



**REGISTERED BANK
DISCLOSURE STATEMENT**



30 SEPTEMBER 2020



**MUFG BANK, LTD.
AUCKLAND BRANCH**

TABLE OF CONTENTS

Disclosure Statement	Page
1. Corporate Information	1
2. Recognition and Priority of Claims of Creditors or Classes in the Event of Insolvency	1
3. Excess of Assets Over Deposit Liabilities	1
4. Guarantee Arrangement	1
5. Directorate	1
6. Auditors	3
7. Conditions of Registration	3
8. Credit Rating	3
9. Other Material Matters	4
10. Financial Statements of the Registered Bank and the Overseas Banking Group	4
11. Directors' and Managing Directors Auckland Branch's Statement	5

Condensed Interim Financial Statements

Condensed Statement of Comprehensive Income	6
Condensed Statement of Changes in Equity	7
Condensed Statement of Financial Position	8
Condensed Statement of Cash Flows	9

Notes to Condensed Interim Financial Statements

1. Statement of Significant Accounting Policies	11
2. Profit Before Income Tax Expense	12
3. Property, Plant and Equipment	13
4. Loans and Advances	13
5. Deposits	13
6. Total Liabilities of the Branch Net of Amounts Due to Related Parties	13
7. Provision for Impairment Losses	14
8. Other Liabilities	15
9. Commitments and Contingent Liabilities	15
10. Related Party Disclosures	16
11. Concentration of Credit Risk	17
12. Concentration of Funding	23

TABLE OF CONTENTS

Notes to Condensed Interim Financial Statements

13. Interest Rate Risk	24
14. Maturity Analysis for Assets and Liabilities	25
15. Fair Value of Financial Instruments	26
16. Liquidity Risk Management	28
17. Profitability and Size	29
18. Asset Quality	29
19. Exposures to Market Risk	31
20. Capital Adequacy	32
21. Insurance Business	33
22. Non-Consolidated Activities	33
23. Securitization, Funds Management, and Other Fiduciary Activities	33
24. Risk Management Policies	33
25. Financial Support	33
26. Subsequent Events	34

Auditor's Review Report

Disclosure Statement

For the Six Months Ended 30 September 2020

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 2020:

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

Disclosure Statement For the Six Months Ended 30 September 2020

5. Directorate (continued)

Akihiko Nakamura	Deputy President	Japan
Kenji Yabuta	Deputy President	Japan
Naoki Hori	Deputy President	Japan
Masato Miyachi	Deputy President	Japan
Takayoshi Futae	Senior Managing Executive Officer	Japan
Muneya Taniguchi	Senior Managing Executive Officer	Japan
Masakazu Ikeda	Senior Managing Executive Officer	Japan
Masahiro Kuwahara	Senior Managing Executive Officer	Japan
Tetsuya Yonehana	Senior Managing Executive Officer	Japan
Shigeru Yoshifuji	Senior Managing Executive Officer	Japan
Naomi Hayashi	Managing Executive Officer	Japan
Junichi Hanzawa	Managing Executive Officer	Japan
Hiroki Kameda	Managing Executive Officer	Japan
Hiroshi Mori	Managing Executive Officer	Japan
Yutaka Miyashita	Managing Executive Officer	Japan
Masakazu Oosawa	Managing Executive Officer	Japan
Takeshi Suzuki	Director	Japan
Akira Hamamoto	Director	Japan
Masahito Monguchi	Director	Japan
Kenji Matsuo	Director	Japan
Tadayuki Matsushige	Director	Japan
Shigeo Ohyagi	Director	Japan
Naoto Hirota	Director	Japan
Hironori Kamezawa	Director	Japan
Fumikazu Tatsumi	Director	Japan
Shinichi Koide	Director	Japan
Toshifumi Kitazawa	Director	Japan

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

Nobuyuki Hirano resigned as Director on 1 April 2020.

Hiroaki Fujisue resigned as Director on 25 June 2020.

Masakazu Ikeda appointed as Senior Managing Executive Officer on 1 April 2020.

Masahiro Kuwahara appointed as Senior Managing Executive Officer on 1 April 2020.

Tetsuya Yonehana appointed as Senior Managing Executive Officer on 1 April 2020.

Shigeru Yoshifuji appointed as Senior Managing Executive Officer on 1 April 2020.

Yutaka Miyashita appointed as Managing Executive Officer on 1 April 2020.

