REGISTERED BANK DISCLOSURE STATEMENT

30 SEPTEMBER 2018

MUFG

MUFG BANK, LTD.
AUCKLAND BRANCH

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Disclosure Statement
For the Six Months Ended 30 September 2018

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

1. Corporate Information

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

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

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

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

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

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

3. Excess of Assets Over Deposit Liabilities

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

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

4. Guarantee Arrangement

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

5. Directorate

5.1 Directors of MUFG Bank, Ltd. as of 30 September 2018:

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

Directors of MUFG Bank, Ltd., (continued)

Hidekazu Fukumoto	Deputy President	Japan
Eiichi Yoshikawa	Deputy President	Japan
Akihiko Nakamura	Deputy President	Japan
Kenji Yabuta	Deputy President	Japan
Muneaki Tokunari	Senior Managing Executive Officer	Japan
Akira Hamamoto	Senior Managing Executive Officer	Japan
Naoki Hori	Senior Managing Executive Officer	Japan
Masamichi Yasuda	Senior Managing Executive Officer	Japan
Hironori Kamezawa	Senior Managing Executive Officer	Japan
Masato Miyachi	Senior Managing Executive Officer	U.S.A.
Masakazu Ikeda	Managing Executive Officer	Japan
Kazuto Uchida	Managing Executive Officer	Japan
Naomi Hayashi	Managing Executive Officer	Japan
Masahito Monguchi	Director	Japan
Kenji Matsuo	Director	Japan
Tadayuki Matsushige	Director	Japan
Shigeo Ohyagi	Director	Japan
Shuzo Sumi	Director	Japan
Naoto Hirota	Director	Japan
Hiroaki Fujisue	Director	Japan
Nobuhiro Matsumoto	Director	Japan
Fumikazu Tatsumi	Director	Japan
Shinichi Koide	Director	Japan

The following changes in Directors of MUFG Bank, Ltd. since the last full year Disclosure Statement were:

Takehiko Yamana resigned as Deputy President on 27 June 2018.
Tadashi Kuroda resigned as Senior Managing Director on 27 June 2018.
Atsushi Murakami resigned as Managing Director on 15 May 2018.
Makoto Ebata resigned as Director on 27 June 2018.
Yukiyasu Nishio resigned as Director on 31 May 2018.
Akihiko Nakamura appointed as Deputy President on 27 June 2018.
Kenji Yabuta appointed as Deputy President on 27 June 2018.
Masato Miyachi appointed as Senior Managing Executive Officer on 27 June 2018.
Masakazu Ikeda appointed as Managing Executive Officer on 27 June 2018.
Naomi Hayashi appointed as Managing Executive Officer on 27 June 2018.
Shigeo Ohyagi appointed as Director on 27 June 2018.
Hiroaki Fujisue appointed as Director on 27 June 2018.
Shinichi Koide appointed as Director on 27 June 2018.

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

Name	Occupation	Residence
Masahiko Tanimura	Managing Director, Head of Oceania, Head of Sydney Branch (Responsible Person on behalf of the Directors)	Australia
Takamitsu Murakami	Managing Director, Head of Auckland Branch (New Zealand Chief Executive Officer)	New Zealand

6. Auditors

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

Deloitte Limited
Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

7. Conditions of Registration

There has been no change to the conditions of registration since the last Disclosure Statement as at 31 March 2018.

The Branch has complied with all conditions of registration over the half year accounting period ended 30 September 2018.

8. Credit Rating

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

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

Rating scales are:

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

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

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

9. Other Material Matters

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

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

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

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

11. Directors' and Managing Directors Auckland Branch's Statement

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 six-month accounting period ended 30 September 2018;

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

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

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

Dated (Sydney): 26 November 2018

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

Dated (Auckland): 26 November 2018

Condensed Statement of Comprehensive Income

	Note	Six Months ended 30 September 2018 Unaudited NZD	Six Months ended 30 September 2017 Unaudited NZD
Interest income	2	64,076,829	45,209,756
Interest expense	2	(53,255,050)	(37,787,542)
Net interest income		10,821,779	7,422,214
Fees and commission income	2	9,915,928	6,904,929
Gains less losses on financial instruments	2	247,511	(471,288)
		10,163,439	6,433,641
Occupancy expenses	2	(149,619)	(143,716)
Personnel expenses	2	(1,865,646)	(1,841,242)
Auditor’s remuneration	2	(75,291)	(67,942)
Administration and other expenses	2	(401,999)	(387,951)
Profit before credit impairment losses and income tax expense		18,492,663	11,415,004
Credit impairment losses	7	(61,986)	-
Profit before income tax expense		18,430,677	11,415,004
Income tax expense		(3,040,789)	(1,744,777)
Profit from continuing operations		15,389,888	9,670,227
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVOCI			
- Profit / (loss) arising during the year		5,477	(313,135)
- Income tax (expense) / benefit on Debt instruments measured at FVOCI		(1,534)	87,678
Other comprehensive income / (expense), net of tax		3,943	(225,457)
Total comprehensive income, net of tax		15,393,831	9,444,770

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

The 30 September 2018 results reflect the adoption of NZ IFRS 9. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Investment Revaluation Reserve	Total
Balance at 1 April 2017	83,000,000	59,290,986	255,033	142,546,019
Profit from continuing operations	-	9,670,227	-	9,670,227
Other comprehensive (expense) net of tax	-	-	(225,457)	(225,457)
Total comprehensive income / (expense), net of tax	-	9,670,227	(225,457)	9,444,770
Balance at 30 September 2017	83,000,000	68,961,213	29,576	151,990,789
Balance at 1 April 2018	83,000,000	80,863,956	219,747	164,083,703
Changes on initial application of NZ IFRS 9	-	(1,729,715)	-	(1,729,715)
Profit from continuing operations	-	15,389,888	-	15,389,888
Other comprehensive income, net of tax	-	-	3,943	3,943
Total comprehensive income, net of tax	-	15,389,888	3,943	15,393,831
Balance at 30 September 2018	83,000,000	94,524,129	223,690	177,747,819

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

The 30 September 2018 results reflect the adoption of NZ IFRS 9. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

