashiro	Managing Director, Head of Oceania, Head of Sydney Branch (Responsible Person on behalf of the Directors)	Australia	B.A Keio University, Japan; MSc in Management London Business School, UK
Takamitsu Murakami	Managing Director, Head of Auckland Branch (New Zealand Chief Executive Officer)	New Zealand	B.A. Keio University, Japan

5. Directorate (continued)

5.4 Director and New Zealand Chief Executive Officer related transactions

A related transaction is out of the normal course of business, is entered into on terms other than those that would be given to any other person, or could be reasonably likely to influence materially the exercise of the Directors' or New Zealand Chief Executive Officer's duties. There have been no related transactions for year ended 31 March 2020 (2019: Nil).

5.5 MUFG Bank, Ltd. does not have a board audit committee. However, the Bank has elected to adopt a corporation governance system based on corporate auditors which includes Ten corporate auditors, six of whom are external corporate auditors as of 31 March 2020.

5.6 Dealing with Conflicts of Interest arising from personal, professional or business interests

When a Director or a Corporate Executive Officer engages in a transaction involving a conflict of interest, the Director or the Corporate Executive Office must receive the approval of the Board of Directors.

When there is a risk of an unavoidable conflict of interest with a different division that the director in charge of the Compliance Division is also in charge of, to ensure the independence of the Compliance Division, the general manager of the Compliance Division shall report to the President and CEO. The President and CEO will report to the Board of Directors of Executive Committee as necessary.

When a conflict of interest arises in connection with an operation involving any of the MUFG Group companies, Directors or employees, on one hand, and a customer or other third-party, the Director or employee, the MUFG Group company to which such Director or employee belongs, or any other MUFG Group company, on the other, the MUFG Group company, Director or employee must perform the operation in a proper manner.

6. Auditors

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

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

7. Conditions of Registration

There have been changes to the conditions of registration since the last disclosure statement as at 30 September 2019. The change is on cancelling the loan to valuation ratio requirement on residential mortgage loan.

These conditions of registration apply on and after 1 May 2020.

The registration of MUFG Bank, Ltd. ("the registered bank") in New Zealand is subject to the following conditions:

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

7. Conditions of Registration (continued)

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

2. That the banking group’s insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group’s insurance business is the sum of the following amounts for entities in the banking group:

(a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

(b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business-

(a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,-

"insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

"insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.

4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:

(a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

(b) the Reserve Bank has advised that it has no objection to that appointment.

5. That MUFG Bank, Ltd. complies with the requirements imposed on it by the Japanese Financial Services Agency.

7. Conditions of Registration (continued)

6. That, with reference to the following table, each capital adequacy ratio of MUFG Bank, Ltd. must be equal to or greater than the applicable minimum requirement.

Capital adequacy ratio	Minimum requirement on and after 31 March 2015
Common Equity Tier 1 Capital	4.5 %
Tier 1 Capital	6 %
Total Capital	8 %

For the purposes of this condition of registration, the capital adequacy ratios-

(a) must be calculated as a percentage of the registered bank's risk weighted assets; and

(b) are otherwise as administered by the Japanese Financial Services Agency.

7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ$15 billion.

8. That retail deposits of the registered bank in New Zealand do not exceed $200 million. For the purposes of this condition of registration retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds $250,000.

In these conditions of registration,-

"banking group" means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group's New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

"business of the registered bank in New Zealand" means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

"liabilities of the registered bank in New Zealand" means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

8. Pending Proceedings or Arbitration

There are no pending proceedings or arbitration concerning MUFG Bank, Ltd., Auckland Branch, or MUFG Bank, Ltd. Group that may have a material adverse effect on the Auckland Branch, or MUFG Bank, Ltd.

9. 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	-	-
Fitch	A-	A	8-Apr-2020

Rating scales are:

Credit Ratings	S&P's	Moody's	Fitch
Highest quality/Extremely strong capacity to pay its financial commitments	AAA	Aaa	AAA
High quality/Very strong capacity to pay its financial commitments	AA	Aa	AA
Upper medium grade/Strong capacity to pay its financial commitments	A	A	A
Medium grade (lowest investment grade)/Adequate to pay its financial commitments	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.

10. Historical Summary of Financial Statements

The following table is a historical summary taken from audited financial statements of MUFG Bank, Ltd., Auckland Branch.

		Year ended 31 March 2020 NZD(000's)	Year ended 31 March 2019 NZD(000's)	Year ended 31 March 2018 NZD(000's)	Year ended 31 March 2017 NZD(000's)	Year ended 31 March 2016 NZD(000's)
(a)	Total interest revenue	127,997	132,536	95,543	86,705	107,370
(b)	Total interest expense	99,291	108,869	78,533	75,818	96,290
(c)	Total other revenue	21,405	19,680	15,347	12,874	22,889
(d)	Total expected credit loss charged to the income statement	(125)	9	-	-	-
(e)	Total other expenses	11,088	10,698	5,400	4,280	4,276
(f)	Net profit or (loss) before taxation	39,148	32,640	26,957	19,482	29,692
(g)	Taxation	8,778	7,015	5,384	1,452	3,224
(h)	Net profit or (loss) after taxation	30,369	25,625	21,573	18,029	26,468
(i)	Net profit or (loss) attributable to non-controlling interests	-	-	-	-	-
(j)	The amount of branch profits repatriated	-	-	-	-	-
(k)	Total assets	6,515,503	5,383,281	4,056,981	3,560,396	3,168,660
(l)	Total individually impaired assets	-	-	-	-	-
(m)	Total liabilities	6,293,776	5,194,272	3,892,897	3,417,850	3,043,779
(n)	Head office capital	83,000	83,000	83,000	83,000	83,000
(o)	Retained earnings and reserve	138,727	106,009	81,084	59,546	41,881

11. 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.

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

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

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

13. Directors' and Managing Director Auckland Branch's Statements

After due enquiry, each Director and the Managing Directors 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 Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended);
- the Disclosure Statement is not false or misleading;

and over the twelve-month accounting period ended 31 March 2020;

- MUFG Bank, 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
- MUFG Bank, Ltd. has complied with all Conditions of Registration that applied during the period.

Signed for and on behalf of the Board of Directors of MUFG Bank, Ltd. by their agent duly appointed in writing, and by the Managing Director, Auckland Branch.

Mr. Hideki Nakashiro
Managing Director, Head of Oceania
Head of Sydney Branch
(and Authorised Attorney on behalf of
the Directors)

Dated (Sydney): 21 August 2020

Mr. Takamitsu Murakami
Managing Director,
Head of Auckland Branch
(New Zealand Chief Executive Officer)

Dated (Auckland): 21 August 2020

Statement of Comprehensive Income

	Note	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Interest income	4	127,997,383	132,536,508
Interest expense	4	(99,291,298)	(108,868,795)
Net interest income		28,706,085	23,667,713
Fees and commission income	4	24,540,697	20,253,978
Net losses on financial instruments	4	(3,135,778)	(573,868)
		21,404,919	19,680,110
Occupancy expenses	4	(123,061)	(299,178)
Personnel expenses	4	(3,728,515)	(3,197,063)
Auditors' remuneration	4	(151,700)	(161,915)
Administration and other expenses	4	(7,085,287)	(7,040,310)
Profit before expected credit losses and income tax expense		39,022,441	32,649,357
Expected credit losses		125,561	(9,061)
Profit before income tax expense		39,148,002	32,640,296
Income tax expense	6	(8,778,217)	(7,015,550)
Profit from continuing operations		30,369,785	25,624,746
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVOCI			
- Profit arising during the year		3,262,110	352,287
- Income tax (expense) on Debt instruments measured at FVOCI		(913,391)	(98,640)
Other comprehensive income net of tax		2,348,719	253,647
Total comprehensive income, net of tax		32,718,504	25,878,393

The 31 Mar 2020 results reflect the adoption of NZ IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying NZ IFRS 16 is recognised in retained earnings at the date of initial application. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

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

Statement of Changes in Equity

NZD

	Head Office Capital	Retained Earnings	Investment Revaluation Reserve	Total
Balance at 1 April 2018	83,000,000	80,863,956	219,747	164,083,703
Changes on initial application of NZ IFRS 9	-	(953,570)	-	(953,570)
Profit from continuing operations	-	25,624,746	-	25,624,746
Other comprehensive income, net of tax	-	-	253,647	253,647
Total comprehensive income, net of tax	-	25,624,746	253,647	25,878,393
Balance at 31 March 2019	83,000,000	105,535,132	473,394	189,008,526
Balance at 1 April 2019	83,000,000	105,535,132	473,394	189,008,526
Profit from continuing operations	-	30,369,785	-	30,369,785
Other comprehensive income, net of tax	-	-	2,348,719	2,348,719
Total comprehensive income, net of tax	-	30,369,785	2,348,719	32,718,504
Balance at 31 March 2020	83,000,000	135,904,917	2,822,113	221,727,030

The 31 Mar 2020 results reflect the adoption of NZ IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying NZ IFRS 16 is recognised in retained earnings at the date of initial application. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

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

Statement of Financial Position

	Note	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Assets			
Cash and short term liquid assets	16	232,514,336	164,910,622
Amounts due from related parties	14	116,526,694	63,875,439
Amounts due from other financial institutions	16	219,996,756	254,427,482
Investment in debt instruments	16	596,778,945	153,761,423
Corporate loans originated by the Bank	16	5,182,261,318	4,691,064,914
Acceptances of customers	16	16,550,082	9,206,162
Derivative instruments	15	145,758,081	42,670,980
Other assets		3,103,972	2,794,599
Current tax asset		130,725	-
Deferred tax asset	6	369,706	491,828
Property, plant and equipment	5	1,512,588	77,608
Total Assets		6,515,503,203	5,383,281,057
Liabilities			
Amounts due to related parties	14	5,042,976,787	4,425,224,966
Deposits	7	1,062,618,439	704,823,913
Acceptances		16,550,082	9,206,162
Current tax payable		9,485,566	735,642
Derivative instruments	15	152,250,027	45,673,529
Other liabilities	11	9,895,272	8,608,319
Total Liabilities		6,293,776,173	5,194,272,531
Equity			
Head Office capital	14	83,000,000	83,000,000
Retained earnings		135,904,917	105,535,132
Investment revaluation reserve		2,822,113	473,394
Total Equity		221,727,030	189,008,526
Total Liabilities and Equity		6,515,503,203	5,383,281,057
Total Interest Earning and Discount Bearing Assets	18	6,232,386,618	5,265,128,777
Total Interest and Discount Bearing Liabilities	18	6,091,280,753	5,121,157,637