Masakazu Oosawa appointed as Managing Executive Officer on 1 April 2020.

Hironori Kamezawa appointed as Director on 1 April 2020.

Takeshi Suzuki appointed as Director on 25 June 2020.

Disclosure Statement

For the Six Months Ended 30 September 2020

5. Directorate (continued)

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
Hideki Nakashiro	Managing Director, Head of Oceania, Head of Sydney Branch (Responsible Person on behalf of the Directors)	Australia
Masami Yoshitake	Managing Director, Head of Auckland Branch (New Zealand Chief Executive Officer)	Australia

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 2020.

The Branch has complied with all conditions of registration over the six months accounting period ended 30 September 2020.

8. Credit Rating

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

	Current Rating	Previous Rating (if changed in the previous two years)	Date of Change
Standard & Poor's	A	-	-
Moody's	A1	-	-
Fitch	A-	A	8-Apr-2020

Disclosure Statement For the Six Months Ended 30 September 2020

8. Credit Rating (Continued)

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.

Disclosure Statement For the Six Months Ended 30 September 2020

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 2020:

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

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



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

Dated (Sydney): 26 November 2020



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

Dated (Auckland): 26 November 2020

Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

Condensed Statement of Comprehensive Income

	Note	Six Months ended 30 September 2020 Unaudited NZD	Six Months ended 30 September 2019 Unaudited NZD
Interest income	2	37,662,097	68,344,391
Interest expense	2	(26,173,360)	(54,631,191)
Net interest income		<u>11,488,737</u>	<u>13,713,200</u>
Fees and commission income	2	13,272,700	12,938,804
Net gains / (losses) on financial instruments	2	980,445	(1,141,641)
		14,253,145	11,797,163
Occupancy expenses	2	(69,597)	(61,171)
Personnel expenses	2	(2,407,739)	(2,229,949)
Auditor's remuneration	2	(75,850)	(78,250)
Administration and other expenses	2	(443,486)	(527,139)
Profit before credit impairment losses and income tax expense		<u>22,745,210</u>	<u>22,613,854</u>
Expected credit losses	7	(107,160)	155,287
Profit before income tax expense		<u>22,638,050</u>	<u>22,769,141</u>
Income tax expense		(4,289,826)	(4,562,087)
Profit from continuing operations		<u>18,348,224</u>	<u>18,207,054</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVOCI			
- Profit arising during the year		1,894,788	1,162,351
- Income tax (expense) on			
Debt instruments measured at FVOCI		(530,541)	(325,458)
Other comprehensive income, net of tax		<u>1,364,247</u>	<u>836,893</u>
Total comprehensive income, net of tax		<u>19,712,471</u>	<u>19,043,947</u>

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

Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Investment Revaluation Reserve	Total
Balance at 1 April 2019	83,000,000	105,535,132	473,394	189,008,526
Profit from continuing operations	-	18,207,054	-	18,207,054
Other comprehensive income, net of tax	-	-	836,893	836,893
Total comprehensive income, net of tax	-	18,207,054	836,893	19,043,947
Balance at 30 September 2019	83,000,000	123,742,186	1,310,287	208,052,473
Balance at 1 April 2020	83,000,000	135,904,917	2,822,113	221,727,030
Profit from continuing operations	-	18,348,224	-	18,348,224
Other comprehensive income, net of tax	-	-	1,364,247	1,364,247
Total comprehensive income, net of tax	-	18,348,224	1,364,247	19,712,471
Balance at 30 September 2020	83,000,000	154,253,141	4,186,360	241,439,501

