REGISTERED BANK DISCLOSURE STATEMENT

31 MARCH 2023

MUFG

MUFG BANK, LTD.
AUCKLAND BRANCH

TABLE OF CONTENTS

Disclosure Statements

Page

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 19, 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), negotiable certificates of deposit, and deposit in overseas branches 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 2023 NZD	**As at 31 March 2022 NZD**
Amount due to related parties	4,174,133,335	3,656,001,495
Retail deposit	117,215,417	244,696,757
Certificate deposit	633,689,126	955,451,322
Call deposit	140,295,029	167,572,466
Term deposit	1,273,225,749	935,594,276
	6,338,558,656	5,959,316,316

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 Takahiro Iino,
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 Masami Yoshitake
Managing Director, Head of Auckland Branch
MUFG Bank, Ltd., Auckland Branch
Level 19, 151 Queen Street
Auckland, NEW ZEALAND

5.2 Directors of MUFG Bank, Ltd. on the date of signing this Disclosure Statement:

Name:	Naoki Hori	**Name:**	Junichi Hanzawa
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 Kyoto University, Japan	**Qualification:**	BA in Economics The University of Tokyo, Japan;
Name:	Yasushi Itagaki	**Name:**	Seiichiro Akita
Occupation:	Deputy President	**Occupation:**	Deputy President
Residence:	Japan	**Residence:**	Japan
Executive or Independent director:	Executive director	**Executive or Independent director:**	Executive director
Qualification:	Bachelor of Law Kyoto University, Japan	**Qualification:**	BA in Law Keio University, Japan; Arthur D. Litte School of Management, USA Carroll Graduate School of Management Boston College USA
Name:	Ichiro Takahara	**Name:**	Minoru Soutome
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 Nanzan University, Japan;	**Qualification:**	BA in Economics Waseda University, Japan

5. Directorate (continued)

Name: Tetsuya Yonehana
Occupation: Senior Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Engineering
The University of Tokyo, Japan

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

Name: Yutaka Miyashita
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Law
Koyto University, 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: Keitaro Tsukiyama
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Commerce
Doshisha University, Japan;

Name: Hideaki Takase
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Economics
Hitotsubashi University, Japan;
MBA
Massachusetts Institute of Technology, USA

Name: Fumitaka Nakahama
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Foreign Studies
Sophia University, Japan

Name: Shuichi Yokoyama
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Science and Engineering
Waseda University, Japan; MBA
Massachusetts Institute of Technology, USA

Name: Hiroyuki Seki
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Business
Keio University, Japan

Name: Toshiki Ochi
Occupation: Managing Executive Officer
Residence: Japan
Executive or Independent director: Executive director
Qualification: Faculty of Commerce and Management
Hitotsubashi University, Japan

5. Directorate (continued)

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

Name: Masahito Monguchi
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: Faculty of Law
The University of Tokyo, Japan;
Attorney

Name: Keiichi Shiotsuka
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: BA in Economics
Chuo University, Japan

Name: Minoru Hagio
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University, Japan

Name: Shinichi Koide
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: College of Economics
Aoyama Gakuin University, Japan

Name: Toshifumi Kitazawa
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: BA in Economics
The University of Tokyo, Japan;

Name: Masahiko Kato
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: School of Law
Nagoya University, Japan

Name: Tadayuki Matsushige
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: School of Political Science and Economics
Waseda University, Japan;
CPA

Name: Takeshi Suzuki
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: BA in Economics
Keio University, Japan

Name: Akio Negishi
Occupation: Director
Residence: Japan
Executive or Independent director: Independent director
Qualification: Faculty of Science and Engineering
Waseda University, Japan;

Name: Hironori Kamezawa
Occupation: Director
Residence: Japan
Executive or Independent director: Executive director
Qualification: Master of Science
The University of Tokyo, Japan;

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

5. Directorate (continued)

Hironori Kamezawa, Naoki Hori, Junichi Hanzawa, Tetsuya Yonehana, Hiroshi Mori, Yutaka Miyashita, Shuichi Yokoyama, Fumitaka Nakahama, Hiroyuki Seki, Hideaki Takase, Keitaro Tsukiyama, Toshiki Ochi, Tadashi Yamamoto, Yasushi Itagaki, Seiichiro Akita, and Takefumi Tango have other directorships as follows:

i. Mitsubishi UFJ Financial Group, Inc.

Toshifumi Kitazawa has other directorships as follows:

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

Shinichi Koide has other directorships as follows:

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

Akio Negishi has other directorships as follows:

i. Chairman of the Board, Meiji Yasuda Life Insurance Company.

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**
Takahiro Iino	Managing Director, Head of Oceania, Head of Sydney Branch (Responsible Person on behalf of the Directors)	Australia	BA in Economics Waseda University, Japan MBA Purdue University , West Lafayette USA
Masami Yoshitake	Managing Director, Head of Auckland Branch (New Zealand Chief Executive Officer)	New Zealand	Bachelor of Economics Nagoya University, Japan

MUFG Bank, Ltd – Auckland Branch’s Registered Bank Disclosure Statement for the year ended 31 March 2023 (signed on 29 June 2023) has been withdrawn due to the transition of the New Zealand Chief Executive Officer. The application to appoint the new Chief Executive Officer is currently being reviewed by the Reserve Bank of New Zealand and as a result he is currently not authorised to sign the Disclosure Statement. As a result, the Disclosure Statement has been reissued with an authorised signatory.

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 2023 (2022: 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 2023.

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 no changes to the conditions of registration since the last disclosure statement as at 30 September 2022.

These conditions of registration apply on and after 1 January 2022.

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 subsidiaryof 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.

9. That, for a loan-to-valuation measurement period ending on or after 31 October 2021, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 60%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

10. That, for a loan-to-valuation measurement period ending on or before 31 March 2022, the total of the bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

11. That, for a loan-to-valuation measurement period ending on or after 30 April 2022, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

7. Conditions of Registration (continued)

12. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

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.

In conditions of registration 9 to 12,—

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2021, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS19 for the purpose of defining these terms are—

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 October 2021
BPR001: Glossary	1 July 2021

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month.

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)
Standard & Poor's	A	-
Moody's	A1	-
Fitch	A-	-

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 2023 NZD(000's)	Year ended 31 March 2022 NZD(000's)	Year ended 31 March 2021 NZD(000's)	Year ended 31 March 2020 NZD(000's)	Year ended 31 March 2019 NZD(000's)
(a)	Total interest revenue	240,422	79,302	68,619	127,997	132,536
(b)	Total interest expense	215,571	46,645	44,017	99,291	108,869
(c)	Total other revenue	31,912	29,154	32,403	21,405	19,680
(d)	Total expected credit loss charged to the income statement	2,679	3,307	274	(125)	9
(e)	Total other expenses	17,842	14,435	10,341	11,088	10,698
(f)	Net profit or (loss) before taxation	36,242	44,070	46,390	39,148	32,640
(g)	Taxation	6,615	9,134	9,804	8,778	7,015
(h)	Net profit or (loss) after taxation	29,627	34,936	36,585	30,369	25,625
(i)	Net profit or (loss) attributable to non-controlling interests	-	-	-	-	-
(j)	The amount of branch profits repatriated	-	-	-	-	-
(k)	Total assets	6,864,097	6,428,257	6,459,693	6,515,372	5,383,281
(l)	Total individually impaired assets	-	-	-	-	-
(m)	Total liabilities	6,547,928	6,141,433	6,202,097	6,293,645	5,194,272
(n)	Head office capital	83,000	83,000	83,000	83,000	83,000
(o)	Retained earnings and reserve	233,168	203,824	174,597	138,727	106,009

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 2023;

- 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.