The 31 Mar 2020 results reflect the adoption of NZ IFRS 16, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying NZ IFRS 16 is recognised in retained earnings at the date of initial application. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

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

Statement of Cash Flows

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Cash Flows from Operating Activities		
Interest income received	121,428,066	129,169,364
Commission fees & trading income	25,053,525	20,536,817
Interest paid	(101,907,443)	(105,483,752)
Payments to suppliers, employees and others	(10,711,790)	(4,190,278)
Net cash flows from operating activities before changes in operating assets and liabilities	33,862,358	40,032,151
Net (increase) / decrease in operating assets:		
Net (increase) in corporate loans originated by the Bank	(492,947,619)	(1,147,706,868)
Net decrease / (increase) in amounts due from other financial Institutions	34,430,726	(14,974,559)
Net (increase) in investment in debt instruments	(431,305,807)	(23,725,213)
Net (increase) in amounts due from related parties	(52,651,255)	(10,247,249)
Net (increase) / decrease in other assets	(8,081,822)	2,203,029
	(950,555,777)	(1,194,450,860)
Net increase / (decrease) in operating liabilities:		
Net increase in commercial papers and deposits	357,226,437	357,802,965
Net increase in amounts due to related parties	620,936,057	916,919,566
Net increase / (decrease) in other liabilities	7,253,197	(2,380,252)
	985,415,691	1,272,342,279
Net cash flows from / (used in) operating activities before income tax	68,722,272	117,923,570
Net tax (paid)	(950,288)	-
Net cash flows from / (used in) operating activities	67,771,984	117,923,570
Cash Flows from Investing Activities		
Payment for property, plant and equipment	(3,854)	(5,363)
Net cash flows from / (used in) investing activities	(3,854)	(5,363)
Cash Flows from Financing Activities		
Lease payment	(164,416)	-
Net cash flows from financing activities	(164,416)	-
Net Change in Cash and Cash Equivalents		
Net increase in cash and cash equivalents	67,603,714	117,918,207
Cash and cash equivalents at beginning of year	164,910,622	46,992,415
Cash and cash equivalents at end of the year	232,514,336	164,910,622
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	232,514,336	164,910,622
Closing cash and cash equivalents	232,514,336	164,910,622

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

Statement of Cash Flows (continued)

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Reconciliation of profit from continuing operations to net cash used in operating activities		
Profit from continuing operations	30,369,785	25,624,746
(Increase) in corporate loans	(491,067,331)	(1,149,079,485)
Decrease / (Increase) in due from other financial institutions	34,430,726	(14,974,559)
(Increase) in investment in debt instruments	(439,755,412)	(24,413,297)
(Increase) in due from related parties	(52,651,255)	(10,247,249)
(Increase) / Decrease in acceptances of customers	(7,343,920)	2,452,647
(Increase) in other assets	(309,369)	(1,117,947)
Increase in certificate of deposit	286,161,684	5,006,428
Increase in commercial paper and deposits	71,632,842	353,580,146
Increase in due to related parties	617,751,822	919,521,000
Increase / (Decrease) in acceptances	7,343,920	(2,452,647)
(Decrease) / Increase in other liabilities	(469,916)	4,566,693
(Decrease) / Increase in provision for expected credit losses	(125,561)	9,061
Increase in tax	7,827,929	7,015,550
Non-Cash items:		
Depreciation of property, plant and equipment	217,751	44,309
Other	3,758,289	2,388,174
Net cash flows from operating activities	67,771,984	117,923,570

Reconciliation of liabilities arising from financing activities

	2019	Cash flows	Non-cash changes IFRS 16 Transition Adjustment	2020
Lease liabilities	-	(164,416)	1,648,877	1,484,461

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

1. Statement of Significant Accounting Principles

a) Reporting entity and Statement of Compliance

MUFG Bank, 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 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 the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended). They comply with the New Zealand Equivalents to International Financial Reporting Standard ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-orientated entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

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

b) Basis of Preparation

The financial statements are presented in New Zealand dollars.

The 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 2019 except as disclosed below.

The following new standards relevant to the Branch have been adopted from 1 April 2019 and have been applied in the preparation of these interim financial statements.

New Zealand equivalent to International Financial Reporting Standard 16: Financial Instruments ("NZ IFRS 16")

NZ IFRS 16 was issued in February 2016 and is effective for periods beginning on or after 1 January 2019. The Branch has adopted NZ IFRS 16 retrospectively from 1 April 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

On adoption of NZ IFRS 16, the Branch recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of NZ IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 1.70%. The Branch has elected to use the practical expedient in that the Branch is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

In addition, by electing the practical expedient, the Branch removed the requirement in having to recognise right of use assets and liabilities for leases with less than 12 months of lease term. Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

1. Statement of Significant Accounting Policies (continued)

NZ IFRS 16 impact

	NZD
Operating lease commitments at 31 Mar 2019	511,551
Short-term leases and leases of low-value assets	(37,975)
Effect of discounting the above amounts	(10,251)
Adjustments as a result of different treatment of extension	1,175,849
Adjustments of lease payment not previously included in operating lease commitment	9,703
Lease Liabilities recognised at 1 April 2019	1,648,877

The recognised right-of-use assets relate to the following types of assets:

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Right-of-use assets		
Offices	1,457,822	1,639,174
Equipment	4,455	9,703
Total	1,462,277	1,648,877

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:
- Right-of-use assets (included with property, plant and equipment) – increase by $1,648,877
- Lease liabilities – increase by $1,648,877

The net impact on retained earnings on 1 April 2019 was nil.

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of comprehensive income on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Branch. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

d) Comparative Figures

There has been no re-statement on comparatives figures for this financial statement.

e) Use of Estimates and Judgments

The preparation of financial statements requires the management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The management has reviewed and applied its estimation and judgment on an ongoing basis. A brief explanation of the key estimates, assumptions and judgments that have been applied during the year ended 31 March 2020 as follows:

1. Statement of Significant Accounting Policies (continued)

Coronavirus (COVID-19) pandemic

The ongoing COVID-19 Pandemic has increased the estimation uncertainty in the preparation of these financial statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating credit quality, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have been and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Branch has developed various accounting estimates in these financial statements based on expectations and assumptions as at 31 March 2020 about future events. There is a considerable degree of judgment involved in preparing estimations, particularly given the substantial uncertainty as to how long the period of significant lockdown restrictions and flow on impacts will last, and the outlook for recovery. The underlying assumptions are also subject to uncertainties which are often outside the control of the Branch.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.

Provision for expected credit losses

The Branch measures the provision for expected credit losses (ECL) using an expected credit loss impairment model as required by NZ IFRS 9 Financial Instruments (NZ IFRS 9). The Branch's accounting policy for the recognition and measurement of the provision for ECL is described at Note 2 (l).

The table below shows the Branch's provision for ECL (refer to Note 10 for further information).

	As at 31 March 2020 NZD	**As at 31 March 2019 NZD**
Individual provision	-	-
Collective provision	1,207,903	1,333,464

In estimating individual and collective provision for ECL, the Branch based the judgments and assumptions under MUFG Bank's policy and procedure on determining borrower rating which is considering the quantitative analysis (the financial analysis and performance, etc.) and qualitative analysis (industry trend, corporate competitiveness, management policy, etc.) for the customer. This borrower rating already includes forward looking factors which reflects the Branch's view of the most likely future macro-economic conditions.

The modelling methodology applied in estimating ECL in these financial statement is consistent with that applied in the Branch's Financial Statements for the year ended 31 March 2019.

The collective provision for ECL for year ended 31 March 2020 decreased by NZD 125,561. This was attributable to changes in portfolio composition and risk. Alternative scenario modelling was conducted to verify whether the existing systems accurately captured the risk arising from COVID-19. The identified difference was deemed immaterial and as such the collective provision for ECL was determined as adequately robust.

1. Statement of Significant Accounting Policies (continued)

Sensitivity analysis for management temporary adjustments

Management temporary adjustments to the provision for ECL are adjustments used in circumstances where it is judged that our existing assumptions and judgments do not capture all the risk factors relevant to our lending portfolios.

Temporary adjustments have been assessed in the context of COVID-19 based on recalculating the provision of ECL (Note 2(l)) under following 3 scenarios:

a. updated borrower rating assessed and probability of default reassessed accordingly;
b. identify high risk industries (including Retail trade and Property and business services (Note 16)) and downgrade the borrower rating to 7 (the lowest level for stage 1);
c. downgrade all borrower rating by 1 except borrower rating 7.

The impacts of the 3 scenarios on the provision for ECL are immaterial, there is no further temporary adjustments considered necessary due to COVID-19.

Fair value determination of financial assets

This policy has a significant impact on the amounts disclosed in the financial statements. The management has applied estimation to determine the fair value of certain financial asset when market prices are not available. Where quoted market prices are not available for financial assets, fair value for such financial assets is estimated using discounted cash flow models that utilize prices from observable current market transactions or other valuation techniques (Note 20).

Except for the above, there are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets at year end. However, as with all investments their value is subject to variation due to market fluctuations.

2. Significant Accounting Policies

a) Standards and Interpretations approved but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020.

Standard / Interpretation	Effective for annual reporting period beginning on or after	Expected to be initially applied in the financial year ahead
Amendments to Reference to Conceptual Framework in NZ IFRS Standards	1 January 2020	31 March 2021
Definition of Material (Amendments to NZ IAS 1 and NZ IAS 8)	1 January 2020	31 March 2021
Classification of liabilities as Current or Non-Current (Amendments to NZ IAS 1)	1 January 2022	31 March 2023

The impact on the disclosure statement of the Bank upon initial application of these standards and interpretations is yet to be determined.

b) Foreign Currency

(i) ***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in New Zealand dollars, which is the Branch's functional and presentation currency.

2. Significant Accounting Policies (continued)

(ii) ***Transactions and balances***

Foreign currency balances are translated into the functional currency using the rates of exchange ruling at balance date. Transactions denominated in foreign currency are translated into their reporting currency using the exchange rate in effect at the close of the transaction date. Gains and losses on foreign exchange dealings and differences are recognised in the profit or loss in the period in which they arise.

c) Interest

For all interest bearing financial instruments, interest income and expense are recognised in the profit and loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment or receipts through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, cash flows are estimated based upon contractual terms and behavioural aspects of the financial instrument (e.g. prepayment options), but do not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

d) Fee and Commission Income

Fee income integral to the loan categorised as loans and receivables are accounted for under NZ IFRS 9 and included in the effective interest rate, and recognised in profit and loss over the expected life of the instrument.

Fees and commissions that related to the execution of a significant act (for example, advisory or arrangement services) are recognised when the significant act has been completed. Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

e) Other expense

Operating and administration expenses are recognized on an accrual basis.