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

Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

Condensed Statement of Financial Position

	Note	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
Assets				
Cash and short term liquid assets		594,524,778	336,811,716	232,514,336
Amounts due from related parties	10	208,544,641	337,832,634	116,526,694
Amounts due from other financial institutions		149,999,493	239,996,337	219,996,756
Investment in debt instruments		835,602,962	365,994,635	596,778,945
Corporate loans originated by the Bank	4	3,909,469,069	4,662,957,720	5,182,261,318
Acceptances of customers		2,463,987	6,743,181	16,550,082
Derivative instruments		145,184,549	97,772,710	145,758,081
Other assets		2,255,309	2,423,927	3,103,972
Current tax asset		130,724	-	130,725
Deferred tax asset		372,269	459,714	369,706
Property, plant and equipment	3	1,407,850	1,617,974	1,512,588
Total Assets		<u>5,849,955,631</u>	<u>6,052,610,548</u>	<u>6,515,503,203</u>
Liabilities				
Amounts due to related parties	10	3,804,274,230	4,850,750,499	5,042,976,787
Deposits	5	1,638,812,496	870,589,067	1,062,618,439
Acceptances		2,463,987	6,743,181	16,550,082
Current tax payable		4,148,093	4,741,073	9,485,566
Derivative instruments		150,587,671	102,171,364	152,250,027
Other liabilities	8	8,229,653	9,562,891	9,895,272
Total Liabilities		<u>5,608,516,130</u>	<u>5,844,558,075</u>	<u>6,293,776,173</u>
Equity				
Head Office capital	10	83,000,000	83,000,000	83,000,000
Retained earnings		154,253,141	123,742,186	135,904,917
Investment revaluation reserve		4,186,360	1,310,287	2,822,113
Total Equity		<u>241,439,501</u>	<u>208,052,473</u>	<u>221,727,030</u>
Total Liabilities and Equity		<u>5,849,955,631</u>	<u>6,052,610,548</u>	<u>6,515,503,203</u>
Total Interest Earning and Discount Bearing Assets				
		5,565,434,218	5,881,022,884	6,232,386,618
Total Interest and Discount Bearing Liabilities				
		5,434,291,803	5,708,350,935	6,091,280,753

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

Condensed Interim Financial Statements

For the Six Months Ended 30 September 2020

Condensed Statement of Cash Flows

	Six Months ended 30 September 2020 Unaudited NZD	Six Months ended 30 September 2019 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	43,739,313	65,930,812
Commission fees & trading income	12,697,160	14,723,019
Interest paid	(28,957,989)	(56,068,401)
Payment to suppliers, employees and others	(4,582,666)	(4,198,364)
Tax paid	(10,160,401)	(850,000)
Net cash flows from operating activities before changes in operating assets and liabilities	12,735,417	19,537,066
Net decrease / (increase) in operating assets:		
Net decrease in corporate loans originated by the Bank	1,269,317,440	27,405,223
Net decrease in amounts due from other financial institutions	69,997,263	14,431,145
Net (increase) in investment in debt instruments	(239,638,795)	(207,800,025)
Net (increase) in amounts due from related parties	(92,017,947)	(273,957,195)
Net decrease in other assets	15,394,780	2,119,872
	1,023,052,741	(437,800,980)
Net (decrease) / increase in operating liabilities:		
Net increase in commercial paper and deposits	576,844,397	164,733,826
Net (decrease) / increase in amounts due to related parties	(1,236,568,809)	427,994,073
Net (decrease) in other liabilities	(13,969,208)	(2,482,400)
	(673,693,080)	590,245,499
Net cash flows from operating activities	362,095,078	171,981,585
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	-	-
Lease payment	(84,636)	(80,491)
Net cash flows from financing activities	(80,636)	(80,491)
Net Change in Cash and Cash Equivalents		
Net increase in cash and cash equivalents	362,010,442	171,901,094
Cash and cash equivalents at beginning of year	232,514,336	164,910,622
Cash and cash equivalents at end of the period	594,524,778	336,811,716
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	594,524,778	336,811,716
Closing cash and cash equivalents	594,524,778	336,811,716

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

Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

Condensed Statement of Cash Flows (continued)

	Six Months ended 30 September 2020	Six Months ended 30 September 2019
	Unaudited NZD	Unaudited NZD
Reconciliation of profit from continuing operations to net cash flows from operating activities		
Profit from continuing operations	18,348,224	18,207,054
Decrease in corporate loans	1,272,796,846	28,334,246
Decrease in due from other financial institutions	69,997,263	14,431,145
(Increase) in investment in debt instruments	(236,929,229)	(211,070,862)
(Increase) in due from related parties	(92,017,947)	(273,957,195)
Decrease in other assets	848,662	370,671
Increase in certificate of deposit	331,690,764	222,675,137
Increase / (decrease) in deposits	244,503,292	(56,909,982)
(Decrease) / increase in due to related parties	(1,238,702,557)	425,525,534
(Decrease) / increase in other liabilities	(43,335)	721,149
Increase / (decrease) in provision for expected credit losses	107,160	(155,287)
Movement in tax provision and deferred tax	(5,870,575)	3,712,087
Non-Cash items:		
Depreciation of property, plant and equipment	104,738	108,511
Other	(2,738,228)	(10,623)
Net cash flows from operating activities	362,095,078	171,981,585

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020.