Condensed Statement of Financial Position

	Note	As at 30 September 2018	As at 30 September 2017	As at 31 March 2018
		Unaudited	Unaudited	Audited
		NZD	NZD	NZD
Assets				
Cash and short term liquid assets		200,955,279	77,084,844	46,992,415
Amounts due from related parties	10	43,099,805	74,753,607	53,628,190
Amounts due from other financial institutions		254,417,075	228,521,327	239,452,923
Investment in debt instruments		128,334,379	69,185,874	128,995,839
Corporate loans originated by the Bank	4	4,477,459,910	3,352,141,726	3,542,949,765
Acceptances of customers		11,976,819	14,651,589	11,658,809
Derivative instruments		34,377,076	20,443,547	25,009,927
Other assets		2,160,694	1,309,980	1,676,651
Deferred tax asset		3,457,220	10,212,390	6,499,543
Property, plant and equipment	3	94,511	163,280	116,554
Total Assets		5,156,332,768	3,848,468,164	4,056,980,616
Liabilities				
Amounts due to related parties	10	4,515,916,228	3,374,927,284	3,505,703,965
Deposits	5	411,502,528	282,596,938	346,237,339
Acceptances		11,976,819	14,651,589	11,658,809
Derivative instruments		36,186,843	21,753,525	26,251,536
Other liabilities	8	3,002,531	2,548,039	3,045,264
Total Liabilities		4,978,584,949	3,696,477,375	3,892,896,913
Equity				
Head Office capital	10	83,000,000	83,000,000	83,000,000
Retained earnings		94,524,129	68,961,213	80,863,956
Investment revaluation reserve		223,690	29,576	219,747
Total Equity		177,747,819	151,990,789	164,083,703
Total Liabilities and Equity		5,156,332,768	3,848,468,164	4,056,980,616
Total Interest Earning and Discount Bearing Assets		5,061,166,643	3,726,933,771	3,958,390,942
Total Interest and Discount Bearing Liabilities		4,916,788,356	3,649,449,731	3,844,487,468

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

The 30 September 2018 results reflect the adoption of NZ IFRS 9. Prior period comparatives have not been restated. Refer to Note 1 for details of the changes to accounting policies.

Condensed Statement of Cash Flows

	Six Months ended 30 September 2018 Unaudited NZD	Six Months ended 30 September 2017 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	61,750,505	45,132,441
Commission fees & trading income	10,617,547	7,277,689
Interest paid	(50,811,628)	(38,555,049)
Payment to suppliers, employees and others	(3,254,834)	(2,461,458)
Net cash flows from operating activities before changes in operating assets and liabilities	18,301,590	11,393,623
Net (increase) / decrease in operating assets:		
Net (increase) in corporate loans originated by the Bank	(934,349,062)	(238,815,872)
Net (increase) / decrease in amounts due from other financial institutions	(14,964,152)	6,013,700
Net decrease / (increase) in investment in debt instruments	1,040,477	(43,344,834)
Net decrease / (increase) in amounts due from related parties	10,528,385	(9,978,953)
Net decrease in other assets	44,627	3,388,488
	(937,699,725)	(282,737,471)
Net increase / (decrease) in operating liabilities:		
Net increase in commercial paper and deposits	65,278,534	64,361,269
Net increase in amounts due to related parties	1,007,755,497	220,490,178
Net increase / (decrease) in other liabilities	326,968	(3,375,156)
	1,073,360,999	281,476,291
Net cash flows from operating activities before income tax	153,962,864	10,132,443
Net tax refund	-	3,109,583
Net cash flows from operating activities	153,962,864	13,242,026
Cash Flows from Investing Activities		
Payment for property, plant and equipment	-	-
Net cash flows used in investing activities	-	-
Cash Flows from Financing Activities		
Remittance to the Overseas Bank	-	-
Capital injection	-	-
Net cash flows from financing activities	-	-
Net Change in Cash and Cash Equivalents		
Net increase in cash and cash equivalents	153,962,864	13,242,026
Cash and cash equivalents at beginning of year	46,992,415	63,842,818
Cash and cash equivalents at end of the period	200,955,279	77,084,844
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	200,955,279	77,084,844
Closing cash and cash equivalents	200,955,279	77,084,844

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

Condensed Statement of Cash Flows (continued)

	Six Months ended 30 September 2018 Unaudited NZD	Six Months ended 30 September 2017 Unaudited NZD
Reconciliation of profit from continuing operations to net cash flows from operating activities		
Profit from continuing operations	15,389,888	9,670,227
(Increase) in corporate loans	(936,301,845)	(239,041,476)
(Increase) / decrease in due from other financial institutions	(14,964,152)	6,013,700
Decrease / (increase) in investment in debt instruments	666,937	(43,196,545)
Decrease / (increase) in due from related parties	10,528,385	(9,978,953)
(Increase) in other assets	(484,043)	(439,483)
Increase in certificate of deposit	4,006,000	39,755,275
Increase in deposits	61,259,190	23,901,171
Increase in due to related parties	1,010,212,262	220,427,495
Increase in other payable	727,815	218,959
Increase in provision for credit impairment	61,986	-
Movement in tax provision and deferred tax	3,040,789	4,854,360
Non-Cash items:		
Depreciation of property, plant and equipment	22,043	74,593
Other	(202,391)	982,703
Net cash flows from operating activities	153,962,864	13,242,026

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

1. Statement of Significant Accounting Policies

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 condensed interim financial statements of the Branch incorporated in this Disclosure Statement have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and comply with requirements of NZ IAS 34 Interim Financial Reporting and the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended). These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting. The condensed interim financial statement should be read in conjunction with the financial statements for the year ended 31 March 2018.

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

b) Basis of preparation

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

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

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

c) Changes in accounting policy

There have been no material changes in accounting policies since the last financial statements for year ended 31 March 2018 except as disclosed below.

The following new standards relevant to the Branch have been adopted from 1 April 2018 and have been applied in the preparation of these interim financial statements.

New Zealand equivalent to International Financial Reporting Standard 9: Financial Instruments ("NZ IFRS9")

NZ IFRS 9 was issued September 2014 and is effective for periods beginning on or after 1 January 2018. It is the comprehensive standard to replace NZ IAS 39, introduces new requirements for classification and measurement impairment and hedge accounting for financial assets and liabilities.

Classification and measurement

NZ IFRS 9 requires the classification of financial assets to be classified into three categories: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") based on the Branch's business model for managing the financial assets and their contractual cash flow characteristics. The contractual cash flow test is referred to as 'solely payment of principal and interest' ("SPPI"). The business model reflects how the Branch manages the assets in order to generate cash flows. That is, whether the Branch's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

At initial recognition, the Branch measures a financial assets at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. In the case of a financial asset at fair value through profit or loss (FVTPL), transaction costs are expenses in profit or loss

1. Statement of Significant Accounting Policies (continued)

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

- Financial assets that fail the SPPI test will be measured at FVTPL;
- Financial assets passing the SPPI test, a business model test assesses 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.

The following table summaries the classification and measurement changes by balance sheet asset class to the Branch's financial assets on 1 April 2018, the Branch's initial application of NZ IFRS 9. There are no changes in the classification and measurement of financial liabilities of the Branch.