Takahiro Iino

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

Dated (Sydney): 10 July 2023

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

Dated (Auckland): 10 July 2023

The New Zealand Chief Executive Officer and the signing date are changed. Please refer to note on page 9.

Financial Statements
For the Year Ended 31 March 2023

Statement of Comprehensive Income

	Note	Twelve Months ended 31 March 2023 NZD	Twelve Months ended 31 March 2022 NZD
Interest income	4	240,422,269	79,302,048
Interest expense	4	(215,571,114)	(46,644,653)
Net interest income		24,851,155	32,657,395
Fees and commission income	4	29,839,248	29,535,497
Net gain/ (losses) on financial instruments	4	2,072,718	(381,608)
		31,911,966	29,153,889
Occupancy expenses	4	(71,325)	(56,933)
Personnel expenses	4	(3,897,420)	(3,682,114)
Auditors' remuneration	4	(201,713)	(217,145)
Administration and other expenses	4	(13,671,404)	(10,478,610)
Profit before expected credit losses and income tax expense		38,921,259	47,376,482
Expected credit losses		(2,679,203)	(3,306,739)
Profit before income tax expense		36,242,056	44,069,743
Income tax expense	6	(6,615,277)	(9,133,534)
Profit from continuing operations		29,626,779	34,936,209
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVOCI			
- (Loss) arising during the year		(391,801)	(7,928,928)
- Income tax (expense) / benefit on Debt instruments measured at FVOCI		109,704	2,220,100
Other comprehensive (expense) net of tax		(282,097)	(5,708,828)
Total comprehensive income, net of tax		29,344,682	29,227,381

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 2021	83,000,000	172,490,270	2,106,360	257,596,630
Profit from continuing operations	-	34,936,209	-	34,936,209
Other comprehensive income, net of tax	-	-	(5,708,828)	(5,708,828)
Total comprehensive income, net of tax	-	34,936,209	(5,708,828)	29,227,381
Balance at 31 March 2022	83,000,000	207,426,479	(3,602,468)	286,824,011
Balance at 1 April 2022	83,000,000	207,426,479	(3,602,468)	286,824,011
Profit from continuing operations	-	29,626,779	-	29,626,779
Other comprehensive (expense), net of tax	-	-	(282,097)	(282,097)
Total comprehensive income, net of tax	-	29,626,779	(282,097)	29,344,682
Balance at 31 March 2023	83,000,000	237,053,258	(3,884,565)	316,168,693

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 2023 NZD	As at 31 March 2022 NZD
Assets			
Cash and short term liquid assets	16	227,592,289	413,616,070
Amounts due from related parties	14	693,432,476	746,709,559
Amounts due from other financial institutions	16	601,550,899	514,986,246
Investment in debt instruments	16	475,341,441	359,276,178
Corporate loans originated by the Bank	10, 16	4,669,974,846	4,224,642,885
Acceptances of customers	16	3,492,413	5,829,126
Derivative instruments	15	185,189,279	158,521,175
Other assets		2,449,263	2,378,859
Current tax asset		2,368,980	24,588
Deferred tax asset	6	1,574,250	953,952
Property, plant and equipment	5	1,131,152	1,318,517
Total Assets		6,864,097,288	6,428,257,155
Liabilities			
Amounts due to related parties	14	4,174,133,335	3,656,001,495
Deposits	7	2,164,425,321	2,303,314,821
Acceptances		3,492,413	5,829,126
Derivative instruments	15	188,359,237	163,414,696
Other liabilities	11	17,518,289	12,873,006
Total Liabilities		6,547,928,595	6,141,433,144
Equity			
Head Office capital	14	83,000,000	83,000,000
Retained earnings		237,053,258	207,426,479
Investment revaluation reserve		(3,884,565)	(3,602,468)
Total Equity		316,168,693	286,824,011
Total Liabilities and Equity		6,864,097,288	6,428,257,155
Total Interest Earning and Discount Bearing Assets	18	5,979,718,416	5,551,326,878
Total Interest and Discount Bearing Liabilities	18	6,333,857,652	5,955,272,907

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

Deloitte. for Identification

Statement of Cash Flows

	Twelve Months ended 31 March 2023 NZD	Twelve Months ended 31 March 2022 NZD
Cash Flows from Operating Activities		
Interest income received	224,830,971	78,133,824
Commission fees & trading income	30,000,959	30,153,458
Interest paid	(198,205,667)	(43,447,827)
Payments to suppliers, employees and others	(12,787,835)	(10,274,814)
Net cash flows from operating activities before changes in operating assets and liabilities	43,838,428	54,564,641
Net (increase) / decrease in operating assets:		
Net (increase) in corporate loans originated by the Bank	(433,752,508)	(180,094,362)
Net (increase) in amounts due from other financial Institutions	(86,564,653)	(349,987,242)
Net (increase) / decrease in investment in debt instruments	(115,087,747)	87,807,180
Net decrease / (increase) in amounts due from related parties	53,240,409	(139,788,892)
Net decrease in other assets	2,357,423	8,659,337
	(579,807,076)	(573,403,979)
Net increase / (decrease) in operating liabilities:		
Net (decrease) / increase in commercial papers and deposits	(147,402,671)	31,184,841
Net increase / (decrease) in amounts due to related parties	509,279,564	(117,155,458)
Net (decrease) in other liabilities	(2,336,714)	(10,002,258)
	359,540,179	(95,972,875)
Net cash flows (used in) operating activities before income tax	(176,428,469)	(614,812,213)
Net tax (paid)	(9,470,264)	(15,941,927)
Net cash flows (used in) operating activities	(185,898,733)	(630,754,140)
Cash Flows from / (used in) Investing Activities		
Payment for property, plant and equipment	(5,928)	(372,086)
Net cash flows (used in) investing activities	(5,928)	(372,086)
Cash Flows from / (used in) Financing Activities		
Lease payment	(119,120)	(314,486)
Net cash flows (used in) financing activities	(119,120)	(314,486)
Net Change in Cash and Cash Equivalents		
Net (decrease) in cash and cash equivalents	(186,023,781)	(631,440,712)
Cash and cash equivalents at beginning of year	413,616,070	1,045,056,782
Cash and cash equivalents at end of the year	227,592,289	413,616,070
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	227,592,289	413,616,070
Closing cash and cash equivalents	227,592,289	413,616,070

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

Deloitte. for Identification

Statement of Cash Flows (continued)

	Twelve Months ended 31 March 2023 NZD	Twelve Months ended 31 March 2022 NZD
Reconciliation of profit from continuing operations to net cash used in operating activities		
Profit from continuing operations	29,626,779	34,936,209
(Increase) in corporate loans	(447,762,490)	(178,759,820)
(Increase) in due from other financial institutions	(86,564,653)	(349,987,242)
(Increase) / Decrease in investment in debt instruments	(116,457,064)	88,647,828
Decrease / (Increase) in due from related parties	53,277,083	(139,825,566)
Decrease in acceptances of customers	2,336,713	8,527,074
(Increase) in other assets	(70,405)	(271,168)
(Decrease) / Increase in certificate of deposit	(321,762,196)	116,179,019
Increase / (Decrease) in commercial paper and deposits	182,872,697	(83,173,561)
Increase / (Decrease) in due to related parties	518,131,839	(115,779,249)
(Decrease) in acceptances	(2,336,713)	(8,527,074)
Increase in other liabilities	4,496,420	1,893,408
(Decrease) in tax payable	(9,469,823)	(15,941,845)
Non-Cash items:		
Depreciation of property, plant and equipment	193,293	191,484
(Decrease) / Increase in provision for expected credit losses	2,679,203	3,306,739
Increase in tax payable	6,614,837	9,133,452
Other	(1,704,253)	(1,303,828)
Net cash flows from operating activities	(185,898,733)	(630,754,140)

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

Deloitte. for Identification

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

The accounting policies used by the Branch are consistent with those used in previous period. The Branch has applied, where relevant, all new or revised accounting standards and interpretation effective and applicable to the year ended 31 March 2023. However, they have had no impact on the Branch's reported result or financial position.