Management expenses are charged by the Overseas Banking Group to reflect the cost of resources and services provided by related party.

f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

- For receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing which is recovered from, or paid to, the taxation authority is classified as operating cash flow.

2. Significant Accounting Policies (continued)

g) Property, Plant and Equipment and Depreciation

Property, plant and equipment owned, or under finance leases, are stated at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment.

Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is the shorter, using the straight line or diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Property, plant and equipment is depreciated at appropriate rates so as to write off the cost of each asset during its effective useful life using following methods:

Asset value	Method	Period
Less than or equal to NZD equivalent of JPY 200,000	Straight Line	1 – 3 years
More than NZD equivalent of JPY 200,000	Diminishing value	estimated useful life as follows
Furniture Fixtures and Fittings		3 – 15 years
Office Equipment		3 – 20 years
Motor Vehicles		6 years

h) Financial Assets

The Branch classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income “FVOCI”, or through profit and loss “FVTPL”), and
- those to be measured at amortised cost.

The classification depends on the Branch’s business model for managing the financial assets and their contractual cash flow characteristics.

The business model reflects how the Branch manages the assets in order to generate cash flows. The Branch determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Branch’s business model does not depend on management’s intentions for an individual instrument, therefore the business model assessment is performed at a high level of aggregation rather than on an individual instrument basis.

The Branch determines the contractual cash flow characteristics are based on the contractual cash flow test which is referred to as ‘solely payment of principal and interest’ “SPPI”. Under the SPPI test, the principal amount may change over the life of the financial assets. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of them and for other basic lending risks and as well as a profit margin.

At initial recognition, the Branch measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed in profit or loss. Derivative financial instruments are recognised initially at fair value and are subsequently measured at fair value through profit or loss.

2. Significant Accounting Policies (continued)

Subsequently, financial assets are then measured according to the following classifications:

- Financial assets that fail the SPPI test will be measured at FVTPL;
- Financial assets passing the SPPI test, a business model test is preformed to assess the objective of holding the assets:

  - Financial assets will be measured at amortised cost if they are held within a business model where the objective is to hold financial assets in order to collect contractual cash flows;

  - Financial assets will be measured as FVOCI if they are held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets

  - Financial assets will be measured at FVTPL if they do not meet either of the criteria's above.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative instruments. Derivative instruments are used to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from forecast transactions.

The Branch also enters into derivative instruments for trading purposes, including foreign exchange contracts, options, interest rate swaps, and currency swaps. All derivative instruments are recognized at fair value. The fair value is determined using listed market prices or cash flow discounting models based on current market prices and contracted prices for the underlying instruments, as well as the time value of money and yield curves.

All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative.

(2) Financial assets at fair value through other comprehensive income

Investment in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

- are held within business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognized at fair value plus direct attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment gains and losses and interest revenue are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the profit and loss.

(3) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost and presented as cash and cash equivalents, amounts due from related parties, amount due from other financial institutions, and corporate loans originated by the Bank. At initial recognition, the Branch measures these financial assets at its fair value plus transaction cost that are directly attributable to the acquisition of the financial assets.

Interest income from these financial assets is using the effective interest rate method. Impairment losses are included in credit impairment losses in the Statement of Comprehensive income.

2. Significant Accounting Policies (continued)

(4) Acceptances

Acceptances are financial assets used to facilitate trade settlements on behalf of customer.

Acceptances are recognised in the Statement of Financial Position as both assets and liabilities. Both asset and liability are measured at amortised cost using the effective interest method.

(5) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. It generally arises in the following circumstances:

- where transaction costs form an integral part of the effective interest rate of a financial instrument which is measured at amortised cost, these are offset against the interest income generated by the financial instrument; or

- where gains and loss arise from a group of similar transactions, such as foreign exchange gains and losses.

(6) Offsetting Financial Assets

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In all other situations they are presented gross.

(7) Derecognition of financial assets and financial liabilities

The Branch derecognises financial assets when the rights to receive cash flows from the asset have expired or when the Branch transfers its rights to receive cash flows from the asset together with substantially all the risks and rewards of the asset. If all or substantially all risks and rewards are retained, the financial assets are not derecognised from the statement of financial position.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

i) Other assets

Other assets include all other financial assets and non-financial assets. All other financial assets are measured at amortised cost using the effective interest method. All other non-financial assets are recorded at cost.

j) Financial Liabilities

The Branch classifies significant financial liabilities in the following categories: Amounts due to related parties and deposits. They are recognised when an obligation arises. They are initially recognised at fair value less transaction costs and subsequently measured at amortised cost.

k) Other Liabilities

Other liabilities include accrued interest, other accrued expense payable and all other financial liabilities. They are recognised initially at their fair value, and subsequently measured at amortised cost.

2. Significant Accounting Policies (continued)

l) Impairment of financial assets, financial guarantee and undrawn loan commitment

Impairment allowances apply to financial assets at amortised cost, financial assets at fair value through OCI, financial guarantee, and undrawn loan commitment. The Branch recognises expected credit losses (ECL) based on unbiased forward looking information as impairment allowance. The Branch calculates the ECL by three stages:

- Stage I: "12-months ECL"
  The financial instruments without significant increases in credit risk after initial recognition are included in Stage I to calculate their impairment allowance at an amount equivalent to the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months;

- Stage II: "Lifetime ECL – not credit impaired"
  Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage II, with their impairment allowance measured at an amount equivalent to the ECL that will result from all possible default events over the expected life of financial instruments;

- Stage III: "Lifetime ECL – credit impaired"
  Financial instruments with objective evidence of impairment at the balance sheet date are included in stage III, with their impairment allowance measured at the lifetime ECL.

Financial instruments can be transferred between the different stages depending on their relative increase in credit risk since initial recognition.

Measurement of ECL

The assessment of credit risk, and the estimation of ECL, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

The Branch calculates ECL using 3 main components, a borrower rating (BR), a probability of default (PD) and an expected recovery ratio (ER).

The BR represents the credit risk level of the borrower. It is designed to assess the medium-to long-term creditworthiness of the borrower based on the quantitative analysis (financial analysis, etc.) and qualitative analysis (industry trend, corporate competitiveness, management policy, etc). Assigning a rating is not a mechanical work: it is necessary to identify the creditworthiness of the borrower through research and analysis and to reflect the result in the rating. In addition, the local economic environment, local business environment, and future macroeconomic conditions are also considered and reflected in the rating. They are based on current economic forecasts including (but are not limited to) GDP growth rate, and CPI rate. The estimation of forward looking information is a critical accounting judgement. For example, if there are 2 customers who have the same level of creditworthiness but they are in different industries, the local economic impact on these industries will also affect the BR rating of these 2 customers. If there are 2 customers who have the same level of creditworthiness but they are in different countries, the countries' economic impact will also affect the BR rating of these 2 customers. All the analysis and factors are reviewed annually and the BR is updated accordingly.

2. Significant Accounting Policies (continued)

PD is the ratio of default for a certain period. "Default" is referred to the downgrade of BR to rating 9 or below. "DF rate" is calculated based on the actual value of number of borrowers falling in default for one year to the effective borrower numbers by each credit rating. PD for each borrower rating is based on simple average of DF rate of last decade.

ER is the collection ratio from each collateral, guarantee and unsecured portion. The determination of current ER is based on weighted average balance after March 2001.

The ECL should be calculated by PD on individual borrower rating and following formula:

ECL = Credit amount x PD x (1-ER)

The 3 stages for calculating ECL is based on following matrix with borrower rating:

Stages	Borrower Rating
I	1 to 7
II	8
III	9

Assets may move in both directions through the stages of the impairment model due to the creditworthiness of the borrower. Assets previously in stage 1 may move to stage 2 if it is considered that there has been a significant increase in credit risk. Similarly, assets in stage 2 may move to stage 3 if they are assessed to be non-performing.

For Borrower rating 10, 100% exposure will be written off from financial asset as credit loss.

m) Provisions

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

n) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Provisions for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Provisions for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits. The Branch recognises termination benefits when it is demonstrably committed to terminate the employment of current employees. The Branch does not have a formal plan for termination benefits.

2. Significant Accounting Policies (continued)

o) Contingent Liabilities and Credit Commitments

The Branch is involved in a range of transactions that give rise to contingent and/or future liabilities. The Branch discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Branch's control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Branch issues commitments to extend credit and guarantees. These financial instruments attract service charges in line with market practice for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. The charge pricing is set as part of the broader customer credit process and reflects the probability of default. They are disclosed as contingent liabilities at their face value.

p) Taxation

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) Investment Revaluation Reserve

This reserve includes changes in fair value of FVOCI financial assets, net of tax. These changes are transferred to the profit and loss when the asset is derecognised or impaired.

r) Statement of Cash Flows

The Statement of Cash Flows is prepared inclusive of GST.

Cash flows arising from commercial paper, customer deposits to and withdrawals from deposit accounts, acceptances, borrowings, repayments on loans and other receivables and acceptances of customers are presented on a net basis.

Definitions of the terms used in the Statement of Cash Flows are:

"Cash and cash equivalents" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash. At balance date all cash is held in a bank account.

"Operating activities" include all transactions and other events that are not investing or financing activities.

2. Significant Accounting Policies (continued)

"Investing activities" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

"Financing activities" are those activities relating to changes in equity and debt capital structure of the company and those activities relating to the cost of servicing the company's equity capital.

3. Risk Management Policies

The risk management policies and procedures of the Branch conform to those of the ultimate parent bank, MUFG Bank, 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.

a) Credit Risk

Credit risk is the risk of loss to the Branch arising from the failure of 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. The Branch is subject to the same credit review process as the Sydney Branch.

The Parent Bank sets the Branch's exposure limits to clients. The Branch has been granted a discretionary lending limit by the Parent Bank with such discretion limited to the Regional Head for Oceania. A borrower rating system is used to monitor the creditability of customers. The Parent Bank assigns a borrower rating for each customer based on a credit review performed. This borrower rating will be reviewed and updated at least annually in accordance with the customer's credit information. The Parent Bank's borrower rating can be classified into four categories: Normal, Close Watch, Likely to Become Bankrupt, and (Virtually) Bankrupt. The Parent Bank will make general provisions for customers whose borrower rating are under ''Normal'', and ''Close Watch'' categories. The Parent bank will also instruct the Branch to make specific provision for customers whose borrower ratings are under the "Likely to Become Bankrupt" and "(Virtually) Bankrupt" categories (also some "Close Watch"). In addition to complying with the Branch's internal guidelines, transactions with clients other than those based in Australia and New Zealand and transactions above a certain credit limit require approval from the Parent Bank after the Regional Head for Oceania has approved the relevant transaction.