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 2020

d) Comparative figures

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

2. Profit Before Income Tax Expense

	Six Months ended 30 September 2020 Unaudited NZD	Six Months ended 30 September 2019 Unaudited NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	37,482,305	68,291,281
Related parties	179,792	53,110
	<u>37,662,097</u>	<u>68,344,391</u>
(b) Fees and commissions income		
Fees and commissions income	13,272,700	12,938,804
	<u>13,272,700</u>	<u>12,938,804</u>
(c) Gains less losses on financial instruments		
Net gain / (loss) on interest rate derivatives	875,780	(944,346)
Net gain / (loss) on currency derivatives	46,829	(209,090)
Net gain on foreign currency	57,836	10,909
Other income	-	886
	<u>980,445</u>	<u>(1,141,641)</u>
	<u>51,915,242</u>	<u>80,141,554</u>
Total interest income derived from financial assets:		
At amortised cost	35,989,852	65,805,545
Investment in debt instruments (FVOCI)	1,672,246	2,538,846
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	13,272,700	12,938,804
Net unrealised gain / (loss) on financial assets/liabilities (FVTPL)	1,088,824	(1,396,705)
Net realised (loss) / gain on financial assets/liabilities (FVTPL)	(108,380)	254,178
Other income	-	886
	<u>51,915,242</u>	<u>80,141,554</u>
Expenses		
(a) Interest expense		
Deposits and other accounts	5,542,025	10,000,711
Related parties	20,631,335	44,630,480
	<u>26,173,360</u>	<u>54,631,191</u>
Total interest expense was derived from financial liabilities:		
At amortised cost	26,173,360	54,631,191
	<u>26,173,360</u>	<u>54,631,191</u>
(b) Other operating expenses		
Occupancy expenses	69,597	61,171
Depreciation		
Furniture, fixtures and fittings	3,432	4,136
Office equipment	6,947	9,953
Motor vehicles	-	1,469
Right of use assets	94,359	92,953
Auditors' remuneration		
Audit fees	75,850	78,250
Salaries	2,386,157	2,191,076
Staff related cost	21,582	38,873
General administration and other operating expenses	338,748	418,628
Provision for credit impairment	107,160	(155,287)
	<u>3,103,832</u>	<u>2,741,222</u>
Profit before income tax expense	<u>22,638,050</u>	<u>22,769,141</u>

Total income excluding any net loss for six months ended 30 September 2020 is NZD 51,915,242 (six months ended 30 September 2019 : NZD 81,294,990)

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

3. Property, Plant and Equipment

During the six months ended 30 September 2020 the Branch did not acquire property, plant and equipment (six months ended 30 September 2019: Nil; twelve months ended 31 March 2020: NZD 3,854).

During the six months ended 30 September 2020 the Branch did not dispose of any property, plant and equipment (six months ended 30 September 2019: Nil; twelve months ended 31 March 2020: NZD 25,519).

There was no impairment loss for property, plant and equipment recognised during the six months ended 30 September 2020 (six months ended 30 September 2019: Nil; twelve months ended 31 March 2020: Nil).

Right-of-use assets included with property, plant and equipment with total of NZD 1,367,918 (six months ended 30 September 2019: NZD 1,555,924; twelve months ended 31 March 2020: NZD 1,462,277).

4. Loans and Advances

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
Corporate loans originated by the Bank	3,910,299,735	4,663,695,004	5,183,096,581
Less: collective impairment allowance	(830,666)	(737,284)	(835,263)
Total net loans	<u>3,909,469,069</u>	<u>4,662,957,720</u>	<u>5,182,261,318</u>

5. Deposits

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
Retail deposit bearing interest	195,960,775	300,458,531	248,638,364
Retail deposit not bearing interest	6,118,524	11,583,662	10,233,460
Certificate deposit	662,188,287	265,301,819	330,044,948
Call deposit	205,237,493	59,723,230	275,480,071
Term deposit	569,307,417	233,521,825	198,221,596
	<u>1,638,812,496</u>	<u>870,589,067</u>	<u>1,062,618,439</u>

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

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
Total Liabilities	5,608,516,130	5,844,558,075	6,293,776,173
Less: total amounts due to related parties (Note : 10)	<u>(3,903,394,294)</u>	<u>(4,917,584,323)</u>	<u>(5,131,584,468)</u>
Total liabilities net of amounts due to related parties	<u>1,705,121,836</u>	<u>926,973,752</u>	<u>1,162,191,705</u>