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,

Deloitte.
for
Identification

2. Significant Accounting Policies

a) Standards and Interpretations approved but not yet effective

No new standards, amendments or interpretation to existing standards that are not yet effective have been early adopted by the Branch in these financial statements

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.

(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.

Deloitte. for Identification

2. Significant Accounting Policies (continued)

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.

g) Property, Plant and Equipment and Depreciation

Property, plant and equipment owned, and right-of-use assets under leasing arrangement are stated at cost less accumulated depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the item. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability. 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 and right-of-use assets 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

Deloitte. for Identification

2. Significant Accounting Policies (continued)

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.

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. Significant Accounting Policies (continued)

(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.

(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.

2. Significant Accounting Policies (continued)

(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.

Other liabilities also include lease liabilities which are initially measured at the present value of the lease payments as per lease contracts, discounted using the interest rate determined by the Branch’s incremental borrowing rate.

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.

Deloitte. for Identification

2. Significant Accounting Policies (continued)

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.

PD is the ratio of default for a certain period. "Default" is referred to the downgrade of BR to rating 9 or below. "PD rate" is produced by Stress Testing Probability of Default (PD) model which was developed by Moody's Analytics for MUFG Bank Oceania Region (MUFG Oceania) including Australia and New Zealand. Statistically developed Catch-all model was designed for all the existing portfolios for MUFG Oceania. The model development has relied on the historical economic data and forecast data provided by Moody's Analytics. In addition, the model was based on credit quality index, called Z-index obtained from Moody's CreditEdge data. Linear regression models were developed to predict the Z index based upon Macroeconomic indicators within Oceania. The forecast data for the macroeconomic variables were provided by Moody's Analytics Scenario Studio data. Since the model predicted Z-index are at a portfolio level, logistic-spreading methodology was adopted to forecast the PDs at rating level.

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 8.2
II	8.3
III	9

Deloitte. for Identification

2. Significant Accounting Policies (continued)

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.

The calculation of ECL incorporate forward-looking information. The Bank assesses ECL in 3 scenarios: Baseline, S3, and HO. The PD ratios for Baseline and S3 are generated from the Branch's in-house Stress Testing Probability of Default (PD) model for Neutral and negative scenarios respectively on reporting date. The PD ratios for HO are extracted from the registered bank's PD model data on reporting date. Following this assessment, the Branch measures ECL as a weighted average probability of ECL in the next 12-month under the three scenarios for Stage 1 financial instruments. The weighted average probability which is determined by the likeness on prediction in next 12 months for each scenario is summarised as follows:

Scenario	WA Probability
Baseline	60%
S3	35%
HO	5%

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.

o) Leasing

Interest expense on lease liabilities and depreciation on right-of-use assets are recognised in the profit and loss as an expense

p) 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

Deloitte. for Identification

2. Significant Accounting Policies (continued)

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.

q) 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.

r) 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.

s) 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.

“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.

Deloitte. for Identification

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. 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, Virtually Bankrupt and 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 local approval of 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.

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.

Deloitte. for Identification

3. Risk Management Policies (continued)

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 three scenarios:

Going-concern – which refers to the normal behavior of cash flows in the ordinary course of business and would form the day-to-day focus of the Branch's liquidity management.

5 Day stress tests – which covers the behavior of cash flows where there is an immediate actual or perceived problem with the Branch

Liquidity Coverage Ratio – a one month liquidity stress described in the APRA APS 210 standard

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 2023 NZD	As at 31 March 2022 NZD
Cash and cash equivalents	227,592,289	413,616,070
Amounts due from related parties	693,432,476	746,709,559
Amounts due from other financial institutions	601,550,899	514,986,246
Investment in debt instruments	475,341,441	359,276,178
	1,997,917,105	2,034,588,053

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 arising from operational risk events is considered within our operational risk management frameworks.

Oceania branch utilises the three lines of defence approach to the management of risk, with the business lines accountable for the application of the Operational Risk framework, and the management of risks. The dedicated second line function is accountable for the design of the Operational Risk Framework and provision of assurance over the application.

The primary method the Branch uses to manage Operational Risk is by having a robust suite of controls. The Branch also 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 approved variances to these procedures are noted and tracked.

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, and also based on the local regulatory requirement. 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.

i) Self Inspection

Self Inspection (SI) from Sydney Branch provides a limited procedural assurance to the Branch. The locally appointed Self Inspection Checker conducts the monthly tests and reports to the SI team in Sydney Planning Department 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 to the Parent Bank on a quarterly basis.

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.

Notes to the Financial Statements
For the Year Ended 31 March 2023

4. Profit Before Income Tax Expense

	Twelve Months ended 31 March 2023 NZD	Twelve Months ended 31 March 2022 NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	239,921,074	79,027,729
Related parties	501,195	274,319
	240,422,269	79,302,048
(b) Fees and commissions income		
Fees and commissions income	29,839,248	29,535,497
	29,839,248	29,535,497
(c) Gains less losses on financial instruments		
Net gain on interest rate derivatives	941,225	317,012
Net gain/(loss) on currency derivatives	1,337,913	(728,589)
Net (loss)/gain on foreign currency	(193,141)	29,969
Loss on sale of negotiable certificates of deposit bought	(13,279)	-
Other income	-	-
	2,072,718	(381,608)
	272,334,235	108,455,937
Total interest income derived from financial assets:		
At amortised cost	233,196,913	75,490,819
Investment in debt instruments (FVOCI)	7,225,356	3,811,229
Total fee income derived from financial assets that are not at fair value through profit or loss	29,813,408	29,471,513
Net unrealised gain/(loss) on financial assets/liabilities (FVTPL)	1,736,171	(544,023)
Net realised gain on financial assets/liabilities (FVTPL)	349,826	162,415
Other fee income	25,840	63,984
Loss on sale of negotiable certificates of deposit bought	(13,279)	-
Other income	-	-
	272,334,235	108,455,937
Expenses		
(a) Interest expense		
Deposits and other accounts	74,458,959	18,832,096
Related parties	141,112,155	27,812,557
	215,571,114	46,644,653
Total interest expense was derived from financial liabilities:		
At amortised cost	215,571,114	46,644,653
	215,571,114	46,644,653
(b) Other operating expense		
Rental & lease costs	71,325	56,933
Depreciation		
Furniture, fixtures and fittings	45,602	36,694
Office equipment	18,692	18,436
Motor vehicles	-	-
Right-of-use assets depreciation	129,000	136,354
Auditors' remuneration (see note 9)		
Audit fees	201,713	217,145
Salaries	3,846,680	3,639,764
Staff related costs	50,740	42,350
Net losses from the disposal of fixed assets	-	30,438
General administration and other operating expenses	13,478,110	10,256,688
Provision for credit impairment	2,679,203	3,306,739
	20,521,065	17,741,541
Profit before income tax expense	36,242,056	44,069,743

Total income excluding any net loss for twelve months ended 31 March 2023 is NZD 272,347,514 (twelve months ended 31 March 2022: NZD 108,999,960).