			Unaudited as opening at 1 Apr 2018 (NZD)	
	Measurement under NZ IAS 39	Measurement under NZ IFRS 9	Original carrying amount under NZ IAS 39	New carrying amount under NZ IFRS 9
Cash and cash equivalents	Loans and Receivables	Amortised cost	46,992,415	46,992,415
Amounts due from related parties	Loans and Receivables	Amortised cost	53,628,190	53,628,190
Amounts due from other financial institutions	Loans and Receivables	Amortised cost	239,452,923	239,452,923
Investment in debt instruments	Available for Sale Securities (FVOCI)	FVOCI	128,995,839	128,995,839
Corporate loans originated by the Bank	Loans and Receivables	Amortised cost	3,542,949,765	3,541,220,050
Derivative financial assets	Hold for Trading	FVTPL	25,009,927	25,009,927
Acceptance of customers	Loans and Receivables	Amortised cost	11,658,809	11,658,809
Other financial assets	Loans and Receivables	Amortised cost	1,290,084	1,290,084

Impairment

NZ IFRS 9 introduces a revised impairment model which requires entities to recognise expected credit losses (ECL) based on unbiased forward looking information, replacing the existing incurred loss model which only recognises impairment if there is objective evidence that a loss has been incurred. 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.

According to the changes of credit risk of financial instruments since the initial recognition 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;

1. Statement of Significant Accounting Policies (continued)

Stage III: "Lifetime ECL – credit impaired"
Financial assets with objective evidence of impairment at the balance sheet date are included in stage III, with their impairment allowance measured at the amount equivalent to the ECL for the financial instruments.

Balance sheet impact of the adoption of NZ IFRS 9

	NZD
Loan and advances	
NZ IAS 39 carrying amount as at 31 Mar 2018	3,542,949,765
Remeasurement of provision for impairment losses	(1,729,715)
NZ IFRS 9 carrying amount as at 1 April 2018	**3,541,220,050**
Deferred tax	
NZ IAS 39 carrying amount as at 31 Mar 2018	6,499,543
Increase in deferred tax asset arising from remeasurement of provision for impairment losses	484,320
NZ IFRS 9 carrying amount as at 1 April 2018	**6,983,863**
Retained earnings	
NZ IAS 39 carrying amount as at 31 Mar 2018	80,863,956
Transition adjustment to retained earnings in relation to adoption of NZ IFRS 9	(1,729,715)
NZ IFRS 9 carrying amount as at 1 April 2018	**79,134,241**

Considering the impact of NZ IFRS 9, and interpretation on the financial statements, the Branch will record an adjustment to 1 April 2018 total equity at the adoption date, but will not restate comparative periods.

Hedge accounting

NZ IFRS 9 will change hedge accounting by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The Branch does not currently apply hedge accounting in preparing the financial statement. As a result, there will be no impact for the Branch.

New Zealand equivalent to International Financial Reporting Standard 15: Revenue from Contracts with Customers ("NZ IFRS 15")

NZ IFRS 15 Revenue from Contracts with Customers is effective for annual reporting periods beginning on or after 1 January 2018. This standard deals with revenue recognition and provides a five step model to be applied to all customer contracts with customers. It also establishes principles of reporting in order to provide more useful disclosure around revenue for users of financials statement.

NZ IFRS 15 does not apply to revenue associated with financial instruments and therefore, will not impact majority of the Branch's revenue. According, NZ IFRS 15 has no significant impact on these interim financial statements.

d) Comparative figures

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

2. Profit Before Income Tax Expense

	Six Months ended 30 September 2018 Unaudited NZD	Six Months ended 30 September 2017 Unaudited NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	64,076,829	45,207,359
Related parties	-	2,397
	64,076,829	45,209,756
(b) Fees and commissions income		
Fees and commissions income	9,915,928	6,904,929
	9,915,928	6,904,929
(c) Gains less losses on financial instruments		
Net gain / (loss) on interest rate derivatives	215,458	(1,065,124)
Net gain on currency derivatives	10,472	567,451
Net gain on foreign currency	21,581	25,994
Other income	-	391
	247,511	(471,288)
	74,240,268	51,643,397
Total interest income derived from financial assets:		
At amortised cost	62,743,269	44,378,010
Investment in debt instruments	1,333,559	831,746
Designated at fair value through profit or loss	-	-
Total fee income derived from financial assets that are not at fair value through profit or loss	9,900,433	6,901,164
Net unrealised (loss) on financial assets / liabilities held for trading	(569,361)	(1,032,783)
Net realised gain on held for trading	816,872	561,104
Other fee income	15,496	3,765
Other income	-	391
	74,240,268	51,643,397
Expenses		
(a) Interest expense		
Deposits and other accounts	4,619,877	2,444,004
Related parties	48,635,173	35,343,538
	53,255,050	37,787,542
Total interest expense was derived from financial liabilities:		
At amortised cost	53,255,050	37,787,542
Designated at fair value through profit or loss	-	-
	53,255,050	37,787,542
(b) Other operating expenses		
Rental & operating lease costs	149,619	143,716
Depreciation		
Furniture, fixtures and fittings	5,213	7,410
Office equipment	15,361	65,715
Motor vehicles	1,469	1,469
Auditors' remuneration		
Audit fees	75,291	67,942
Other non-audit services	-	-
Salaries	1,836,819	1,810,218
Staff related cost	28,827	31,024
Net losses from the disposal of fixed assets	-	5,495
General administration and other operating expenses	379,956	307,862
Provision for credit impairment	61,986	-
	2,554,541	2,440,851
Profit before income tax expense	18,430,677	11,415,004

Total income excluding any net loss for six months ended 30 September 2018 is NZD 74,240,268 (six months ended 30 September 2017 : NZD 52,708,521)

3. Property, Plant and Equipment

During the six months ended 30 September 2018 the Branch did not acquire property, plant and equipment (six months ended 30 September 2017: Nil; twelve months ended 31 March 2018: NZD 15,317).

During the six months ended 30 September 2018 the Branch did not dispose of any property, plant and equipment (six months ended 30 September 2017: 5,495; twelve months ended 31 March 2018: NZD 5,495).

There was no impairment loss for property, plant and equipment recognized during the six months ended 30 September 2018 (six months ended 30 September 2017: Nil; twelve months ended 31 March 2018: Nil).