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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	-	1,315,603	-	1,315,603
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 doubtful debts for credit impaired assets	-	-	-	-
Total provision for impairment losses	-	1,315,603	-	1,315,603

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 1-Apr-20	1,207,903	-	-	1,207,903
Charge to income statement excluding transfer between ECL stages – Stage 1	107,160	-	-	107,160
<i>Movement to the opening balance due to transfer between ECL</i>				
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*	1,315,063	-	-	1,315,063

* Refer to Note 4 for total provision for ECL on loan, and Note 8 for total provision for ECL on financial guarantee and commitments

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

8. Other Liabilities

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
Provision for employee entitlements	199,636	172,846	195,716
Unearned income	1,598,632	2,729,102	1,648,204
Management fee charged by related parties	4,352,421	4,451,269	4,352,421
Provisions for ECL on financial guarantee and commitment	484,397	440,893	372,640
Lease liabilities	1,399,825	1,568,386	1,484,461
Others	194,742	200,395	1,841,830
	8,229,653	9,562,891	9,895,272

9. Commitments and Contingent Liabilities

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD	As at 31 March 2020 Audited NZD
a) Other commitments			
Undrawn facility commitments	2,468,833,514	2,527,287,960	2,002,446,603
b) Contingent liabilities			
Guarantees given	32,815,637	15,109,556	19,815,637
Performance related contingencies	156,417,334	74,860,723	75,229,720
Trade related contingencies	30,619,161	25,782,097	17,122,476
	219,852,132	115,752,376	112,167,833

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

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

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

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020 Unaudited NZD	Six Months ended 30 September 2019 Unaudited NZD	Twelve Months ended 31 March 2020 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	208,544,641	337,832,634	116,526,694
Derivative instruments	55,295,604	39,451,476	67,458,324
Others	344	1,080	1,247
	263,840,589	377,285,190	183,986,265
Liabilities			
Amounts due to related parties	3,804,274,230	4,850,750,499	5,042,976,787
Derivative instruments	94,767,643	62,382,555	84,255,260
Other	4,352,421	4,451,269	4,352,421
	3,903,394,294	4,917,584,323	5,131,584,468
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantee given	6,183,941	1,677,860	6,183,941
Performance related contingencies	1,150,000	2,020,279	1,590,057
	7,333,941	3,698,139	7,773,998
B) Transactions			
Interest income	179,792	53,110	648,964
Interest expense	20,631,335	44,630,480	81,472,083
Net (loss) from derivative instruments	(35,078,796)	(4,702,661)	(3,542,222)
Fees and commissions income	3,256	2,687	4,943
Management fee expense	(4,352,421)	-	(4,352,421)

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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD
Notional Principal		
On Balance Sheet		
Cash and short term liquid assets	594,524,778	336,811,716
Amounts due from related parties	208,544,641	337,832,634
Amounts due from other financial institutions	149,999,493	239,996,337
Investment in debt instruments	835,602,962	365,994,635
Corporate loans originated by the Bank*	3,910,299,735	4,663,695,004
Acceptances of customers	2,463,987	6,743,181
Other assets	2,148,502	2,363,369
Total	5,703,584,098	5,953,436,876
Off Balance Sheet		
Guarantee given	32,815,637	15,109,556
Performance related contingencies	156,417,334	74,860,723
Trade related contingencies	30,619,161	25,782,097
Undrawn facility commitments	2,468,833,514	2,527,287,960
Total	2,688,685,646	2,643,040,336
Fair Value		
Derivative instruments	145,184,549	97,772,710