Deloitte. for Identification

5. Property, Plant and Equipment

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Furniture, fixtures and fittings:		
Cost as at 1 April	315,173	645,404
Additions	-	309,565
Disposals	-	(639,796)
Cost as at 31 March	315,173	315,173
Accumulated depreciation		
Opening balance	(42,302)	(640,298)
Depreciation during the year	(45,602)	(36,694)
Disposals	-	634,690
Closing balance	(87,904)	(42,302)
	227,269	272,871
Office equipment:		
Cost as at 1 April	1,122,412	1,256,113
Additions	5,929	62,521
Disposals	-	(196,222)
Cost as at 31 March	1,128,341	1,122,412
Accumulated depreciation		
Opening balance	(1,066,578)	(1,219,032)
Depreciation during the year	(18,692)	(18,436)
Disposals	-	170,890
Closing balance	(1,085,270)	(1,066,578)
	43,071	55,834
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	(38,091)	(38,091)
Depreciation during the year	-	-
Disposals	-	-
Closing balance	(38,091)	(38,091)
	-	-
Right-of-use assets:		
Opening balance	1,095,207	1,648,877
Additions	-	1,095,207
Disposals	-	(1,648,877)
Closing balance	1,095,207	1,095,207
Accumulated depreciation		
Opening balance	(105,395)	(375,145)
Depreciation during the year	(129,000)	(136,354)
Disposals	-	406,104
Closing balance	(234,395)	(105,395)
	860,812	989,812
Net book value as at 31 March	1,131,152	1,318,517

6. Income Tax

Income Tax recognised in profit and loss

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Tax expense / (benefit) comprises:		
Current tax expense	7,245,507	9,778,362
Adjustments recognised in the current year in relation to the current tax of prior years	(630,230)	(644,828)
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
	6,615,277	9,133,534

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

Profit from operations	36,242,056	44,069,743
Income tax expense calculated at 28%	10,147,776	12,339,528
Effect of other assessable incomes	554,400	408,800
Effect of other deductible expenses	(3,694,669)	(3,188,366)
Effect of expenses that are not deductible in determining taxable profit	238,000	218,400
	7,245,507	9,778,362
Adjustment recognised in the current year in relation to the current tax and deferred tax of prior years	(630,230)	(644,828)
	6,615,277	9,133,534

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	(391,801)	(7,928,928)
Income tax expense calculated at 28%	(109,704)	(2,220,100)

The Branch did not have any imputation credits as at the year ended 31 March 2023 (2022: Nil).

The Branch had 2,368,980 as current tax asset at the year ended 31 March 2023 (2022: 24,588).

Deferred tax balance

Deferred tax assets arise from the following

			31 March 2023		
	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	38,153	5,406	-	-	43,559
Property, plant & equipment	83,197	(66,515)	-	-	16,682
Provision for ECL	828,422	680,548	-	-	1,508,970
Others	4,180	859	-	-	5,039
	953,952	620,298	-	-	1,574,250

6. Income Tax (continued)

			31 March 2022		
	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	40,335	(2,182)	-	-	38,153
Property, plant & equipment	74,782	8,415	-	-	83,197
Provision for ECL	285,096	543,326	-	-	828,422
Others	4,608	(428)	-	-	4,180
	404,821	549,131	-	-	953,952

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 2023 NZD	As at 31 March 2022 NZD
Retail deposit bearing interest	111,736,470	239,749,580
Retail deposit not bearing interest	5,478,947	4,947,177
Certificate deposit	633,689,126	955,451,322
Call deposit	140,295,029	167,572,466
Term deposit	1,273,225,749	935,594,276
	2,164,425,321	2,303,314,821

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

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Total Liabilities	6,547,928,595	6,141,433,144
Less: total amounts due to related parties (Note: 14)	(4,238,328,502)	(3,726,384,323)
Total liabilities net of amounts due to related parties	2,309,600,093	2,415,048,821

Deloitte. for Identification

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 2023 NZD	Twelve Months ended 31 March 2022 NZD
Assurance Services		
Auditor of the Branch		
Audit & review of the Branch's Disclosure Statements	201,713	217,145
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 2023 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 2022	2,958,649	1,829,889	4,788,538
Net transfers in / (out) of stages *	-	-	-
New financial assets originated	478,418	281,542	759,960
Financial assets derecognized during the period	(861,422)	(920,936)	(1,782,358)
Change in ECL due to net further lending / repayment	2,813,533	888,068	3,701,601
Change in ECL due to amounts written-off	-	-	-
Total provision for ECL as at 31 March 2023	5,389,178	2,078,563	7,467,741

* Represents the transfers between stages

The total provision was increased. It was mainly due to increase in asset portfolio, change in recovery ratio and weighted average factor.

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	4,227,601,534
Net transfers in / (out) of stages *	-
New financial assets originated	2,087,318,564
Financial assets derecognized during the period	(1,680,216,717)
Net further lending / repayment	40,660,643
Amounts written-off	-
Total gross carrying amount as at 31 March 2023	4,675,364,024
Provision for ECL as at 31 March 2023	(5,389,178)
Total net carrying amount as at 31 March 2023	4,669,974,846

11. Other Liabilities

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Provision for employee entitlements	155,569	136,260
Unearned income	2,294,509	2,360,737
Management fee charged by related parties	8,930,195	6,765,696
Provisions for ECL on financial guarantee and commitment	2,078,563	1,829,889
Lease Liabilities	878,926	998,046
Others	3,180,527	782,378
	17,518,289	12,873,006

12. Commitments and Contingent Liabilities

	Note	As at 31 March 2023 NZD	As at 31 March 2022 NZD
a) Other commitments			
Undrawn facility commitments	16	2,213,583,424	2,749,893,864
b) Contingent liabilities			
Guarantees given	16	77,672,494	78,148,314
Performance related contingencies	16	311,111,561	229,867,155
Trade related contingencies	16	24,031,204	21,242,132
		412,815,259	329,257,601

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.

Deloitte. for Identification

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 2023 NZD	Twelve Months ended 31 March 2022 NZD
Short term benefits	1,059,592	911,496
	1,059,592	911,496
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 related to the settlement account which is due on demand and term loans which are due in accordance with an agreed date. 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 2023 NZD	Twelve Months ended 31 March 2022 NZD
a) Balances		
Assets		
Amounts due from related parties	693,432,476	746,709,559
Derivative instruments	131,746,972	98,129,464
Others	8,969	132,018
	825,188,417	844,971,041
Liabilities		
Amounts due to related parties	4,174,133,335	3,656,001,495
Derivative instruments	55,262,481	63,617,132
Other	8,932,686	6,765,696
	4,238,328,502	3,726,384,323
Equity		
Head Office capital	83,000,000	83,000,000
Off Balance Sheet		
Guarantees given	5,683,941	5,683,941
Performance related contingencies	1,150,000	1,150,000
	6,833,941	6,833,941

Deloitte. for Identification

14. Related Party Disclosures (continued)

b) Transactions

Interest income	501,195	274,319
Interest expense	141,112,155	27,812,557
Net profit from derivative instruments	45,613,890	42,978,857
Fees and commissions income	3,419	4,403
Management fee expense	9,292,967	8,672,354

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 2023.