The Branch's overseas exposures are monitored closely and country exposure limits, based upon the controls used by the Parent Bank, will be adopted where necessary.

The Branch's exposures to financial institutions and corporates are controlled and monitored by the appropriate credit division of the Parent Bank on a consolidated basis. The limits are reviewed and approved by the Branch annually in consultation with the Parent Bank. Formal limits have been established for subsidiaries and branches of the Parent Bank and are subject to annual review. Credit risk exposures are monitored on a daily basis and any irregularities are reported to the Regional Head for Oceania immediately as they are identified.

b) Foreign Currency Risk

Foreign currency risk is the risk of loss to the Branch arising from fluctuations in foreign exchange rates. Foreign currency exposures and risks arise from the Branch undertaking foreign exchange transactions with customers as well as from loans and deposits undertaken in foreign currencies. The Branch does not act as a price maker for other institutions in the interbank foreign exchange market and does not take speculative trading positions in foreign exchange.

3. Risk Management Policies (continued)

The currency risks arising from foreign exchange transactions with customers and from loans and deposits undertaken in foreign currencies are immediately transferred to the Sydney Branch by entering into back to back foreign exchange transactions. These risks are managed within the Sydney Branch's foreign exchange risk limits. The Sydney Branch has a set of formal policies and limits governing transaction limits, daylight limits, overnight position limits and foreign currency options portfolio limits. Overnight, currency option risk and forward limits are set and monitored by the Parent Bank.

c) Interest Rate Risk

Interest rate risk is the risk of loss to the Branch arising from movements in interest rates. The Branch's activities in the following areas will expose it to interest rate risk: borrowing from and lending to customers and related parties; issuing securities such as commercial paper and medium term notes; trade finance transactions; investing in securities such as commercial paper, bank bills and government stock; and offering instruments such as FRAs and swaps to customers. The Branch does not act as a price maker for other institutions in the interbank market and does not take a speculative trading position in interest rate instruments.

Any long term interest rate risks of the Branch arising from the above activities are immediately transferred to the Sydney Branch by entering into back to back transactions. Short term interest rate risk of the Branch will be monitored and managed daily by the Sydney Branch. An interest rate position analysis is performed on a daily basis. The risks are managed within the guidelines and limits set by the Parent Bank. The Oceania Region's Asset and Liability Management Committee comprising senior management meets monthly to monitor the Branch's interest rate and liquidity risk positions.

d) Traded Equity Risk

Traded equity risk is the risk of loss arising from adverse movements in the prices of traded equities. The Branch does not undertake any activities exposing it to traded equity risk.

e) Liquidity Risk

Liquidity risk is the risk that the Branch will not have sufficient funds to meet its financial obligations. The Branch has policies to ensure that sufficient funds are available to meet its obligations as and when they fall due, and to maintain a prudent level of liquidity buffer to meet unexpected demands for funds under adverse market conditions. To achieve this objective, the Branch adopts a set of liquidity management strategies which limits the liquidity risk to acceptable levels. The compliance of such internal limits 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 with oversight from the Oceania Region Asset and Liability Management Committee. Reports on liquidity are reviewed by the Regional Head for Oceania, sent to the Parent Bank daily and presented to the Oceania Region Asset and Liability Management Committee monthly.

3. Risk Management Policies (continued)

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

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Cash and cash equivalents	232,514,336	164,910,622
Amounts due from related parties	116,526,694	63,875,439
Amounts due from other financial institutions	219,996,756	254,427,482
Investment in debt instruments	596,778,945	153,761,423
	1,165,816,731	636,974,966

f) Commodity Risk

Commodity risk is the risk of loss arising from adverse movements in the prices of commodities. The Branch does not undertake any activities exposing it to commodity risk.

g) Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes credit, market, strategic and reputation risk. However the cultural nature of the Branch is such that reputational risk is considered within our frameworks.

Under a variety of committee charters, regulations and external governance principles, the Regional Head for Oceania is charged with the responsibility of ensuring that risks are managed effectively by the Branch and for providing a declaration to this effect. This specifically includes Operational Risk.

The primary method the Branch uses to manage Operational Risk is by having a robust suite of controls which are biased towards the prevention of risks and they also include detection and mitigation controls. The Branch has operating procedures that have been established to conform to the Parent Bank's guidelines. Operational procedures are documented in procedural manuals for each department and variances to these procedures are noted, tracked and analysed for systemic issues.

The Branch has checking procedures and internal controls for those processes critical to operations with Self Inspection undertaking periodic assessments of compliance. The Parent Bank maintains close supervision of the Branch's activities as described below in (h) "Internal Audit Function".

Finally, a specific Operational Risk Team under Risk Management department monitors the overall Operational Risk profile of the Branch though Risk and Control Self-Assessment, recently introduced Controls Assurance Program in conjunction with Self-Inspection, Global Risk and Control Assessment, Key Risk Indicator monitoring, Incident and action tracking and Management and Executive Attestations.

h) Internal Audit Function

Audit teams from the Parent Bank conduct on-site audits of the Branch's procedures including loans, treasury and general office inspections on regular basis in accordance with the banks Internal Audit methodology. These are based on the Branch's risk profile under the Parent Bank risk based approach to scoping audits. The last branch wide internal audit was conducted during July 2016. Since that time the audit methodology has evolved to target specific high risk topics on a thematic basis. Oceania has been subjected to four audits over the last 12 months. The result of all internal audits are reported to corporate auditors who report to the Board of Directors under the Parent Bank's corporation governance systems.

3. Risk Management Policies (continued)

i) Self Inspection

Self Inspection (SI) from Sydney Branch provides a limited procedural assurance to the Branch. SI visits the Branch periodically for its planned assignments mainly across the Branch operations. The locally appointed Self Inspection Checker conducts the monthly tests and reports to the SI team in Sydney monthly. The matters raised by SI are discussed and actioned by the Branch as soon as practicable but not later than a month after identification of any risks (non-compliance of policies and procedures and/or any process gaps/weaknesses). All SI findings are reported monthly to local management and the Parent Bank.

j) Access to parental disclosures

The most recent publicly available information in relation to capital adequacy requirements or risk management processes implemented by the ultimate holding company are disclosed under the ultimate holding company's annual report which can be accessed via the Bank's global website: www.mufg.jp.

4. Profit Before Income Tax Expense

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	127,348,419	132,532,482
Related parties	648,964	4,026
	127,997,383	132,536,508
(b) Fees and commissions income		
Fees and commissions income	24,540,697	20,253,978
	24,540,697	20,253,978
(c) Gains less losses on financial instruments		
Net (loss) on interest rate derivatives	(2,895,631)	(866,111)
Net (loss) / gain on currency derivatives	(123,438)	255,907
Net (loss) / gain on foreign currency	(117,747)	36,336
Other income	1,038	-
	(3,135,778)	(573,868)
	149,402,302	152,216,618
Total interest income derived from financial assets:		
At amortised cost	121,833,361	129,927,096
Investment in debt instruments (FVOCI)	6,164,022	2,609,412
Total fee income derived from financial assets that are not at fair value through profit or loss	24,540,654	20,229,468
Net unrealised (loss) on financial assets/liabilities (FVTPL)	(3,505,053)	(1,761,866)
Net realised gain on financial assets/liabilities (FVTPL)	368,237	1,187,999
Other fee income	43	24,509
Other income	1,038	-
	149,402,302	152,216,618
Expenses		
(a) Interest expense		
Deposits and other accounts	17,819,215	10,239,337
Related parties	81,472,083	98,629,458
	99,291,298	108,868,795
Total interest expense was derived from financial liabilities:		
At amortised cost	99,291,298	108,868,795
	99,291,298	108,868,795
(b) Other operating expense		
Rental & operating lease costs	123,061	299,178
Depreciation		
Furniture, fixtures and fittings	8,263	10,427
Office equipment	19,967	30,945
Motor vehicles	2,921	2,937
Right-of-use assets depreciation	186,600	-
Auditors' remuneration (see note 9)		
Audit fees	151,700	161,915
Salaries	3,635,404	3,121,368
Staff related costs	93,111	75,695
Net losses from the disposal of fixed assets	-	-
General administration and other operating expenses	6,867,536	6,996,001
Provision for credit impairment	(125,561)	9,061
	10,963,002	10,707,527
Profit before income tax expense	39,148,002	32,640,296

Total income excluding any net loss for twelve months ended 31 March 2020 is NZD 152,539,118 (twelve months ended 31 March 2019 : NZD 153,082,729).

5. Property, Plant and Equipment

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Furniture, fixtures and fittings:		
Cost as at 1 April	645,404	645,404
Additions	-	-
Disposals	-	-
Cost as at 31 March	645,404	645,404
Accumulated depreciation		
Opening balance	(625,185)	(614,758)
Depreciation during the year	(8,263)	(10,427)
Disposals	-	-
Closing balance	(633,448)	(625,185)
	11,956	20,219
Office equipment:		
Cost as at 1 April	1,264,791	1,259,428
Additions	3,854	5,363
Disposals	(25,519)	-
Cost as at 31 March	1,243,126	1,264,791
Accumulated depreciation		
Opening balance	(1,210,323)	(1,179,378)
Depreciation during the year	(19,967)	(30,945)
Disposals	25,519	-
Closing balance	(1,204,771)	(1,210,323)
	38,355	54,468
Motor vehicles:		
Cost as at 1 April	38,091	38,091
Additions	-	-
Disposals	-	-
Cost as at 31 March	38,091	38,091
Accumulated depreciation		
Opening balance	(35,170)	(32,233)
Depreciation during the year	(2,921)	(2,937)
Disposals	-	-
Closing balance	(38,091)	(35,170)
	-	2,921
Right-of-use assets:		
Opening balance	1,648,877	-
Additions	-	-
Disposals	-	-
Closing balance	1,648,877	-
Accumulated depreciation		
Opening balance	-	-
Depreciation during the year	(186,600)	-
Disposals	-	-
Closing balance	(186,600)	-
	1,462,277	-
Net book value as at 31 March	1,512,588	77,608

6. Income Tax

Income Tax recognised in profit and loss

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Tax expense / (benefit) comprises:		
Current tax expense	8,469,965	936,086
Adjustments recognised in the current year in relation to the current tax of prior years	186,130	82,307
Deferred tax expense relating to the origination and reversal of temporary differences	122,122	5,997,157
	8,778,217	7,015,550

The prima facie income tax benefit on pre-tax accounting loss from operation reconciles to the income tax benefit in the financial statement as follows:

Profit from operations	39,148,002	32,640,296
Income tax expense calculated at 28%	10,961,441	9,139,282
Effect of other assessable incomes	249,200	190,400
Effect of other deductible expenses	(4,276,048)	(2,928,160)
Effect of expenses that are not deductible in determining taxable profit	1,657,494	531,721
	8,592,087	6,933,243
Adjustment recognised in the current year in relation to the current tax and deferred tax of prior years	186,130	82,307
	8,778,217	7,015,550

The prima facie income tax expense on pre-tax accounting other comprehensive income reconciles to the income tax expense in the financial statement as follows:

Profit from other comprehensive income	3,262,110	352,287
Income tax expense calculated at 28%	913,391	98,640

The Branch did not have any imputation credits as at the year ended 31 March 2020 (2019: Nil).