4. Loans and Advances

	As at 30 September 2018 Unaudited NZD	**As at 30 September 2017 Unaudited NZD**	**As at 31 March 2018 Audited NZD**
Corporate loans originated by the Bank	4,479,251,611	3,352,141,726	3,542,949,765
Less: collective impairment allowance	(1,791,701)	-	-
Total net loans	4,477,459,910	3,352,141,726	3,542,949,765

5. Deposits

	As at 30 September 2018 Unaudited NZD	**As at 30 September 2017 Unaudited NZD**	**As at 31 March 2018 Audited NZD**
Retail deposit bearing interest	164,551,992	42,090,154	96,364,685
Retail deposit not bearing interest	10,213,951	7,191,146	7,166,727
Certificate deposit	42,882,836	81,680,250	38,876,836
Call deposit	92,213,146	85,139,862	89,742,864
Term deposit	101,640,603	66,495,526	114,086,227
	411,502,528	282,596,938	346,237,339

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

	As at 30 September 2018 Unaudited NZD	**As at 30 September 2017 Unaudited NZD**	**As at 31 March 2018 Audited NZD**
Total Liabilities	4,978,584,949	3,696,477,375	3,892,896,913
Less: total amounts due to related parties (Note : 10)	(4,530,902,991)	(3,385,110,518)	(3,518,618,284)
Total liabilities net of amounts due to related parties	447,681,958	311,366,857	374,278,629

7. Provision for Impairment Losses

	Residential mortgages	Corporate exposures	Other exposures	Total credit exposures
Financial assets and credit commitments				
Collective provision for doubtful debts measured on a 12 months ECL	-	1,791,701	-	1,791,701
Provision for doubtful debts for assets measured on a lifetime ECL				
Collective provision for doubtful debts for assets not credit impaired	-	-	-	-
Collective provision for doubtful debts for credit impaired assets	-	-	-	-
Individual provision for doubt debts for credit impaired assets	-	-	-	-
Total provision for impairment losses	-	1,791,701	-	1,791,701

The following table reconciles the opening balance to the closing balance of provision for impairment losses and shows the movement in opening balance where financial assets have transferred between provision stages during the reporting period.

	Collective provision 12 months ECL	Collective provision lifetime ECL not credit impaired	Collective provision lifetime ECL credit impaired	Total
Corporate exposures				
Balance at beginning of period	-	-	-	-
Restated for adoption of NZ IFRS 9	1,729,715	-	-	1,729,715
Charge to income statement excluding transfer between ECL stages	61,986	-	-	61,986
Movement to the opening balance due to transfer between ECL				
Transferred to collective provision 12 months ECL	-	-	-	-
Transferred to collective provision lifetime ECL not credit	-	-	-	-
Transferred to collective provision lifetime ECL credit impaired	-	-	-	-
Transferred to individual provision lifetime ECL credit	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	-
Total provision for impairment losses	1,791,701	-	-	1,791,701

8. Other Liabilities

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD	As at 31 March 2018 Audited NZD
Provision for employee entitlements	122,040	144,422	104,189
Deferred revenue	2,686,292	2,219,037	1,974,780
Others	194,199	184,580	966,295
	3,002,531	2,548,039	3,045,264

9. Commitments and Contingent Liabilities

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD	As at 31 March 2018 Audited NZD
a) Future lease rental commitments			
Operating lease (primarily premises)			
Due within 1 year	188,210	183,530	222,613
Due within 1 - 2 years	188,268	182,785	185,526
Due within 2 - 5 years	193,916	382,184	288,050
Due over 5 years	-	-	-
	570,394	748,499	696,189
b) Other commitments			
Undrawn facility commitments	2,035,536,653	1,629,637,509	1,751,501,492
c) Contingent liabilities			
Guarantees given	14,145,995	14,213,212	14,426,475
Performance related contingencies	65,142,753	13,615,533	7,247,573
Trade related contingencies	17,326,390	6,276,578	17,022,091
	96,615,138	34,105,323	38,696,139

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

- Guarantee given – a financial guarantee that is an agreement by which the Branch agrees to pay an amount of money on demand on behalf of a customer to a third party during the life of the guarantee.
- Performance related contingencies – a guarantee given by the Branch that undertakes to pay a sum of money to a third party where the customer fails to fulfil certain terms and conditions of a contract.
- Trade related contingencies – contingent liabilities arising from trade-related obligations secured against an underlying shipment of goods to make a payment to a third party if a counterparty fails to perform a contractual non-monetary obligation.

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

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

10. 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 are only related to settlement account which is due on demand. Amounts due to related parties are mainly term deposits which are due in accordance with an agreed date. The maturity analysis for these balances are presented in Note 14. The interest rate risk analysis for these balances are presented in Note 13. No related party debts have been written off or forgiven during the reporting period.

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

	Six Months ended 30 September 2018 Unaudited NZD	Six Months ended 30 September 2017 Unaudited NZD	Twelve Months ended 31 March 2018 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	43,099,805	74,753,607	53,628,190
Derivative instruments	21,271,260	11,814,903	13,500,816
Others	301	-	924
	64,371,366	86,568,510	67,129,930
Liabilities			
Amounts due to related parties	4,515,916,228	3,374,927,284	3,505,703,965
Derivative instruments	14,986,763	10,183,234	12,914,319
	4,530,902,991	3,385,110,518	3,518,618,284
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantee given	714,299	762,676	794,779
Performance related contingencies	1,400,000	1,400,000	1,400,000
	2,114,299	2,162,676	2,194,779
B) Transactions			
Interest income	-	2,397	2,397
Interest expense	48,635,173	35,343,538	72,753,789
Net (loss) / gain from derivative instruments	(2,028,913)	(1,698,350)	7,565,320
Fees and commissions income	2,953	4,971	8,022

The Branch's Head Office capital comprises of funds provided by the overseas bank to support the Branch's daily operation and to fulfil local thin capitalisation requirements. It is non-interest bearing and there is no fixed date for repatriation. The capital of the registered bank is managed by the overseas bank. The Branch does not separately manage capital other than for the purpose of the Reserve Bank of New Zealand's requirements as disclosed in Note 19 and Note 20.

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

11. 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 of recognized financial assets and derivative financial instruments as at the reporting date.