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

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Foreign Exchange Contracts		
Spot and forward contracts:		
Notional principal amount < 1 year	1,301,658,977	1,326,134,522
Notional principal amount 1 to 2 years	79,598,292	88,939,153
Notional principal amount 2 to 3 years	19,954,268	12,562,097
Notional principal amount 4 to 5 years	60,200,269	2,618,817
Notional principal amount more than 5 years	1,885,903	-
Total notional principal	1,463,297,709	1,430,254,589
Fair value < 1 year	(25,847)	(14,246)
Fair value 1 to 2 years	(18,211)	(8,843)
Fair value 2 to 3 years	(2,444)	(1,353)
Fair value 4 to 5 years	(4,185)	(3,503)
Fair value more than 5 years	(113)	-
Total fair value	(50,800)	(27,945)

15. Derivative Financial Instruments (continued)

Interest Rate Swap Contracts

Notional principal amount < 1 year	1,321,407,623	759,567,179
Notional principal amount 1 to 2 years	1,352,640,116	1,114,307,780
Notional principal amount 2 to 3 years	1,035,392,915	1,380,532,852
Notional principal amount 3 to 4 years	821,016,896	945,493,431
Notional principal amount 4 to 5 years	209,238,880	867,017,645
Notional principal amount more than 5 years	350,000,000	310,000,000
Total notional principal	5,089,696,430	5,376,918,887

Fair value < 1 year	(20,769)	(2,133)
Fair value 1 to 2 years	(77,385)	(252,829)
Fair value 2 to 3 years	(141,680)	(145,780)
Fair value 3 to 4 years	(527,218)	(300,691)
Fair value 4 to 5 years	(12,875)	(690,890)
Fair value more than 5 years	(512,541)	(596,473)
Total fair value	(1,292,468)	(1,988,796)

Currency Swap Contracts

Notional principal amount < 1 year	165,195,316	-
Notional principal amount 1 to 2 years	-	158,642,462
Notional principal amount 2 to 3 years	-	-
Notional principal amount 3 to 4 years	247,707,202	-
Notional principal amount 4 to 5 years	132,253,455	174,945,248
Notional principal amount more than 5 years	772,912,108	944,484,311
Total notional principal	1,318,068,081	1,278,072,021

Fair value < 1 year	(3,680)	-
Fair value 1 to 2 years	-	(811)
Fair value 2 to 3 years	-	-
Fair value 3 to 4 years	(177,442)	-
Fair value 4 to 5 years	(24,315)	(233,123)
Fair value more than 5 years	(1,621,253)	(2,642,846)
Total fair value	(1,826,690)	(2,876,780)

Deloitte. for Identification

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.

Corporate loans originated by the Bank are secured partially by following collateral/credit enhancements:

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

Concentration of credit risk is determined by management to be by industry sector, geographical location and customer credit rating. Industry sectors are determined by reference to the categories in the RBNZ Bank Balance Sheet Survey. 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 2023 NZD	As at 31 March 2022 NZD
Notional principal		
On Balance Sheet		
Cash and short term liquid assets	227,592,289	413,616,070
Amounts due from related parties	693,432,476	746,709,559
Amounts due from other financial institutions	601,550,899	514,986,246
Investment in debt instruments	475,341,441	359,276,178
Corporate loans originated by the Bank*	4,675,364,024	4,227,601,534
Acceptance of customers	3,492,413	5,829,126
Other assets	2,399,067	2,325,902
Total	6,679,172,609	6,270,344,615
Off Balance Sheet (Note 12)		
Guarantees given	77,672,494	78,148,314
Performance related contingencies	311,111,561	229,867,155
Trade related contingencies	24,031,204	21,242,132
Undrawn facility commitments	2,213,583,424	2,749,893,864
Total	2,626,398,683	3,079,151,465
Fair value		
Derivative Instruments	185,189,279	158,521,175

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

Deloitte. for Identification

16. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customers Industry Sector

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
On Balance Sheet		
Communications	237,111,961	163,478,622
Construction	242,274,469	72,125,934
Education	-	78,315,415
Electricity, gas and water	658,742,008	573,790,932
Finance	2,591,363,070	2,771,761,788
Fishing	152,153,653	116,753,742
Food manufacturing	388,336,201	753,369,123
Forestry	106,626,805	119,919,448
Health care & social assistance	305,511,744	317,315,551
Mining	85,571,247	84,981,605
Other manufacturing	448,872,532	394,013,246
Property and business services	330,774,874	199,361,339
Retail Trade	100,063,298	108,705
Transport and storage	221,626,093	210,340,244
Wholesale trade	777,767,625	392,266,372
Wood and paper manufacturing	32,377,029	22,442,549
Total	6,679,172,609	6,270,344,615

Notional principal

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
Off Balance Sheet		
Communications	82,048,466	31,561,573
Construction	40,532,904	142,573,425
Education	-	4,649,540
Electricity, gas and water	905,142,622	1,294,660,643
Finance	413,803,306	634,182,927
Food manufacturing	528,140,670	160,116,490
Forestry	278,020	228,020
Health care & social assistance	16,630,157	22,340,665
Other manufacturing	60,764,354	97,592,837
Property and business services	140,894,709	107,584,723
Retail trade	3,575,791	-
Transport and storage	355,566,110	412,610,041
Wholesale trade	67,016,229	155,903,728
Wood and paper manufacturing	12,005,345	15,146,853
Total	2,626,398,683	3,079,151,465

Deloitte. for Identification

16. Concentration of Credit Risk (continued)

Fair value

Derivative Instrument		
Communications	7,824,056	8,619,998
Construction	57,290	-
Electricity, gas and water	33,922,896	37,606,478
Finance	131,870,408	99,225,899
Fishing	397,021	351,964
Food manufacturing	2,863,117	710,047
Health care & social assistance	173,649	3,354,041
Mining	2,377,541	781,323
Other manufacturing	-	398,023
Transport and storage	2,206,516	5,792,141
Wholesale trade	2,994,625	905,284
Wood and paper manufacturing	502,160	775,977
Total	185,189,279	158,521,175

ii. Concentration of Credit Risk by Customers Geographic Location

	As at 31 March 2023 NZD	**As at 31 March 2022 NZD**
Notional principal		
On Balance Sheet		
New Zealand	5,305,868,095	4,792,453,378
Japan	703,832,989	771,945,838
Australia	551,232,932	578,979,674
United States of America	-	2,100,238
Malaysia	105,173,861	124,864,523
France	1,798	964
China	13,062,934	-
Total	6,679,172,609	6,270,344,615
Off Balance Sheet		
New Zealand	2,596,357,015	3,047,633,424
Japan	6,833,941	6,833,941
Australia	14,800,000	15,504,430
Other	8,407,727	9,179,670
Total	2,626,398,683	3,079,151,465
Fair value		
Derivative Instrument		
New Zealand	53,395,310	60,384,453
Japan	131,748,485	98,129,465
Australia	45,484	7,257
Total	185,189,279	158,521,175

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.