The Branch had Nil as current tax asset at the year ended 31 March 2020 (2019: Nil).

Deferred tax balance

Deferred tax assets arise from the following

	31 March 2020				
Temporary differences	**NZD Opening balance***	**NZD Charged to income**	**NZD Charged to other comprehensive income**	**NZD Changes in tax rate**	**NZD Closing balance**
Provision for employee entitlement	35,186	19,615	-	-	54,801
Property, plant & equipment	80,453	(4,371)	-	-	76,082
Provision for ECL	373,370	(138,512)	-	-	234,858
Others	2,819	1,146	-	-	3,965
	491,828	(122,122)	-	-	369,706

6. Income Tax (continued)

	31 March 2019				
	NZD Opening balance	NZD Charged to income	NZD Charged to other comprehensive income	NZD Changes in tax rate	NZD Closing balance
Temporary differences					
Provision for employee entitlement	29,173	6,013	-	-	35,186
Property, plant & equipment	88,311	(7,858)	-	-	80,453
Provision for ECL	370,833	2,537	-	-	373,370
Tax loss	6,381,100	(6,381,100)	-	-	-
Others	959	1,860	-	-	2,819
	6,870,376	(6,378,548)	-	-	491,828

All deferred tax on temporary difference is recognised in the profit and loss. Based on current forecast, it is expected to crystallize in future to offset tax liabilities.

7. Deposits

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Retail deposit bearing interest	248,638,364	221,647,440
Retail deposit not bearing interest	10,233,460	8,667,402
Certificate deposit	330,044,948	43,883,264
Call deposit	275,480,071	203,635,003
Term deposit	198,221,596	226,990,804
	1,062,618,439	704,823,913

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

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Total Liabilities	6,293,776,173	5,194,272,531
Less: total amounts due to related parties (Note: 14)	(5,131,584,468)	(4,461,360,497)
Total liabilities net of amounts due to related parties	1,162,191,705	732,912,034

9. Remuneration of Auditor

During the period the following fees were paid or payable for services provided by the auditor of the Branch:

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Assurance Services		
Auditor of the Branch		
Audit & review of the Branch’s Disclosure Statements	151,700	161,915
Other non-audit services	-	-

The auditor of the Branch is Deloitte Limited, Auckland.

10. Provision for expected credit losses

The following table reconciles the 31 March 2020 provision for expected credit losses on loan, financial guarantee and commitments based on the requirements of NZ IFRS 9.

Stage 1 **NZD**	**Loan**	**Financial guarantee and commitments**	**Total**
Provision for impairment charges as at 31 March 2019	964,336	369,128	1,333,464
Net transfers in / (out) of stages *	-	-	-
New financial assets originated	201,502	167,395	368,897
Financial assets derecognized during the period	(329,054)	(188,179)	(517,233)
Change in ECL due to net further lending / repayment	(1,521)	24,296	22,775
Change in ECL due to amounts written-off	-	-	-
Total provision for ECL as at 31 March 2020	835,263	372,640	1,207,903

* Represents the transfers between stages

The total provisions for ECL had been reduced due to the improvement of the Branch's customer credit profile which was accomplished by engaging better credit status customers comparing to customers under derecognized financial assets.

The Branch does not have stage 2 and stage 3 collective provision, and individual provision during the period.

The provisions for ECL on loan, financial guarantee, and commitments disaggregated into types of credit exposures have been disclosed in note 22.

The following table explains in gross carrying amounts of loan during the period have contributed to changes in the provisions for expected credit losses on loans.

NZD	**Stage 1**
Total gross carrying amount at the beginning of the period	4,692,029,250
Net transfers in / (out) of stages *	-
New financial assets originated	1,162,907,400
Financial assets derecognized during the period	(822,041,147)
Net further lending / repayment	150,201,078
Amounts written-off	-
Total gross carrying amount as at 31 March 2020	5,183,096,581
Provision for ECL as at 31 March 2020	(835,263)
Total net carrying amount as at 31 March 2020	5,182,261,318

11. Other Liabilities

	As at 31 March 2020 NZD	**As at 31 March 2019 NZD**
Provision for employee entitlements	195,716	125,665
Unearned income	1,648,204	1,924,077
Management fee charged by related parties	4,352,421	4,451,269
Provisions for ECL on financial guarantee and commitment	372,640	369,128
Lease Liabilities	1,484,461	-
Others	1,841,830	1,738,180
	9,895,272	8,608,319

12. Commitments and Contingent Liabilities

	Note	As at 31 March 2020 NZD	As at 31 March 2019 NZD
a) Other commitments			
Undrawn facility commitments	16	2,002,446,603	1,878,177,793
b) Contingent liabilities			
Guarantees given	16	19,815,637	14,418,925
Performance related contingencies	16	75,229,720	92,177,221
Trade related contingencies	16	17,122,476	20,075,089
		112,167,833	126,671,235

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; and

- 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 fulfill certain terms and conditions of a contract; and

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

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

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

13. Key Management Personnel Compensation

The compensation of the executives, being the key management personnel of the Branch, is set out below:

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
Short term benefits	1,198,550	999,132
	1,198,550	999,132
Loan Disclosure		
Loan Outstanding	-	-
Interest charged	-	-

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Branch.

14. Related Party Disclosures

The Auckland Branch is a branch of an overseas company, MUFG Bank, 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. Amounts due to related parties are mainly term deposits which are due in accordance with an agreed date. The maturity analysis for these balances are presented in Note 19. The interest rate risk analysis for these balances are presented in Note 18. No related party debts have been written off, forgiven or calculated ECL 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, currency swaps, and currency options.

	Twelve Months ended 31 March 2020 NZD	Twelve Months ended 31 March 2019 NZD
a) Balances		
Assets		
Amounts due from related parties	116,526,694	63,875,439
Derivative instruments	67,458,324	13,882,460
Others	1,247	964
	183,986,265	77,758,863
Liabilities		
Amounts due to related parties	5,042,976,787	4,425,224,966
Derivative instruments	84,255,260	31,684,262
Other	4,352,421	4,451,269
	5,131,584,468	4,461,360,497
Equity		
Head Office capital	83,000,000	83,000,000
Off Balance Sheet		
Guarantees given	6,183,941	987,229
Performance related contingencies	1,590,057	1,836,827
	7,773,998	2,824,056

14. Related Party Disclosures (continued)

b) Transactions

Interest income	648,964	4,026
Interest expense	81,472,083	98,629,458
Net (loss) / profit from derivative instruments	(3,542,222)	(24,731,636)
Fees and commissions income	4,943	4,734
Management fee expense	(4,352,421)	(4,451,269)

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 23 and Note 24.

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

15. Derivative Financial Instruments

The Branch uses derivatives to manage its financial position and to service the needs of its clients. Such derivative financial instruments include swaps, and forwards based on interest rates and exchange rates. The following table summarises the notional amounts and fair value by maturity date of the Branch's derivatives at 31 March 2020.

The notional principal amounts below represent the face value of the transaction.

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Foreign Exchange Contracts		
Spot and forward contracts:		
Notional principal amount < 1 year	781,620,811	720,104,244
Notional principal amount 1 to 2 years	68,223,242	36,065,936
Notional principal amount 2 to 3 years	21,349,679	-
Total notional principal	871,193,732	756,170,180
Fair value < 1 year	(30,056)	(1,483)
Fair value 1 to 2 years	(10,382)	(239)
Fair value 2 to 3 years	(1,222)	-
Total fair value	(41,660)	(1,722)

15. Derivative Financial Instruments (continued)

Interest Rate Swap Contracts

Notional principal amount < 1 year	1,111,858,168	902,536,579
Notional principal amount 1 to 2 years	298,281,574	610,846,436
Notional principal amount 2 to 3 years	592,555,330	132,866,984
Notional principal amount 3 to 4 years	925,562,220	217,523,752
Notional principal amount 4 to 5 years	1,071,441,290	841,507,756
Notional principal amount more than 5 years	946,512,033	261,291,845
Total notional principal	4,946,210,615	2,966,573,352
Fair value < 1 year	(109,999)	(76,252)
Fair value 1 to 2 years	(70,213)	(117,819)
Fair value 2 to 3 years	(313,925)	(25,643)
Fair value 3 to 4 years	(3,227,441)	(104,773)
Fair value 4 to 5 years	(447,766)	(2,177,357)
Fair value more than 5 years	(1,790,764)	(386,336)
Total fair value	(5,960,108)	(2,888,180)

Currency Swap Contracts

Notional principal amount < 1 year	-	-
Notional principal amount 1 to 2 years	-	-
Notional principal amount 2 to 3 years	-	-
Notional principal amount 3 to 4 years	169,941,308	-
Notional principal amount 4 to 5 years	-	156,900,000
Notional principal amount more than 5 years	328,603,628	174,570,847
Total notional principal	498,544,936	331,470,847
Fair value < 1 year	-	-
Fair value 1 to 2 years	-	-
Fair value 2 to 3 years	-	-
Fair value 3 to 4 years	(40,754)	-
Fair value 4 to 5 years	-	(7,325)
Fair value more than 5 years	(449,424)	(104,683)
Total fair value	(490,178)	(112,008)

Currency Options Contracts

Notional principal amount < 1 year	-	5,323,864
Notional principal amount 1 to 2 years	-	-
Total notional principal	-	5,323,864
Fair value < 1 year	-	(639)
Fair value 1 to 2 years	-	-
Total fair value	-	(639)

16. 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.

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 based on ANZSIC code. 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 in respect of recognised financial assets and derivative financial instruments as at the reporting date.

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Notional principal		
On Balance Sheet		
Cash and short term liquid assets	232,514,336	164,910,622
Amounts due from related parties	116,526,694	63,875,439
Amounts due from other financial institutions	219,996,756	254,427,482
Investment in debt instruments	596,778,945	153,761,423
Corporate loans originated by the Bank*	5,183,096,581	4,692,029,250
Acceptance of customers	16,550,082	9,206,162
Other assets	3,051,420	2,751,684
Total	6,368,514,814	5,340,962,062
Off Balance Sheet (Note 12)		
Guarantees given	19,815,637	14,418,925
Performance related contingencies	75,229,720	92,177,221
Trade related contingencies	17,122,476	20,075,089
Undrawn facility commitments	2,002,446,603	1,878,177,793
Total	2,114,614,436	2,004,849,028
Fair value		
Derivative Instruments	145,758,081	42,670,980

* Total gross loans, excluding provision (note 10).

16. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customers Industry Sector

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
On Balance Sheet		
Agriculture	-	30,039,028
Communications	185,835,460	16,133
Construction	255,301,175	84,663,173
Education	60,072,636	-
Electricity, gas and water	1,017,975,438	886,576,062
Finance	2,129,667,671	1,421,208,367
Fishing	106,926,984	93,060,292
Food manufacturing	712,703,527	777,941,871
Forestry	96,195,032	157,387,349
Health care & social assistance	172,588,497	148,247,378
Mining	49,865,300	-
Other manufacturing	381,266,999	371,785,084
Property and business services	324,098,147	126,319,043
Retail Trade	60,188,227	-
Transport and storage	453,318,419	843,698,462
Wholesale trade	355,437,172	393,399,475
Wood and paper manufacturing	7,074,130	6,620,345
Total	6,368,514,814	5,340,962,062
Notional principal		
Off Balance Sheet		
Communications	90,000,000	207,500,000
Construction	33,424,538	105,755,992
Electricity, gas and water	603,604,288	571,675,076
Finance	180,273,998	326,925,806
Fishing	-	10,311,398
Food manufacturing	491,386,639	317,232,813
Forestry	1,173,020	178,020
Health care & social assistance	2,537,839	27,058,228
Other manufacturing	127,648,190	186,224,204
Property and business services	4,809,265	3,576,560
Public administration and safely	97,692,429	-
Retail trade	94,973,049	-
Transport and storage	285,778,859	83,499,842
Wholesale trade	73,793,186	139,324,644
Wood and paper manufacturing	27,519,136	25,586,445
Total	2,114,614,436	2,004,849,028
Fair value		
Derivative Instrument		
Communications	-	64,654
Construction	333,080	526,276
Electricity, gas and water	33,094,169	9,494,516
Finance	71,699,420	17,269,289
Fishing	8,517,994	429,973
Food manufacturing	8,525,011	3,242,270
Forestry	91,832	21,904
Other manufacturing	11,982,088	6,109,700
Transport and storage	6,540,561	3,765,140
Wholesale trade	1,595,695	1,690,658
Wood and paper manufacturing	3,378,231	56,600
Total	145,758,081	42,670,980

16. Concentration of Credit Risk (continued)

ii. Concentration of Credit Risk by Customers Geographic Location

	As at 31 March 2020 NZD	As at 31 March 2019 NZD
Notional principal		
On Balance Sheet		
New Zealand	5,826,587,005	4,685,810,609
Japan	187,331,957	292,470,765
Australia	354,595,718	326,234,028
United States of America	-	36,446,660
France	134	-
Total	6,368,514,814	5,340,962,062
Off Balance Sheet		
New Zealand	2,102,695,776	2,001,184,579
Japan	7,773,997	2,824,056
Other	4,144,663	840,393
Total	2,114,614,436	2,004,849,028
Fair value		
Derivative Instrument		
New Zealand	77,401,436	25,553,561
Japan	67,641,534	14,838,469
Australia	715,111	2,278,950
Total	145,758,081	42,670,980

iii. Concentration of Credit Risk by Customer Credit Rating

The following tables set out credit quality information for balances which are neither past due nor impaired. The credit rating numbers are the Banking Group's internal borrower ratings which are mapped to S&P ratings in accordance with the credit quality of customers for financial assets and derivative financial instruments. Please refer to Note 22 for impaired assets.

31 March 2020

		Notional principal		
Credit Rating	**S&P Rating**	**On balance Sheet**	**Off balance Sheet**	**Derivative financial instruments**
1-2	A- and above	2,265,266,933	510,998,912	13,380,774
3-7	B- to BBB+	3,986,719,940	1,595,841,526	64,567,029
8-9	CCC+/-	-	-	351,954
Not rated*		116,527,941	7,773,998	67,458,324
		6,368,514,814	2,114,614,436	145,758,081

31 March 2019

		Notional principal		
Credit Rating	**S&P Rating**	**On balance Sheet**	**Off balance Sheet**	**Derivative financial instruments**
1-2	A- and above	1,891,632,538	761,493,117	3,722,610
3-7	B- to BBB+	3,385,453,121	1,240,531,855	24,288,652
8-9	CCC+/-	-	-	777,258
Not rated*		63,876,403	2,824,056	13,882,460
		5,340,962,062	2,004,849,028	42,670,980

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

16. Concentration of Credit Risk (continued)

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

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. Investment in debt instruments

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

e. Derivative instruments

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 31 March 2020 (2019: Nil).

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

As at 31 March 2020
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	145,758,081	-	145,758,081	3,727,697	142,030,384

As at 31 March 2019
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	42,670,980	-	42,670,980	953,709	41,717,271

16. Concentration of Credit Risk (continued)

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

As at 31 March 2020
NZD

	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities 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	152,250,027	-	152,250,027	3,727,697	148,522,330

As at 31 March 2019
NZD

	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities 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	45,673,527	-	45,673,527	953,709	44,719,818

There has been no collateral obtained against derivative assets for the year end 31 March 2020 (2019: Nil).

f. Acceptance of Customer and 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 loan 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

In other instances, a client's facilities may be secured by collateral with value less than the carrying amount of the 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 is either equal to or over the agreed value. The total collateral value as at 31 March 2020 is over NZD 1,242,537,668 which is based on guarantees received from third parties, the current unaudited financial accounts, and market value of business assets.

On Balance Sheet	**As at 31 March 2020**		**As at 31 March 2019**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	6,368,514,814	100.00	5,340,962,062	100.00
Collateral classification				
Secured	1,210,699,059	19.01	1,273,705,546	23.85
Partially secured	31,838,609	0.50	-	-
Unsecured	5,125,977,146	80.49	4,067,256,516	76.15

16. 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 loans and collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Off Balance Sheet	**As at 31 March 2020**		**As at 31 March 2019**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	2,114,614,436	100.00	2,004,849,028	100.00
Collateral classification				
Secured	167,058,019	7.90	206,835,023	10.32
Partially secured	-	-	-	-
Unsecured	1,947,556,417	92.10	1,798,014,005	89.68

17. Concentration of Funding

	As at 31 March 2020 NZD	**As at 31 March 2019 NZD**
a) Category analysis		
Customer deposits	1,062,618,439	704,823,913
Due to related parties	5,042,976,787	4,425,224,966
	6,105,595,226	5,130,048,879
b) Industry analysis		
Agriculture	11,236,784	123,569
Communications	50,325,356	35,014,431
Constructions	2,835,122	338,661
Education	7,088	5,232,065
Electricity, gas and water	41,604,209	136,274,542
Finance	5,412,768,363	4,501,367,884
Food manufacturing	157,652,828	74,424,001
Fishing	8,582	1,080
Forestry	13,065	6,120
Insurance	38,042,659	30,049,610
Other industries	1,151,733	100,830
Other manufacturing	96,665,731	12,473,807
Professional, scientific and technical services	-	17,929
Property and business services	15,038,677	10,003,041
Retail trade	116,696	
Transport and storage	200,636,315	105,088,164
Wholesale trading	71,198,125	143,935,874
Wood and paper manufacturing	6,293,893	75,597,271
	6,105,595,226	5,130,048,879
c) Geographical analysis		
Australia	4,160,944,700	3,540,296,819
New Zealand	1,029,989,301	704,209,785
Japan	819,742,207	826,362,116
Singapore	62,561,176	59,180,159
Fiji	32,357,842	-
	6,105,595,226	5,130,048,879

18. 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 in 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.

31 March 2020

	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	232,514,336	-	-	-	-	-	232,514,336	0.00%
Amounts due from related parties	-	-	-	-	-	116,526,694	116,526,694	0.00%
Amounts due from other financial institutions	219,996,756	-	-	-	-	-	219,996,756	1.12%
Investment in debt instruments	254,474,523	-	-	108,211,657	234,092,765	-	596,778,945	0.83%
Corporate loans originated by the Bank	4,812,932,988	299,059,678	26,054,568	15,879,687	29,169,660	(835,263)	5,182,261,318	1.69%
Due from customers on acceptance	-	-	-	-	-	16,550,082	16,550,082	
Property, Plant and Equipment	-	-	-	-	-	1,512,588	1,512,588	
Other assets	-	-	-	-	-	148,992,777	148,992,777	
Total assets	5,519,918,603	299,059,678	26,054,568	124,091,344	263,262,425	282,746,878	6,515,133,496	
LIABILITIES								
Amounts due to related parties	4,760,203,230	248,065,173	-	10,294,408	18,848,502	5,565,474	5,042,976,787	1.48%
Deposits	1,036,326,379	16,058,600	-	-	-	10,233,460	1,062,618,439	0.95%
Lease liability	-	-	4,454	-	1,480,007	-	1,484,461	1.70%
Liability for acceptance	-	-	-	-	-	16,550,082	16,550,082	
Other liabilities	-	-	-	-	-	170,146,404	170,146,404	
Total liabilities	5,796,529,609	264,123,773	4,454	10,294,408	20,328,509	202,495,420	6,293,776,173	

31 March 2019

	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	164,910,622	-	-	-	-	-	164,910,622	1.25%
Amounts due from related parties	-	-	-	-	-	63,875,439	63,875,439	
Amounts due from other financial institutions	254,427,482	-	-	-	-	-	254,427,482	1.96%
Investment in debt instruments	-	-	-	153,761,423	-	-	153,761,423	1.60%
Corporate loans originated by the Bank	4,507,247,281	137,411,444	6,678,576	7,423,186	33,268,763	(964,336)	4,691,064,914	2.77%
Due from customers on acceptance	-	-	-	-	-	9,206,162	9,206,162	
Property, Plant and Equipment	-	-	-	-	-	77,608	77,608	
Other assets	-	-	-	-	-	45,957,407	45,957,407	
Total assets	4,926,585,385	137,411,444	6,678,576	161,184,609	33,268,763	118,152,280	5,383,281,057	
LIABILITIES								
Amounts due to related parties	4,309,170,922	82,558,499	-	-	33,271,705	223,840	4,425,224,966	2.33%
Deposits	683,587,426	12,569,085	-	-	-	8,667,402	704,823,913	2.13%
Liability for acceptance	-	-	-	-	-	9,206,162	9,206,162	
Other liabilities	-	-	-	-	-	55,017,491	55,017,491	
Total liabilities	4,992,758,348	95,127,584	-	-	33,271,705	73,114,895	5,194,272,532	

18. Interest Rate Risk (continued)

At 31 March 2020, assuming that all other variables held constant, if interest rates had been 50 basis points higher, post-tax profit for the year would have been NZD 1.1 million lower (2019: NZD 0.2M lower) due to decrease in net interest income. It is due to the increase in funding close by using shorter term of funding to longer term of lending. If interest rate had been 50 basis points lower with all the variables held constant, post-tax profit would have been NZD 1.1 million higher (2019: NZD 0.2M higher) due to increase in net interest income as a result of the funding gap. The impact of interest rate movement on pre-tax profit is immaterial due to the back to back transactions with Sydney Branch to minimize any long term interest rate risk (Note 3(c)). The sensitivity is similar in 2019 and 2018 because a similar funding structure was applied in 2020 and 2019.