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD
Notional Principal		
On Balance Sheet		
Cash and short term liquid assets	200,955,279	77,084,844
Amounts due from related parties	43,099,805	74,753,607
Amounts due from other financial institutions	254,417,075	228,521,327
Investment in debt instruments	128,334,379	69,185,874
Corporate loans originated by the Bank*	4,479,251,611	3,352,141,726
Acceptances of customers	11,976,819	14,651,589
Other assets	2,104,061	1,252,500
Total	5,120,139,029	3,817,591,467
Off Balance Sheet		
Guarantee given	14,145,995	14,213,212
Performance related contingencies	65,142,753	13,615,533
Trade related contingencies	17,326,390	6,276,578
Undrawn facility commitments	2,035,536,653	1,629,637,509
Total	2,132,151,791	1,663,742,832
Fair value		
Derivative instruments	34,377,076	20,443,547

* Total gross loans, excluding provision. Refer to Note 4

11. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customer Industry Sector

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD
Notional principal		
On Balance Sheet		
Agriculture	30,037,647	-
Communications	68,889,853	139,986,347
Construction	-	35,373,961
Electricity, gas and water	879,930,843	572,902,060
Finance	1,320,802,042	958,772,722
Fishing	98,100,900	90,134,044
Food manufacturing	943,920,062	707,108,155
Forestry	149,329,463	98,338,034
Health care & social assistance	121,916,689	-
Other manufacturing	282,962,731	50,651,972
Property and business services	126,660,297	167,663,832
Transport and storage	708,483,830	764,711,599
Wholesale trade	380,266,092	224,700,392
Wood and paper manufacturing	8,838,580	7,248,349
Total	5,120,139,029	3,817,591,467
Notional principal		
Off Balance Sheet		
Communications	138,642,858	167,500,000
Construction	182,583,579	84,940,690
Electricity, gas and water	750,189,156	592,515,786
Finance	330,640,733	242,183,153
Fishing	9,973,704	16,103,391
Food manufacturing	236,232,639	177,603,222
Forestry	4,343,020	1,300,000
Health care & social assistance	3,656,126	-
Other manufacturing	177,353,408	113,720,493
Property and Business Services	109,182,225	58,506,242
Transport and storage	132,326,390	153,256,100
Wholesale trade	32,627,600	26,888,485
Wood and paper manufacturing	24,400,353	29,225,270
Total	2,132,151,791	1,663,742,832
Fair value		
Derivatives		
Communications	-	333,368
Construction	504,080	423,524
Electricity, gas and water	3,124,790	1,348,149
Finance	24,053,594	14,529,867
Fishing	1,101,257	827,808
Food manufacturing	1,811,573	942,694
Forestry	-	606
Other manufacturing	1,217,392	312,994
Transport and storage	1,344,478	954,518
Wholesale trade	685,556	709,843
Wood and paper manufacturing	534,356	60,176
Total	34,377,076	20,443,547

11. Concentration of Credit Risk (continued)

ii. Concentration of Credit Risk by Customer Geographical Location

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD
Notional principal		
On Balance Sheet		
New Zealand	4,437,055,074	3,386,641,226
Japan	266,890,220	294,348,258
Australia	382,778,580	136,191,501
U.S.A.	33,415,155	-
Sri Lanka	-	410,482
Total	5,120,139,029	3,817,591,467
Off Balance Sheet		
New Zealand	2,080,827,739	1,523,818,567
Japan	2,114,299	2,162,675
Australia	49,132,001	131,325,579
Other	77,752	6,436,011
Total	2,132,151,791	1,663,742,832
Fair value		
Derivatives		
New Zealand	11,088,317	7,111,248
Japan	21,934,662	12,620,069
Australia	1,354,097	712,230
Total	34,377,076	20,443,547

iii. Concentration of Credit Risk by Customer Credit Rating

The following tables set out the credit quality information for balances which are neither past due nor impaired. Please refer to Note 18 for impaired assets.

30 September 2018
Unaudited

		Notional principal		
Credit Rating	S&P Rating	On balance Sheet	Off balance Sheet	Derivative financial instruments
1-2	A- and above	2,372,058,807	786,255,475	1,811,839
3-7	B- to BBB+	2,704,980,116	1,343,782,017	10,280,625
8-9	CCC+/- and below	-	-	1,013,352
Not rated**		43,100,106	2,114,299	21,271,260
		5,120,139,029	2,132,151,791	34,377,076

30 September 2017
Unaudited
(Restated)

		Notional principal		
Credit Rating	S&P Rating	On balance Sheet	Off balance Sheet	Derivative financial instruments
1-2	A- and above	1,692,544,215	700,946,931	1,616,207
3-7	B- to BBB+	2,049,792,202	960,590,364	5,727,151
8-9	CCC+/- and below	501,140	42,861	1,285,286
Not rated**		74,753,910	2,162,676	11,814,903
		3,817,591,467	1,663,742,832	20,443,547

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

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

11. Concentration of Credit Risk (continued)

Collateral and other credit enhancements

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

a. Cash and short term liquid assets

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

b. Amounts due from related parties

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

c. Amounts due from other financial institutions

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

d. Investment in debt instruments

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

e. Derivative instruments

The Branch is exposed to credit risk on derivative contracts, which arises as a result of counterparty credit risk. This credit risk from derivatives is mitigated where possible through master netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. A master netting agreement provides the contractual framework within which dealing activities across a range of over-the-counter products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. There have been no amounts set off in the statement of financial position for derivative assets and derivative liabilities as at 30 September 2018 (2017: Nil).

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

As at 30 September 2018
NZD

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized 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	34,377,076	-	34,377,076	1,089,947	33,287,129

As at 30 September 2017
NZD

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized 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	20,443,547	-	20,443,547	1,226,293	19,217,254

11. Concentration of Credit Risk (continued)

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

As at 30 September 2018
NZD

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized 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	36,186,843	-	36,186,843	1,089,947	35,096,896

As at 30 September 2017
NZD

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized 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	21,753,525	-	21,753,525	1,226,293	20,527,232

Collateral is obtained against derivative assets, depending on the creditworthiness of the counterparty. There has been no collateral obtained against derivative assets for the six months ended 30 September 2018 (2017: Nil).

f. Acceptances of customers and other assets

Collateral is generally not sought on these balances. For acceptances of customers, similar credit review processes as corporate loans originated by the Bank are performed.

g. Corporate loans originated by the Bank

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

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

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 30 September 2018 is over NZD 1,197,459,972 which is based on guarantees received from third parties, the current unaudited financial accounts, and market value of business assets.