16. Concentration of Credit Risk (continued)

31 March 2023

Credit Rating	S&P Rating	Notional principal On balance Sheet	Notional principal Off balance Sheet	Derivative financial instruments
1-2	A- and above	2,106,382,981	1,039,224,220	9,700,981
3-7	B- to BBB+	3,879,348,183	1,580,340,522	43,739,813
8-9	CCC+/-	-	-	1,513
Not rated*		693,441,445	6,833,941	131,746,972
		6,679,172,609	2,626,398,683	185,189,279

31 March 2022

Credit Rating	S&P Rating	Notional principal On balance Sheet	Notional principal Off balance Sheet	Derivative financial instruments
1-2	A- and above	1,878,405,603	1,232,495,721	9,753,152
3-7	B- to BBB+	3,645,229,453	1,839,821,803	50,638,559
8-9	CCC+/-	-	-	-
Not rated*		746,709,559	6,833,941	98,129,464
		6,270,344,615	3,079,151,465	158,521,175

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

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.

16. Concentration of Credit Risk (continued)

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 2023 (2022: Nil).

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

As at 31 March 2023
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	185,189,279	-	185,189,279	19,971,768	165,217,511

As at 31 March 2022
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	158,521,175	-	158,521,175	18,239,323	140,281,852

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

As at 31 March 2023
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	188,359,237	-	188,359,237	19,971,765	168,387,472

As at 31 March 2022
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	163,414,696	-	163,414,696	18,239,323	145,175,373

There has been no collateral obtained against derivative assets for the year end 31 March 2023 (Mar 2022: Nil).

f. Acceptance of Customer and Other Assets

Collateral is generally not sought on these balances.

Deloitte. for Identification

16. Concentration of Credit Risk (continued)

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 2022 is over NZD 1,160,613,635 (2022: NZD 953,098,806) which is based on guarantees received from third parties and market value of business assets.

On Balance Sheet	**As at 31 March 2023**		**As at 31 March 2022**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	6,679,172,609	100.00	6,270,344,615	100.00
Collateral classification				
Secured	938,000,214	14.04	650,048,359	10.37
Partially secured	29,797,689	0.45	14,720,749	0.23
Unsecured	5,711,374,706	85.51	5,605,575,507	89.40

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 2023**		**As at 31 March 2022**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	2,626,398,683	100.00	3,079,151,465	100.00
Collateral classification				
Secured	203,888,553	7.76	292,171,516	9.49
Partially secured	-	-	-	-
Unsecured	2,422,510,130	92.24	2,786,979,949	90.51

17. Concentration of Funding

	As at 31 March 2023 NZD	As at 31 March 2022 NZD
a) Category analysis		
Customer deposits	2,164,425,321	2,303,314,821
Due to related parties	4,174,133,335	3,656,001,495
	6,338,558,656	5,959,316,316
b) Industry analysis		
Agriculture	2,940,152	1,852,836
Communications	40,890,329	-
Constructions	5,208,349	6,054,172
Electricity, gas and water	21,089,893	250,438,065
Finance	5,243,918,633	4,453,323,783
Food manufacturing	26,163,688	28,284,691
Fishing	8,137	7,522
Forestry	6,616,126	23,988
Insurance	34,098,785	39,950,514
Other industries	114,475,236	469,832,506
Other manufacturing	7,526,696	7,722,555
Property and business services	20,108,248	20,042,433
Public administration and safety	153,659,465	166,628,537
Retail trade	76,461	129,077
Transport and storage	508,507,469	353,356,833
Wholesale trading	134,951,332	143,797,226
Wood and paper manufacturing	18,319,657	17,871,578
	6,338,558,656	5,959,316,316
c) Geographical analysis		
Australia	3,064,555,751	2,646,504,671
New Zealand	2,096,885,715	2,265,329,792
Japan	1,140,259,560	1,044,386,059
Singapore	3,103,651	3,095,794
Fiji	33,753,979	-
	6,338,558,656	5,959,316,316

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.

18. Interest Rate Risk (continued)

31 March 2023

	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	227,592,289	-	-	-	-	-	227,592,289	0.00%
Amounts due from related parties	-	-	-	-	-	693,432,476	693,432,476	0.00%
Amounts due from other financial institutions	601,550,899	-	-	-	-	-	601,550,899	4.85%
Investment in debt instruments	307,449,421	-	-	167,892,020	-	-	475,341,441	2.09%
Corporate loans originated by the Bank	4,585,925,184	55,212,203	21,552,344	12,674,293	-	(5,389,178)	4,669,974,846	6.13%
Due from customers on acceptance	-	-	-	-	-	3,492,413	3,492,413	
Property, Plant and Equipment	-	-	-	-	-	1,131,152	1,131,152	
Other assets	-	-	-	-	-	191,581,772	191,581,772	
Total assets	5,722,517,793	55,212,203	21,552,344	180,566,313	-	884,248,635	6,864,097,288	
LIABILITIES								
Amounts due to related parties	4,154,020,818	20,011,534	-	-	-	100,983	4,174,133,335	5.24%
Deposits	1,912,628,807	243,768,679	2,548,888	-	-	5,478,947	2,164,425,321	5.00%
Lease liability	-	-	-	-	878,926	-	878,926	2.61%
Liability for acceptance	-	-	-	-	-	3,492,413	3,492,413	
Other liabilities	-	-	-	-	-	204,998,600	204,998,600	
Total liabilities	6,066,649,625	263,780,213	2,548,888	-	878,926	214,070,943	6,547,928,595	

31 March 2022

	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	413,616,070	-	-	-	-	-	413,616,070	0.00%
Amounts due from related parties	-	35,846,850	-	-	-	710,862,709	746,709,559	1.97%
Amounts due from other financial institutions	364,995,560	149,990,686	-	-	-	-	514,986,246	1.27%
Investment in debt instruments	-	-	-	263,970,909	95,305,269	-	359,276,178	4.07%
Corporate loans originated by the Bank	2,398,626,476	1,611,678,104	113,633,715	76,339,676	27,323,563	(2,958,649)	4,224,642,885	2.40%
Due from customers on acceptance	-	-	-	-	-	5,829,126	5,829,126	
Property, Plant and Equipment	-	-	-	-	-	1,318,517	1,318,517	
Other assets	-	-	-	-	-	161,878,574	161,878,574	
Total assets	3,177,238,106	1,797,515,640	113,633,715	340,310,585	122,628,832	876,930,277	6,428,257,155	
LIABILITIES								
Amounts due to related parties	1,762,403,025	1,874,097,941	15,525,920	3,880,331	-	94,278	3,656,001,495	1.52%
Deposits	1,218,519,027	576,054,621	503,793,996	-	-	4,947,177	2,303,314,821	1.33%
Lease liability	-	-	-	-	998,046	-	998,046	2.61%
Liability for acceptance	-	-	-	-	-	5,829,126	5,829,126	
Other liabilities	-	-	-	-	-	175,289,656	175,289,656	
Total liabilities	2,980,922,052	2,450,152,562	519,319,916	3,880,331	998,046	186,160,237	6,141,433,144	

At 31 March 2023, 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 3.1 million lower (2022: NZD 2.5M 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 3.1 million higher (2022: NZD 2.5M 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 2022 and 2021 because a similar funding structure was applied in 2023 and 2022.