19. Maturity Analysis for Assets and Liabilities

The tables below analyse the Branch's financial assets and liabilities, as required by NZ IFRS 7 "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 earlier than the obligation. The table includes both interest and principal cash flows. Therefore, they may differ to the carrying amounts on the statement of financial position.

19. Maturity Analysis for Assets and Liabilities (Continued)

31 March 2020

	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	232,514,336	-	-	-	-	-	232,514,336
Amounts due from related parties	116,526,694	-	-	-	-	-	116,526,694
Amounts due from other financial institutions	-	75,000,000	145,000,000	-	-	-	220,000,000
Investment in debt instruments	-	259,250,000	3,000,000	12,250,000	326,750,000	-	601,250,000
Corporate loans originated by the Bank	456,899,898	4,450,514	168,067,354	1,053,936,146	3,597,817,194	108,467,767	5,389,638,873
Acceptance of customers	-	11,558,918	4,991,164	-	-	-	16,550,082
Derivative instruments	-	6,901,778	11,145,072	34,612,400	111,830,543	27,162,318	191,652,111
Other assets	-	3,051,420	-	-	-	-	3,051,420
	805,940,928	360,212,630	332,203,590	1,100,798,546	4,036,397,737	135,630,085	6,771,183,516
LIABILITIES							
Amounts due to related parties	-	2,637,628,624	1,737,766,345	455,939,206	225,640,612	-	5,056,974,787
Deposits	534,351,896	159,465,356	152,196,693	16,210,921	199,800,000	-	1,062,024,866
Acceptance	-	11,558,918	4,991,164	-	-	-	16,550,082
Derivative instruments	-	7,425,999	11,260,918	33,792,774	105,097,153	25,691,240	183,268,084
Lease liability	-	14,057	28,173	129,699	759,298	553,234	1,484,461
Gross loan commitment	2,002,446,603	-	-	-	-	-	2,002,446,603
Guarantees given	-	-	-	17,940,910	1,005,000	869,727	19,815,637
Performance related contingencies	-	14,963	33,544,757	27,867,069	13,802,931	-	75,229,720
Trade related contingencies	-	-	17,122,476	-	-	-	17,122,476
	2,536,798,499	2,816,107,917	1,956,910,526	551,880,579	546,104,994	27,114,201	8,434,916,716

31 March 2019

	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	164,910,622	-	-	-	-	-	164,910,622
Amounts due from related parties	63,875,439	-	-	-	-	-	63,875,439
Amounts due from other financial institutions	-	105,000,000	150,000,000	-	-	-	255,000,000
Investment in debt instruments	-	2,250,000	-	2,250,000	152,250,000	-	156,750,000
Corporate loans originated by the Bank	467,095,777	30,010,709	181,374,180	699,964,427	3,337,199,196	305,586,936	5,021,231,225
Acceptance of customers	-	6,184,384	3,021,778	-	-	-	9,206,162
Derivative instruments	-	2,804,538	4,984,101	22,116,215	84,663,988	27,430,751	141,999,593
	695,881,838	146,249,631	339,380,059	724,330,642	3,574,113,184	333,017,687	5,812,973,041
LIABILITIES							
Amounts due to related parties	-	2,182,943,890	1,939,015,817	86,040,835	28,712,494	-	4,236,713,036
Deposits	433,949,845	171,206,113	87,479,533	12,628,508	-	-	705,263,999
Acceptance	-	6,184,384	3,021,778	-	-	-	9,206,162
Derivative instruments	-	2,806,893	4,857,263	21,171,416	67,789,829	20,217,480	116,842,881
Lease commitment	-	20,657	41,314	161,530	288,050	-	511,551
Gross loan commitment	1,878,177,793	-	-	-	-	-	1,878,177,793
Guarantees given	-	-	-	12,509,020	661,678	1,248,227	14,418,925
Performance related contingencies	-	30,061,713	30,045,966	31,558,830	510,712	-	92,177,221
Trade related contingencies	-	-	20,075,089	-	-	-	20,075,089
	2,312,127,638	2,393,223,650	2,084,536,760	164,070,139	97,962,763	21,465,707	7,073,386,657

The balances in the table above will not necessarily agree to the amounts presented on the face of the statement of financial position as the amounts in the table incorporate cash flows on an undiscounted basis and include both principal and associated future interest payments, and in respect of derivatives:

- Interest rate swaps are settled net and therefore the net cash flows (before discounting) are included in the liquidity table above; and
- Foreign exchange contracts are settled gross and therefore the gross cash flows (before discounting) are included in the liquidity table above.

19. Maturity Analysis for Assets and Liabilities (Continued)

As disclosed in note 3, although the bank has liquid assets over various different terms, the Branch can draw down on these liquid assets before the expected maturity as needed. The Branch has loan commitments which are on demand, the Branch has historically managed loan commitments as required based on the available liquid assets.

20. Fair Value of Financial Instruments

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

a. For those assets or liabilities that are short term in nature, the related carrying value is equivalent to their fair value.

b. For floating rate loans and deposits, the carrying amount in the statement of financial position is considered a reasonable estimate of their fair value after making allowances for impairment. For fixed rate loans and deposits, fair value is estimated using discounted cash flow models based on current market rates. The differences between estimated fair value of loans and deposits and carrying value reflect the difference between observable market interest rates and customer rates on day one and changes in interest rates since the loans' and deposits' origination.

c. The fair values of derivative instruments are calculated using the discounted cash flow model. Swap transactions are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from observable foreign exchange and interest rates. Foreign currency forward contracts are measured using observable forward exchange rates.

d. The fair values of investment in debt instruments are derived from quoted prices in the active market.

20. Fair Value of Financial Instruments (continued)

31 March 2020	Note	FVTPL NZD	FVOCI NZD	Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets						
Cash and cash equivalents	a	-	-	232,514,336	232,514,336	232,514,336
Amounts due from related parties	a	-	-	116,526,694	116,526,694	116,526,694
Amounts due from other financial institutions	a	-	-	219,996,756	219,996,756	219,996,756
Investment in debt instruments	d	-	596,778,945	-	596,778,945	596,778,945
Corporate loans originated by the Bank	b	-	-	5,182,261,318	5,182,261,318	5,184,467,300
Other assets	c, a	145,758,081	-	18,251,700	164,009,781	164,009,781
Total financial assets		145,758,081	596,778,945	5,769,550,804	6,512 087,830	6,514,293,812
Liabilities						
Amounts due to related parties	b	-	-	5,042,976,787	5,042,976,787	5,046,681,075
Deposits	a, b	-	-	1,062,618,439	1,062,618,439	1,070,661,698
Other liabilities	c, a	152 250 027	-	16,550,082	168,800,109	168,800,109
Total financial liabilities		152 250 027	-	6,122,145,308	6,274,395,335	6,286,142,882

31 March 2019	Note	FVTPL NZD	FVOCI NZD	Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets						
Cash and cash equivalents	a	-	-	164,910,622	164,910,622	164,910,622
Amounts due from related parties	a	-	-	63,875,439	63,875,439	63,875,439
Amounts due from other financial institutions	a	-	-	254,427,482	254,427,482	254,427,482
Investment in debt instruments	d	-	153,761,423	-	153,761,423	153,761,423
Corporate loans originated by the Bank	b	-	-	4,691,064,914	4,691,064,914	4,693,277,422
Other assets	c, a	42,670,980	-	11,345,946	54,016,926	54,016,926
Total financial assets		42,670,980	153,761,423	5,185,624,403	5,382,056,806	5,384,269,314
Liabilities						
Amounts due to related parties	b	-	-	4,425,224,966	4,425,224,966	4,434,562,253
Deposits	a, b	-	-	704,823,913	704,823,913	704,823,913
Other liabilities	c, a	45,673,529	-	9,206,162	54,879,691	54,879,691
Total financial liabilities		45,673,529	-	5,139,255,041	5,184,928,570	5,194,265,857

20. 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).

	31 March 2020		31 March 2019	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Derivative financial assets				
Interest rate swaps	-	73,962,265	-	28,292,842
Currency swaps	-	48,683,264	-	7,086,268
Currency options	-	-	-	41,528
FX forwards	-	23,112,552	-	7,250,342
Total derivative financial assets	-	145,758,081	-	42,670,980
Derivative financial liabilities				
Interest rate swaps	-	79,922,373	-	31,181,023
Currency swaps	-	49,173,442	-	7,198,276
Currency options	-	-	-	42,166
FX forwards	-	23,154,212	-	7,252,064
Total derivative financial liabilities	-	152,250,027	-	45,673,529
Investment in debt instruments	596,778,945	-	153,761,423	-

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

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

21. Profitability and Size

The Overseas Banking Group

a) Profitability

	Twelve Months ended 31 March 2020 JPY(000's)	Twelve Months ended 31 March 2019 JPY(000's)
Net Profit After Tax	139,555,000	655,377,000
Net Profit After Tax over the previous 12 month period as a percentage of average total assets	0.05%	0.27%

b) Size

	Twelve Months ended 31 March 2020 JPY(000's)	Twelve Months ended 31 March 2019 JPY(000's)
Total Assets	270,418,512,000	253,312,157,000
% Change in total assets over the previous 12 months	6.75%	5.89%

22. Asset Quality

(i) The Overseas Banking Group

	As at 31 March 2020 JPY(000's)	As at 31 March 2019 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	903,766,000	777,085,000
Total individually impaired assets expressed as a percentage of total assets	0.33%	0.31%
Total individual credit impairment allowance	165,282,000	231,350,000
Total individually credit impairment allowance expressed as a percentage of total individually impaired assets	18.29%	29.77%
Total collective credit impairment allowance	447,252,000	358,160,000

(ii) MUFG Bank, Ltd., Auckland Branch.