On Balance Sheet	**As at 30 September 2018 Unaudited**		**As at 30 September 2017 Unaudited**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	4,479,251,611	100.00	3,352,141,726	100.00
Collateral classification				
Secured	1,197,459,972	26.73	1,022,034,932	30.49
Partially secured	-	-	-	-
Unsecured	3,281,791,639	73.27	2,330,106,794	69.51

11. Concentration of Credit Risk (continued)

h. Undrawn facility commitments and contingent liabilities

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

Off Balance Sheet	**As at 30 September 2018 Unaudited**		**As at 30 September 2017 Unaudited**	
	NZD	**%**	**NZD**	**%**
Maximum Exposure	2,132,151,791	100.00	1,663,742,832	100.00
Collateral classification				
Secured	248,922,622	11.67	400,288,740	24.06
Partially secured	-	-	-	-
Unsecured	1,883,229,169	88.33	1,263,454,092	75.94

12. Concentration of Funding

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

	As at 30 September 2018 Unaudited NZD	**As at 30 September 2017 Unaudited NZD**
a) Category analysis		
Customer deposits	411,502,528	282,596,938
Due to related parties	4,515,916,228	3,374,927,284
	4,927,418,756	3,657,524,222
b) Counterparty analysis		
Agriculture	133,597	561,296
Communications	-	21,052,514
Constructions	40,713,586	494,339
Electricity, gas and water	5,012,135	-
Finance	4,633,673,056	3,432,984,273
Fishing	126,490	11,424,841
Food Manufacturing	23,693,181	18,763,905
Forestry	458,644	5,858
Education	12,028,558	-
Insurance	30,033,801	30,004,789
Other Industries	486,654	633,648
Other Manufacturing	8,899,534	4,471,023
Professional, Scientific and Technical Services	4,661,980	-
Property and business services	1,368	3,012,380
Transport and Storage	86,523,274	92,811,670
Wholesale Trading	76,517,787	34,707,069
Wood and Paper Manufacturing	4,455,111	6,596,617
	4,927,418,756	3,657,524,222
c) Geographical analysis		
Australia	3,471,167,428	2,154,467,725
New Zealand	409,986,332	281,255,285
Japan	951,439,508	1,172,751,808
Singapore	94,825,488	49,049,404
	4,927,418,756	3,657,524,222

13. Interest Rate Risk

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

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

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	Up to 3 months NZD	Over 3 months and up to 6 months NZD	Over 6 months and up to 1 year NZD	Over 1 year and up to 2 years NZD	Over 2 years NZD	NON INTEREST SENSITIVE NZD	TOTAL NZD	WEIGHTED AVE. EFF. RATE %
ASSETS								
Cash and short term liquid assets	200,955,279	-	-	-	-	-	200,955,279	1.25%
Amounts due from related parties	-	-	-	-	-	43,099,805	43,099,805	
Amounts due from other financial institutions	254,417,075	-	-	-	-	-	254,417,075	1.97%
Investment in debt instruments	-	50,854,092	-	77,480,287	-	-	128,334,379	2.06%
Corporate loans originated by the Bank	4,244,541,891	187,604,859	9,122,530	1,772,201	36,210,129	(1,791,701)	4,477,459,909	2.75%
Acceptances of customers	-	-	-	-	-	11,976,819	11,976,819	
Property, Plant and Equipment	-	-	-	-	-	94,511	94,511	
Other assets	-	-	-	-	-	39,994,990	39,994,990	
Total assets	4,699,914,245	238,458,951	9,122,530	79,252,488	36,210,129	93,374,424	5,156,332,767	
LIABILITIES								
Amounts due to related parties	4,338,585,918	140,056,526	-	-	36,857,334	416,450	4,515,916,228	2.28%
Deposits	401,288,577	-	-	-	-	10,213,951	411,502,528	2.07%
Liability for Acceptances	-	-	-	-	-	11,976,819	11,976,819	
Other liabilities	-	-	-	-	-	39,189,374	39,189,374	
Total liabilities	4,739,874,495	140,056,526	-	-	36,857,334	61,796,594	4,978,584,949	

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Unaudited

	Up to 3 months NZD	Over 3 months and up to 6 months NZD	Over 6 months and up to 1 year NZD	Over 1 year and up to 2 years NZD	Over 2 years NZD	NON INTEREST SENSITIVE NZD	TOTAL NZD	WEIGHTED AVE. EFF. RATE %
ASSETS								
Cash and short term liquid assets	77,084,844	-	-	-	-	-	77,084,844	1.25%
Amounts due from related parties	-	-	-	-	-	74,753,607	74,753,607	
Amounts due from other financial institutions	228,521,327	-	-	-	-	-	228,521,327	2.01%
Available-for-sale securities	25,647,434	-	-	-	-	43,538,440	69,185,874	2.03%
Corporate loans originated by the Bank	3,124,247,809	187,991,943	-	-	39,901,974	-	3,352,141,726	2.74%
Acceptances of customers	-	-	-	-	-	14,651,589	14,651,589	
Property, Plant and Equipment	-	-	-	-	-	163,280	163,280	
Other assets	-	-	-	-	-	31,965,917	31,965,917	
Total assets	3,455,501,414	187,991,943	-	-	39,901,974	165,072,833	3,848,468,164	
LIABILITIES								
Amounts due to related parties	3,188,276,313	145,283,428	-	-	40,484,198	883,345	3,374,927,284	2.27%
Deposits	270,766,914	4,638,878	-	-	-	7,191,146	282,596,938	1.96%
Liability for Acceptances	-	-	-	-	-	14,651,589	14,651,589	
Other liabilities	-	-	-	-	-	24,301,564	24,301,564	
Total liabilities	3,459,043,227	149,922,306	-	-	40,484,198	47,027,644	3,696,477,375	

At 30 September 2018, 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 0.2 million higher (2017: NZD 0.1M higher) due to increase in interest income. It is caused by the usage of equity funding on short and medium term borrowing (less than 1 year). If interest rates had been 50 basis points lower with all the variables held constant, post-tax profit would have been NZD 0.2 million lower (2017: NZD 0.1M lower) due to decrease in 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.

14. 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 condensed statement of financial position.

30 September 2018
Unaudited

	On Demand NZD	To 1 Month NZD	1 to 3 Months NZD	3 to 12 Months NZD	1 to 5 Years NZD	Over 5 Years NZD	Total NZD
ASSETS							
Cash and short term liquid assets	200,955,279	-	-	-	-	-	200,955,279
Amounts due from related parties	43,099,805	-	-	-	-	-	43,099,805
Amounts due from other financial institutions	-	105,000,000	150,000,000	-	-	-	255,000,000
Investment in debt instruments	-	1,125,000	-	52,375,000	77,250,000	-	130,750,000
Corporate loans originated by the Bank	234,507,626	9,539,679	262,433,688	582,824,057	3,425,952,594	312,225,516	4,827,483,160
Acceptances of customers	-	11,976,819	-	-	-	-	11,976,819
Derivative instruments	-	3,526,474	5,148,118	20,194,182	63,121,967	9,302,292	101,293,033
Other assets	-	1,532,650	497,704	63,671	-	-	2,094,025
	478,562,710	132,700,622	418,079,510	655,456,910	3,566,324,561	321,527,808	5,572,652,121
LIABILITIES							
Amounts due to related parties	-	2,142,598,282	2,210,851,991	144,312,485	32,483,267	-	4,530,246,025
Deposits	266,979,089	101,627,605	43,185,692	-	-	-	411,792,386
Acceptances	-	11,976,819	-	-	-	-	11,976,819
Derivative instruments	-	3,533,999	4,971,418	22,841,211	70,101,776	15,873,674	117,322,078
Lease commitment	-	20,658	30,464	137,088	382,184	-	570,394
Gross loan commitment	2,035,536,653	-	-	-	-	-	2,035,536,653
Guarantee given	-	150,000	-	12,359,020	662,112	974,863	14,145,995
Performance related contingencies	-	4,165,000	10,000,000	50,977,753	-	-	65,142,753
Trade related contingencies	-	-	-	17,326,390	-	-	17,326,390
	2,302,515,742	2,264,072,363	2,269,039,565	247,953,947	103,629,339	16,848,537	7,204,059,493