Deloitte. for Identification

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.

31 March 2023

	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	227,592,289	-	-	-	-	-	227,592,289
Amounts due from related parties	693,432,476	-	-	-	-	-	693,432,476
Amounts due from other financial institutions	-	200,000,000	405,000,000	-	-	-	605,000,000
Investment in debt instruments	-	308,250,000	440,000	440,000	176,440,000	-	485,570,000
Corporate loans originated by the Bank	148,019,231	176,360,547	216,038,867	921,515,743	3,794,691,518	20,076,063	5,276,701,969
Acceptance of customers	-	-	3,492,413	-	-	-	3,492,413
Derivative instruments	-	14,604,573	23,822,522	80,167,994	201,891,556	90,953,005	411,439,650
Other assets	-	2,399,067	-	-	-	-	2,399,067
Total assets	1,069,043,996	701,614,187	648,793,802	1,002,123,737	4,173,023,074	111,029,068	7,705,627,864
LIABILITIES							
Amounts due to related parties	94,279	1,800,070,010	1,268,730,399	637,222,010	548,262,411	-	4,254,379,109
Deposits	257,510,446	697,765,973	721,046,432	261,349,883	260,124,863	-	2,197,797,597
Acceptance	-	-	3,492,413	-	-	-	3,492,413
Other Liabilities	155,569	3,148,305	2,491	8,930,195	-	20,000	12,256,560
Derivative instruments	-	14,559,668	23,801,016	80,132,344	201,802,316	90,952,993	411,248,337
Lease liability	-	10,065	20,547	95,156	566,465	186,693	878,926
Gross loan commitment	2,213,583,424	-	-	-	-	-	2,213,583,424
Guarantees given	-	-	-	42,653,690	34,548,941	469,863	77,672,494
Performance related contingencies	-	102,606,121	156,923,935	29,013,776	22,567,729	-	311,111,561
Trade related contingencies	-	-	24,031,204	-	-	-	24,031,204
Total liabilities	2,471,343,718	2,618,160,142	2,198,048,437	1,059,397,054	1,067,872,725	91,629,549	9,506,451,625

31 March 2022

	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	413,616,070	-	-	-	-	-	413,616,070
Amounts due from related parties	710,862,709	-	-	35,846,850	-	-	746,709,559
Amounts due from other financial institutions	-	180,000,000	185,000,000	150,000,000	-	-	515,000,000
Investment in debt instruments	-	6,875,000	250,000	7,125,000	357,625,000	-	371,875,000
Corporate loans originated by the Bank	400,363,813	12,846,087	180,624,331	732,346,850	2,997,271,274	163,747,662	4,487,200,017
Acceptance of customers	-	4,230,931	1,598,195	-	-	-	5,829,126
Derivative instruments	-	8,111,743	16,481,469	35,972,099	106,012,841	58,533,432	225,111,584
Other assets	-	2,301,314	24,588	-	-	-	2,325,902
Total assets	1,524,842,592	214,365,075	383,978,583	961,290,799	3,460,909,115	222,281,094	6,767,667,258
LIABILITIES							
Amounts due to related parties	94,278	1,763,158,048	1,282,572,285	421,158,429	205,007,719	-	3,671,990,759
Deposits	412,269,223	811,502,630	327,506,013	510,281,362	257,089,897	-	2,318,649,125
Acceptance	-	4,230,931	1,598,195	-	-	-	5,829,126
Derivative instruments	-	8,086,743	16,479,083	35,965,120	106,004,985	58,533,431	225,069,362
Lease liability	-	9,810	19,684	89,625	541,405	337,522	998,046
Gross loan commitment	2,749,893,864	-	-	-	-	-	2,749,893,864
Guarantees given	-	35,149,077	-	13,129,510	29,126,500	743,227	78,148,314
Performance related contingencies	-	67,469,195	132,870,398	20,730,167	8,797,395	-	229,867,155
Trade related contingencies	-	-	21,242,132	-	-	-	21,242,132
Total liabilities	3,162,257,365	2,689,606,434	1,782,287,790	1,001,354,213	606,567,901	59,614,180	9,301,687,883

Deloitte. for Identification

19. Maturity Analysis for Assets and Liabilities (Continued)

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.

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 2023

	Note	FVTPL	FVOCI	Amortised Cost	Total Carrying Amount	Fair Value
		NZD	NZD	NZD	NZD	NZD
Assets						
Cash and cash equivalents	a	-	-	227,592,289	227,592,289	227,592,289
Amounts due from related parties	a	-	-	693,432,476	693,432,476	693,432,476
Amounts due from other financial institutions	a	-	-	601,550,899	601,550,899	601,550,899
Investment in debt instruments	d	-	475,341,441	-	475,341,441	475,341,441
Corporate loans originated by the Bank	b	-	-	4,669,974,846	4,669,974,846	4,669,648,922
Other assets	c, a	185,189,279	-	5,891,480	191,080,759	191,080,759
Total financial assets		185,189,279	475,341,441	6,198,441,990	6,858,972,710	6,858,646,786
Liabilities						
Amounts due to related parties	b	-	-	4,174,133,335	4,174,133,335	4,181,414,926
Deposits	a, b	-	-	2,164,425,321	2,164,425,321	2,167,694,649
Other liabilities	c, a	188,359,237	-	16,627,898	204,987,135	204,987,135
Total financial liabilities		188,359,237	-	6,355,186,554	6,543,545,791	6,554,096,710

31 March 2022

	Note	FVTPL	FVOCI	Amortised Cost	Total Carrying Amount	Fair Value
		NZD	NZD	NZD	NZD	NZD
Assets						
Cash and cash equivalents	a	-	-	413,616,070	413,616,070	413,616,070
Amounts due from related parties	a	-	-	746,709,559	746,709,559	746,709,559
Amounts due from other financial institutions	a	-	-	514,986,246	514,986,246	514,986,246
Investment in debt instruments	d	-	359,276,178	-	359,276,178	359,276,178
Corporate loans originated by the Bank	b	-	-	4,224,642,885	4,224,642,885	4,223,320,351
Other assets	c, a	158,521,175	-	8,130,440	166,651,615	166,651,615
Total financial assets		158,521,175	359,276,178	5,908,085,200	6,425,882,553	6,424,560,019
Liabilities						
Amounts due to related parties	b	-	-	3,656,001,495	3,656,001,495	3,659,972,135
Deposits	a, b	-	-	2,303,314,821	2,303,314,821	2,294,225,551
Other liabilities	c, a	163,414,696	-	5,829,126	169,243,822	169,243,822
Total financial liabilities		163,414,696	-	5,965,145,442	6,128,560,138	6,123,441,508

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 2023		31 March 2022	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Derivative financial assets				
Interest rate swaps	-	124,351,091	-	91,472,990
Currency swaps	-	43,500,394	-	39,391,044
FX forwards	-	17,337,794	-	27,657,141
Total derivative financial assets	-	185,189,279	-	158,521,175
Derivative financial liabilities				
Interest rate swaps	-	125,643,559	-	93,461,786
Currency swaps	-	45,327,084	-	42.267.824
FX forwards	-	17,388,594	-	27,685,086
Total derivative financial liabilities	-	188,359,237	-	163,414,696
Investment in debt instruments	475,341,441	-	359,276,178	-

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 2023 JPY(000's)	**Twelve Months ended 31 March 2022 JPY(000's)**
Net Profit After Tax	618,071,000	537,994,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.20%	0.18%

b) Size

	Twelve Months ended 31 March 2023 JPY(000's)	**Twelve Months ended 31 March 2022 JPY(000's)**
Total Assets	313,849,208,000	299,610,983,000
% Change in total assets over the previous 12 months	4.75%	3.22%

Deloitte. for Identification

22. Asset Quality

(i) The Overseas Banking Group

	As at 31 March 2023 JPY(000's)	As at 31 March 2022 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,378,122,000	1,296,271,000
Total individually impaired assets expressed as a percentage of total assets	0.44%	0.43%
Total individual credit impairment allowance	403,391,000	446,370,000
Total individually credit impairment allowance expressed as a percentage of total individually impaired assets	29.27%	34.43%
Total collective credit impairment allowance	719,625,000	660,451,000

(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 2023 (31 March 2022: 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 2023 (31 March 2022: Nil).