The provision for impairment is based on NZ IFRS 9's impairment model which requires the Branch to recognised expected credit losses (ECL) based on unbiased forward looking information. The Branch will incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date.

The Branch does not have any individually impaired assets that have been recognised, any individual credit impairment allowances, and any assets that are less than 30 days past due; at least 30 days but less than 60 days past due; at least 60 days but less than 90 days past due; and at least 90 days past due but not impaired as at 31 March 2020 (31 March 2019: Nil).

The Branch did not charge or credit to the statement of comprehensive income for any increase or decrease in individual credit impairment allowance during this accounting period ended 31 March 2020 (31 March 2019: Nil).

The total interest income recognised on impaired asset over this accounting period ended 31 March 2020 is Nil (31 March 2019: Nil).

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

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

The Branch has only one type of credit exposure: Corporate exposures. The movement in balance of collective provision for expected credit loss and the impacts of changes in gross carrying amounts of loan by expected credit loss allowance are disclosed in note 10.

23. Exposures to Market Risk

Aggregate market risk exposures of MUFG Bank, Ltd., Auckland Branch have been derived in accordance with Schedule 9 of the Reserve Bank Order.

		Twelve Months Ended 31 March 2020 NZD (000's)	Twelve Months Ended 31 March 2019 NZD (000's)
(1) Aggregate Interest Rate Exposure			
(a)	Notional Capital Charge *	5,216	3,773
(b)	Implied risk weighted exposure	65,200	47,163

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

		Peak End of Day Ending 31 March 2020 NZD (000's)	Peak End of Day Ending 31 March 2019 NZD (000's)
(1) Aggregate Interest Rate Exposure (continued)			
(a)	Notional Capital Charge **	7,594	5,929
(b)	Implied risk weighted exposure	94,925	74,113

** 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.

(2) Aggregate Foreign Currency Exposure
MUFG Bank, Ltd., Auckland Branch does not have any foreign currency exposures.

(3) Aggregate Equity Exposure
MUFG Bank, Ltd., Auckland Branch does not have any equity exposures.

By entering into foreign exchange transactions, interest rate swap transactions, currency swap transactions and long term fixed interest deposits with the Sydney Branch, the Branch does not hold any significant foreign exchange exposure and long term interest rate exposure. Please refer to Note 3 (b) and (c) for detail. Under this arrangement, the Branch is exposed to limited market risk which is immaterial.

24. Capital Adequacy

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

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

The Financial Stability Board identified the Overseas Banking Group as a global systematically important bank, or G-SIB, in its most recent annual report published in November 2017.

24. Capital Adequacy (continued)

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

The table below presents the minimum consolidated risk-based capital ratios from 31 March 2019:

	2019	2020
Minimum Common Equity Tier 1 ratio	4.50%	4.50%
Capital Conservation Buffer	2.50%	2.50%
Countercyclical Buffer	0.04%	0.01%
G-SIB Surcharge	1.50%	1.50%
Total	8.54%	8.51%
Minimum Tier 1 ratio	10.04%	10.01%
Minimum Capital ratio	12.04%	12.01%

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

Overseas Banking Group	**As at 31 March 2020**	**As at 31 March 2019**
Capital ratios:		
Common Equity Tier 1 capital	10.70%	10.83%
Tier 1 capital	12.29%	12.46%
Total capital	14.43%	14.42%

Overseas Bank	**As at 31 March 2020**	**As at 31 March 2019**
Capital ratios:		
Common Equity Tier 1 capital	10.67%	11.69%
Tier 1 capital	12.52%	13.53%
Total capital	14.76%	15.58%

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.

25. Insurance Business

MUFG Bank, Ltd., Auckland Branch *does not* conduct any insurance business in or outside New Zealand.

26. Non-Consolidated Activities

MUFG Bank, Ltd. *does not* conduct any insurance business or non-financial activities in New Zealand outside MUFG Bank, Ltd., Auckland Branch.

27. Securitisation, Funds Management, and Other Fiduciary Activities

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

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

(c) MUFG Bank, Ltd., Auckland Branch is not involved in the marketing and distribution of insurance products.

28. Financial Support

The Auckland Branch is part of MUFG Bank, 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.

29. 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 31 March 2020, 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.

Deloitte.

Independent Auditor's Report

To the Shareholders of MUFG Bank, Ltd. – Auckland Branch

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION (EXCLUDING SUPPLEMENTARY INFORMATION RELATING TO CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY)

Opinion

We have audited the financial statements and the supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy on pages 58 to 59) of the MUFG Bank, Ltd. – Auckland Branch ('the Branch' and 'the Banking Group').

The financial statements comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy) comprise the information required to be disclosed under Schedules 4, 7, 11, and 13 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the 'Order').

In our opinion, the accompanying financial statements, on pages 16 to 60:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of the Branch as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

In our opinion, the supplementary information (excluding the information relating to Credit and Market Risk Exposures and Capital Adequacy) disclosed in accordance with Schedules 4, 7, 11 and 13 of the Order (the 'Supplementary Information'):

- has been prepared, in all material respects, in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989 and any Conditions of Registration;
- is in accordance with the books and records of the Branch in all material respects; and
- fairly states in all material respects the matters to which it relates in accordance with those Schedules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Supplementary Information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss on loans and advances to customers As described in note 10, the expected credit loss has been determined as $1,207,903. We considered this a Key Audit Matter due to the significant judgement made by management in determining when to recognise an allowance for impairment losses on loans and advances to customers and in estimating the provision. This judgement was only amplified as a result New Zealand entering nationwide lockdown a number of days prior to year-end as a result of COVID-19 global pandemic. As detailed in note 10, the Branch has loans and advances of $4,692,029,250 and impairment allowances of $835,263 on loans and advances and $372,640 on undrawn commitments and guarantees. Key areas of judgement include: • Determination of the requirements under NZ IFRS 9 when calculating the impairment allowance, which is reflected in the Branch's expected credit loss model • Assumptions used in the expected credit loss model such as credit risk level of the borrower and macro economic enviroment including the forecast impacts of the COVID-19 as described in note 2.	We assessed the modelling methodology against the requirements of NZ IFRS 9. We tested the operating effectiveness of key controls in the lending cycle, specifically isolated to the assessment of credit risk related to each counterparty. We tested the approval of new lending arrangements, the performance of loan assessments and controls over the monitoring of counterparty credit quality. We assessed the data used in determining the expected credit loss, including transactional data captured at commencement of the loan, internal credit quality assessment. The Branch has assessed the expected credit loss through the aggregation of borrower ratings and determined the expected credit loss on a collective basis. Borrower ratings were adjusted to reflect the forecast impact of COVID-19 on macroeconomic environment. As a result, we challenged the probability of default for each borrower rating. We also challenged the probability of default and expected recovery ratio applied to each security type, this included the forward looking information used. We tested the accuracy of key inputs into the models by reconciling each of the balances through to the general ledger. We tested the operating effectiveness of IT controls related to the system that generated the relevant reports. We assessed the mathematical accuracy of the expected credit loss model and the reasonableness of the inputs in the model, as well as the design and implementation of controls over these inputs. In addition, we assessed the adequacy of the related disclosures including disclosures around the impact of COVID-19 on the determination of the ECL at year-end.

Other information

The directors are responsible on behalf of the Branch for the other information. The other information comprises the information in the Disclosure Statement in accordance with Schedule 2 of the Order on pages 1 and 15 that accompanies the financial statements, supplementary information, and the audit report.

Our opinion on the financial statements and supplementary information does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements and supplementary information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible on behalf of the Branch for the preparation of the financial statement in accordance with NZ IFRS and IFRS and that give a true and fair view of the matters to which they relate. The directors are also responsible on behalf of the Branch for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible on behalf of the Branch for the preparation of Supplementary Information which fairly states the matters required to be disclosed under Schedules 2, 4, 7, 11 and 13 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; any Conditions of Registration; and in accordance with the books and records of the Branch.

In preparing the financial statements, the directors are responsible on behalf of the Branch for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements and supplementary information

Our objectives are to obtain reasonable assurance about whether the financial statements and supplementary information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and supplementary information.

It is our responsibility to express an opinion on the financial statements and supplementary information prepared and presented by the directors, and report our opinion in accordance with clause 2 of Schedule 1 of the Order. Our responsibility is to express an opinion based on our audit. A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2

This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with the requirements of clauses 2(1)(d) and 2(1)(e) of Schedule 1 of the Order, we report that:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by the Branch as far as appears from our examination of those records.

REPORT ON THE REVIEW OF THE SUPPLEMENTARY INFORMATION RELATING TO CREDIT AND MARKET RISK EXPOSURES AND CAPITAL ADEQUACY

Information subject to our review

We have reviewed the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy on pages 58 to 59.

Directors' responsibilities

The directors are responsible on behalf of the Branch for the preparation and fair presentation of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy prepared in accordance with Schedule 9 of the Order, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy based on our review. 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'). We are required to conclude whether anything has come to our attention that would cause us to believe that the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy is not in all material respects:

- prepared in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989; any Conditions of Registration; and in accordance with the books and records of the Branch;
- prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A); and
- disclosed in accordance with Schedule 9 of the Order.

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 of the Branch.

A review 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 the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the supplementary information relating to Credit and Market Risk Exposures and Capital Adequacy, disclosed on pages 58 to 59, as required by Schedule 9 of the Order, is not in all material respects:

- prepared in accordance with the guidelines issued pursuant to Section 78(3) of the Reserve Bank of New Zealand Act 1989; any Conditions of Registration; and in accordance with the books and records of the Branch;
- prepared in accordance with Capital Adequacy Framework (Standardised Approach) (BS2A); and
- disclosed in accordance with Schedule 9 of the Order.

AUDITOR INDEPENDENCE

We are independent of the Branch in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Branch.

EMPHASIS OF MATTER – BRANCH

The Branch is part of MUFG Bank, Ltd. As described in Note 28, the assets of the Branch are legally available for the satisfaction of debts of the entire Branch, not solely those appearing on the accompanying statement of financial position and its debts may result in claims against assets not appearing thereon. Our opinion is not qualified in respect of this matter.

RESTRICTION ON USE

This report is made solely to the Branch's shareholders, as a body. Our audit has been undertaken so that we might state to the Branch's shareholders those matters we are required to state to them in an auditor's 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 audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Jason Statchurski, Partner
for Deloitte Limited
Auckland, New Zealand
21 August 2020

This audit report relates to the financial statements of MUFG Bank, Ltd. – Auckland Branch (the 'Branch) for the year ended 31 March 2020 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 June 2020 to confirm the information included in the audited financial statements presented on this website.