30 September 2017
Unaudited

	On Demand NZD	To 1 Month NZD	1 to 3 Months NZD	3 to 12 Months NZD	1 to 5 Years NZD	Over 5 Years NZD	Total NZD
ASSETS							
Cash and short term liquid assets	77,084,844	-	-	-	-	-	77,084,844
Amounts due from related parties	74,753,607	-	-	-	-	-	74,753,607
Amounts due from other financial institutions	-	85,000,000	144,000,000	-	-	-	229,000,000
Available-for-sale securities	-	19,990,302	49,204,027	-	-	-	69,194,329
Corporate loans originated by the Bank	80,170,057	45,092,660	472,051,655	220,286,092	2,265,478,494	524,153,613	3,607,232,571
Acceptances of customers	-	8,851,882	5,799,707	-	-	-	14,651,589
Derivative instruments	-	2,000,824	2,763,072	14,657,178	29,096,119	31,880,398	80,397,591
Other assets	-	772,365	465,377	301	-	-	1,238,043
	232,008,508	161,708,033	674,283,838	234,943,571	2,294,574,613	556,034,011	4,153,552,574
LIABILITIES							
Amounts due to related parties	-	843,705,132	2,358,748,575	148,183,941	33,124,439	4,338,560	3,388,100,647
Deposits	134,421,161	61,602,467	82,301,482	4,710,999	-	-	283,036,109
Acceptances	-	8,851,882	5,799,707	-	-	-	14,651,589
Derivative instruments	-	1,991,666	2,844,369	14,880,059	30,512,943	32,086,183	82,315,220
Lease commitment	-	14,788	29,576	139,166	564,969	-	748,499
Gross loan commitment	1,629,637,509	-	-	-	-	-	1,629,637,509
Guarantee given	-	150,000	-	12,377,860	710,489	974,863	14,213,212
Performance related contingencies	-	400,000	1,300,000	11,915,533	-	-	13,615,533
Trade related contingencies	-	20,478	-	6,256,100	-	-	6,276,578
	1,764,058,670	916,736,413	2,451,023,709	198,463,658	64,912,840	37,399,606	5,432,594,896

15. Fair Value of Financial Instruments

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

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

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

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

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

30 September 2018 Unaudited	**Note**	**FVTPL**	**FVOCI**	**Amortised cost**	**Other Amortised Cost**	**Total Carrying Amount**	**Fair Value**
		NZD	**NZD**	**NZD**	**NZD**	**NZD**	**NZD**
Assets							
Cash and cash equivalents	a	-	-	200,955,279	-	200,955,279	200,955,279
Amounts due from related parties	a	-	-	43,099,805	-	43,099,805	43,099,805
Amounts due from other financial institutions	a	-	-	254,417,075	-	254,417,075	254,417,075
Investment in debt instruments	d	-	128,334,379	-	-	128,334,379	128,334,379
Corporate loans originated by the Bank	b	-	-	4,477,459,910	-	4,477,459,910	4,479,779,645
Other assets	c, a	34,377,076	-	14,081,234	-	48,458,310	48,458,310
Total financial assets		34,377,076	128,334,379	4,990,013,303	-	5,152,724,758	5,155,044,493
Liabilities							
Amounts due to related parties	b	-	-	-	4,515,916,228	4,515,916,228	4,524,884,201
Deposits	a, b	-	-	-	411,502,528	411,502,528	411,502,528
Other liabilities	c	36,186,843	-	-	11,976,819	48,163,662	48,163,662
Total financial liabilities		36,186,843	-	-	4,939,395,575	4,975,582,418	4,984,550,391

15. Fair Value of Financial Instruments (continued)

30 September 2017 Unaudited	Note	Held for Trading	Available for Sale Securities	Loans and Receivables	Other Amortised Cost	Total Carrying Amount	Fair Value
		NZD	NZD	NZD	NZD	NZD	NZD
Assets							
Cash and cash equivalents	a	-	-	77,084,844	-	77,084,844	77,084,844
Amounts due from related parties	a	-	-	74,753,607	-	74,753,607	74,753,607
Amounts due from other financial institutions	a	-	-	228,521,327	-	228,521,327	228,521,327
Available-for-sale securities	d	-	69,185,874	-	-	69,185,874	69,185,874
Corporate loans originated by the Bank	b	-	-	3,352,141,726	-	3,352,141,726	3,355,215,875
Other assets	c, a	20,443,547	-	15,904,445	-	36,347,992	36,347,992
Total financial assets		20,443,547	69,185,874	3,748,405,949	-	3,838,035,370	3,841,109,519
Liabilities							
Amounts due to related parties	b	-	-	-	3,374,927,284	3,374,927,284	3,381,477,470
Deposits	a, b	-	-	-	282,596,938	282,596,938	282,596,938
Other liabilities	c	21,753,525	-	-	14,651,589	36,405,114	36,405,114
Total financial liabilities		21,753,525	-	-	3,672,175,811	3,693,929,336	3,700,479,522

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

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

	30 September 2018		30 September 2017	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	13,998,584	-	10,356,102
Currency swaps	-	7,134,919		667,953
Currency options	-	60,807		-
FX forwards	-	13,182,766	-	9,419,492
Total derivative financial assets	-	34,377,076	-	20,443,547
Derivative financial liabilities				
Interest rate swaps	-	15,799,352	-	11,663,183
Currency Swaps	-	7,134,919		667,953
Currency Options	-	67,580		-
FX forwards	-	13,184,992	-	9,422,389
Total derivative financial liabilities	-	36,186,843	-	21,753,525
Investment in debt instruments	128,334,379	-	69,185,874	-

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

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

16. Liquidity Risk Management

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

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

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

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

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

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

	As at 30 September 2018 Unaudited NZD	As at 30 September 2017 Unaudited NZD
Cash and short term liquid assets	200,955,279	77,084,844
Amounts due from related parties	43,099,805	74,753,607
Amounts due from other financial institutions	254,417,075	228,521,327
Investment in debt instruments	128,334,379	69,185,874
	626,806,538	449,545,652