The total interest income recognised on impaired asset over this accounting period ended 31 March 2023 is Nil (31 March 2022: 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.

Deloitte. for Identification

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 2023 NZD (000's)	Twelve Months Ended 31 March 2022 NZD (000's)
(1) Aggregate Interest Rate Exposure			
(a)	Notional Capital Charge *	3,922	3,586
(b)	Implied risk weighted exposure	49,025	44,825

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

		Peak End of Day Ending 31 March 2023 NZD (000's)	Peak End of Day Ending 31 March 2022 NZD (000's)
(1) Aggregate Interest Rate Exposure (continued)			
(a)	Notional Capital Charge **	4,397	5,758
(b)	Implied risk weighted exposure	54,963	71,975

** 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 BPR 140: Market Risk.

(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.

Deloitte. for Identification

24. Capital Adequacy (continued)

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.

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 2022:

	2022	2023
Minimum Common Equity Tier 1 ratio	4.50%	4.50%
Capital Conservation Buffer	2.50%	2.50%
Countercyclical Buffer	0.01%	0.04%
G-SIB Surcharge	1.50%	1.50%
Total	8.51%	8.54%
Minimum Tier 1 ratio	10.01%	10.01%
Minimum Capital ratio	12.01%	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 2023**	**As at 31 March 2022**
Capital ratios:		
Common Equity Tier 1 capital	9.89%	9.86%
Tier 1 capital	11.04%	11.11%
Total capital	12.58%	12.94%

Overseas Bank	**As at 31 March 2023**	**As at 31 March 2022**
Capital ratios:		
Common Equity Tier 1 capital	8.11%	8.81%
Tier 1 capital	9.30%	10.20%
Total capital	10.71%	11.91%

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.

Deloitte. for Identification

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 2023, 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 57-58) 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 2023, 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 17 to 59:

- 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 2023, 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 Banking (Prudential Supervision) 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.

We are independent of the Branch in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) 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.

Deloitte.

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 $7,467,741. 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. As detailed in note 10, the Branch has gross loans and advances of $4,675,634,024 and impairment allowances of $5,389,178 on loans and advances and $2,078,563 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; and • Assumptions used in the expected credit loss model such as credit risk level of the borrower and macro economic environment as described in note 2.	We have performed the following audit procedures: • 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 and used in the 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. As a result, we challenged the probability of default for each borrower rating. We also challenged the expected recovery ratio applied to each security type, this included the forward-looking information used; • We evaluated the probability weightings allocated to multiple economic scenarios by benchmarking against industry trends and considering the appropriateness of selected weightings; • For a sample of exposures, we have assessed the customer borrower rating that has been allocated to the borrower and assessed whether there is objective evidence of impairment; • 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; • Assessed the completeness and accuracy of the key model inputs such as loan data as well as the design and implementation of controls over these inputs; and • We assessed the adequacy of related disclosures.

Deloitte.

Other information

The directors are responsible on behalf of the Branch for the other information. The other information comprises the information in the financial statements in accordance with Schedule 2 of the Order on pages 1 to 16 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 and supplementary information (excluding supplementary information relating to credit and market risk exposures and capital adequacy)

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 Banking (Prudential Supervision) 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 (excluding supplementary information relating to credit and market risk exposures and capital adequacy)

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 1 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.

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.

Emphasis of matter – reissued financial statements

Without qualifying our opinion, we draw attention to Note 5 on page 9 of the financial statements which states that these financial statements were reissued on 10 July 2023 and replace the financial statements dated 29 June 2023. As a result, this audit report supersedes the earlier audit report dated 29 June 2023. We have not performed any procedures, other than those relating to the amendment to the financial statements, subsequent to 29 June 2023. There have been no other amendments to the report.

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

Bindi Shah
Partner
for Deloitte Limited
Auckland, New Zealand
10 July 2023

This audit report relates to the financial statements of MUFG Bank, Ltd. – Auckland Branch (the 'Branch) for the year ended 31 March 2023 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 10 July 2023 to confirm the information included in the audited financial statements presented on this website.

Deloitte.

Independent Assurance Report

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

Limited Assurance Report on The Information Required on Credit and Market Risk Exposures and Capital Adequacy

Conclusion

We have undertaken a limited assurance engagement on the MUFG Bank, Ltd. – Auckland Branch's (the 'Branch') compliance, in all material respects, with clause 22 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") which requires information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy to be disclosed in its Disclosure Statement for the year ended 31 March 2023.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes use to believe that the Branch's information relating to credit and market exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 22 of the Order as disclosed in note 24 is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

Basis of conclusion

We have conducted our engagement in accordance with Standard on Assurance Engagement (SAE) 3100 (Revised) Compliance Engagements (SAE 3100 (Revised) issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

Directors' Responsibilities

The Directors of the Branch are responsible on behalf of MUFG Bank, Ltd – Auckland Branch's for compliance with the Order, including Clause 22 of the order which requires information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Branch's Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) ('PES-1') issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

The firm applies Professional and Ethical Standard 3: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Assurance Practitioner's Responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Branch's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with the Clause 22 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. Our review has been conducted in accordance with Standard on Assurance Engagements 3100: Compliance Engagements ('SAE 3100') issued by the External Reporting Board, to provide limited assurance that the Bank has complied with the Clause 22, disclosed in accordance with Schedule 9 of the Order, in all material respects.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 22 of the Order in respect of the information relating to credit and market risk exposures and capital adequacy is likely to arise.

Our procedures included:

- Obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to credit and market exposures and capital adequacy;
- Obtained an understanding of the Branch's compliance framework and internal control environment to ensure the information relating to credit and market risk exposures and capital adequacy is in compliance with the Reserve Bank of New Zealand;
- Performed analytical and other procedures on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the financial statements; and
- Agreed the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with schedule 9 of the Order to information extracted from the Branch's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clauses 5 and 6 of Schedule 9 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any systems of internal control, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

A limited assurance engagement of the Branch's information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 22 of the Order does not provide assurance on whether compliance will continue in the future.

Use of Report

This report is provided solely for your exclusive use and solely for the purpose of establishing that these compliance requirements have been met. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the opinion expressed in this report.

The engagement partner on the engagement resulting in this independent assurance report is Bindi Shah.

Deloitte Limited

Auckland, New Zealand
10 July 2023