17. Profitability and Size

a) Profitability

The Overseas Banking Group

	Six Months ended 30 September 2018 JPY(000's)	Six Months ended 30 September 2017 JPY(000's)
Net Profit After Tax	423,823,000	396,712,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.27%	0.32%

b) Size

	Six Months ended 30 September 2018 JPY(000's)	Six Months ended 30 September 2017 JPY(000's)
Total Assets	248,199,039,000	234,877,976,000
% Change in total assets over the previous 12 months	5.67%	6.93%

18. Asset Quality

(i) The Overseas Banking Group

	As at 30 September 2018 JPY(000's)	As at 30 September 2017 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	777,777,000	1,155,959,000
Total individually impaired assets expressed as a percentage of total assets	0.31%	0.49%
Total individually credit impairment allowance	212,235,000	162,550,000
Total individually credit impairment allowance expressed as percentage of total individually impaired assets	27.29%	14.06%
Total collective credit impairment allowance	356,194,000	523,673,000

18. Asset Quality (continued)

(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 recognized, 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 30 September 2018 (30 September 2017: Nil).

The Branch did not charge or credit to the condensed statement of comprehensive income for any increase or decrease in individual credit impairment allowances during the half year accounting period ended 30 September 2018 (30 September 2017: Nil).

The total interest income recognized on impaired assets over the half year accounting period ended 30 September 2018 is Nil (30 September 2017: 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.

Movement in balance of collective credit impairment allowance:

The following table reconciles the opening balance to the closing balance of provision for impairment losses:

	As at 30 September 2018 Unaudited NZD
Balance at beginning of the period	-
Restated for adoption of NZ IFRS 9	1,729,715
The charge to the statement of comprehensive income for an increase in loss allowance	61,986
Amounts written off	-
Recoveries of amounts written off in previous periods	-
Reversals of previously recognised impairment losses	-
Balance at the end of the period	1,791,701

Impacts of changes in gross financial assets on credit impairment allowance:

The following table reconciles the opening balance to the closing balance of the pre-allowance corporate loans originated by the Bank:

	As at 30 September 2018 Unaudited NZD
Balance at beginning of the period	3,542,949,765
Additions	1,293,079,141
Amounts written off	-
Deletions	(356,777,295)
Balance at the end of the period (Note 4)	4,479,251,611

19. 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.

		Six Months ended 30 September 2018 Unaudited NZD (000's)	Six Months ended 30 September 2017 Unaudited NZD (000's)
(1) Aggregate Interest Rate Exposure			
(a)	Notional Capital Charge*	3,990	2,532
(b)	Implied risk weighted exposure	49,875	31,650

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

		Peak End of Day Ending 30 September 2018 Unaudited NZD (000's)	Peak End of Day Ending 30 September 2017 Unaudited NZD (000's)
(2) Aggregate Interest Rate Exposure			
(a)	Notional Capital Charge**	4,195	2,893
(b)	Implied risk weighted exposure	52,438	36,163

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

(3) Aggregate Foreign Currency Exposure

MUFG Bank, Ltd., Auckland Branch does not have any significant foreign currency exposures.

(4) 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. Under this arrangement, the Branch is exposed to limited market risk which is immaterial.

20. Capital Adequacy

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

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

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

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

The table below presents the minimum consolidated risk-based capital ratios from 31 March 2018:

	2018
Minimum Common Equity Tier 1 ratio	4.50%
Capital Conservation Buffer	1.875%
Countercyclical Buffer	-
G-SIB Surcharge	1.125%
Total	7.50%
Minimum Tier 1 ratio	9.00%
Minimum Capital ratio	11.00%

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

Overseas Banking Group	**As at 30 September 2018 Unaudited**	**As at 30 September 2017 Unaudited**
Capital ratios:		
Common Equity Tier 1 capital	10.50%	11.55%
Tier 1 capital	12.01%	13.10%
Total capital	14.04%	15.84%

Overseas Bank	**As at 30 September 2018 Unaudited**	**As at 30 September 2017 Unaudited**
Capital ratios:		
Common Equity Tier 1 capital	11.28%	12.25%
Tier 1 capital	12.99%	14.07%
Total capital	15.08%	17.03%

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.

21. Insurance Business

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

22. 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.

23. Securitization, 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.

24. 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.

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

25. 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.

26. Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the six months ended 30 September 2018, 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 REVIEW REPORT
TO THE SHAREHOLDERS OF MUFG BANK, LTD. – AUCKLAND BRANCH

We have reviewed pages 6 to 34 of the Disclosure Statement of MUFG Bank, Ltd. – Auckland Branch ('the Branch'), which consists of the condensed interim financial statements of the Branch and the supplementary information required to be disclosed under Schedules 5, 7, 9, 10, 12 and 14 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the 'Order').

The condensed interim financial statements comprise the statement of financial position of the Branch as at 30 September 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

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

Directors' Responsibilities

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

The Directors are also responsible for the preparation and presentation of supplementary information which fairly states the matters required to be disclosed under Schedules 3, 5, 7, 9, 10, 12 and 14 of the Order.

Our Responsibilities

Our responsibility is to express a conclusion on the condensed interim financial statements and the supplementary information based on our review.

Our responsibility is to express a conclusion to you whether, on the basis of the procedures performed by us, anything has come to our attention that causes us to believe that:

- the condensed interim financial statements presented by the Directors (excluding the supplementary information), taken as a whole, are not prepared and do not present fairly the matters to which they relate, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

- the supplementary information presented by the Directors (excluding the supplementary information relating to credit and market risk exposures and capital adequacy) does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 10, 12 and 14 of the Order.

- the supplementary information presented by the Directors relating to credit and market risk exposures and capital adequacy is not, in all material respects, disclosed in accordance with Schedule 9.

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

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

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements, or supplementary information.

Other than in our capacity as auditor, we have no relationship with or interests in MUFG Bank, Ltd. – Auckland Branch.

Conclusion

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

- the condensed interim financial statements on pages 6 to 34 (excluding the supplementary information) have not been prepared and do not present fairly, in all material respects, the financial position of the Branch as at 30 September 2018 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*;

- the supplementary information disclosed in accordance with Schedules 5, 7, 10, 12 and 14 of the Order does not fairly state the matters to which it relates in accordance with those Schedules; and

- the supplementary information disclosed on pages 32 to 33 relating to credit and market risk exposures and capital adequacy as required by Schedule 9 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

Emphasis of Matter

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

Deloitte Limited

Chartered Accountants
Auckland, New Zealand
26 November 2018