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

11. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customer Industry Sector

	As at 30 September 2020 Unaudited	As at 30 September 2019 Unaudited
	NZD	NZD
Notional Principal		
On Balance Sheet		
Agriculture	-	-
Communications	169,104,837	200,752,418
Construction	170,278,178	213,725,007
Education	60,011,749	60,053,590
Electricity, gas and water	835,910,666	1,034,833,292
Finance	2,326,098,386	1,979,477,262
Fishing	77,798,347	76,626,611
Food manufacturing	340,933,002	505,056,283
Forestry	100,349,224	108,299,553
Health care & social assistance	174,948,815	148,561,108
Mining	49,889,869	-
Other manufacturing	427,866,609	318,698,337
Property and business services	293,348,688	124,936,399
Retail Trade	60,080,838	30,171,700
Transport and storage	318,428,496	738,151,449
Wholesale trade	274,936,524	405,798,203
Wood and paper manufacturing	23,599,870	8,295,664
Total	5,703,584,098	5,953,436,876
Notional Principal		
Off Balance Sheet		
Communications	73,714,286	99,071,429
Construction	139,067,194	73,290,651
Electricity, gas and water	723,487,361	571,101,113
Finance	355,833,941	351,198,139
Fishing	-	30,000,000
Food manufacturing	626,274,174	755,310,989
Forestry	1,858,020	178,020
Health care & social assistance	98,814	26,662,971
Other manufacturing	125,112,619	189,325,982
Property and Business Services	6,401,681	3,220,287
Public administration and safety	97,692,429	97,692,428
Retail trade	102,229,763	131,445,137
Transport and storage	272,400,739	154,757,421
Wholesale trade	151,796,869	132,766,633
Wood and paper manufacturing	12,717,756	27,019,136
Total	2,688,685,646	2,643,040,336

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

11. Concentration of Credit Risk (continued)

Fair Value

Derivatives

Communications	1,439,493	-
Construction	591,175	599,361
Electricity, gas and water	44,911,270	24,254,077
Finance	60,386,809	43,482,094
Fishing	3,548,649	5,008,618
Food manufacturing	6,906,667	4,372,340
Forestry	91,446	16,512
Other manufacturing	13,500,042	10,674,563
Transport and storage	10,247,644	6,536,770
Wholesale trade	3,432,843	1,095,659
Wood and paper manufacturing	128,511	1,732,716
Total	145,184,549	97,772,710

ii. Concentration of Credit Risk by Customer Geographical Location

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD
Notional Principal		
On Balance Sheet		
New Zealand	4,747,802,642	5,061,673,376
Japan	265,784,735	414,677,282
Australia	689,206,622	477,086,218
U.S.A.	790,099	-
Total	5,703,584,098	5,953,436,876
Off Balance Sheet		
New Zealand	2,676,464,371	2,636,001,754
Japan	7,333,941	3,698,139
Australia	-	-
Other	4,887,334	3,340,443
Total	2,688,685,646	2,643,040,336
Fair value		
Derivatives		
New Zealand	88,993,260	57,471,757
Japan	55,395,819	39,655,398
Australia	795,470	645,555
Total	145,184,549	97,772,710

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

11. Concentration of Credit Risk (continued)

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 2020

Unaudited

Credit Rating	S&P Rating	Notional principal		Derivative financial instruments
		On balance Sheet	Off balance Sheet	
1-2	A- and above	1,693,305,682	411,482,656	16,320,380
3-7	B- to BBB+	3,801,733,431	2,269,869,049	73,317,664
8-9	CCC+/- and below	-	-	250,901
Not rated**		208,544,985	7,333,941	55,295,604
		<u>5,703,584,098</u>	<u>2,688,685,646</u>	<u>145,184,549</u>

30 September 2019

Unaudited

Credit Rating	S&P Rating	Notional principal		Derivative financial instruments
		On balance Sheet	Off balance Sheet	
1-2	A- and above	2,105,302,463	821,063,865	10,272,511
3-7	B- to BBB+	3,510,300,699	1,818,278,332	47,454,967
8-9	CCC+/- and below	-	-	593,756
Not rated**		337,833,714	3,698,139	39,451,476
		<u>5,953,436,876</u>	<u>2,643,040,336</u>	<u>97,772,710</u>

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.

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 collateralised.

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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

11. Concentration of Credit Risk (continued)

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 2020 (2019: Nil).

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

As at 30 September 2020

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	145,184,549	-	145,184,549	5,544,289	139,640,260

As at 30 September 2019

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	97,772,710	-	97,772,710	1,588,535	96,184,175

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

11. Concentration of Credit Risk (continued)

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

As at 30 September 2020					
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	150,587,671	-	150,587,671	5,544,290	145,043,381
As at 30 September 2019					
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	102,171,364	-	102,171,364	1,588,535	100,582,829

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 2020 (2019: 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 2020 is over NZD 711,862,382 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 2020 Unaudited		As at 30 September 2019 Unaudited	
	NZD	%	NZD	%
	Maximum exposure	5,703,584,098	100.00	4,663,695,004
Collateral classification				
Secured	711,862,382	12.48	1,102,159,064	23.63
Partially secured	12,921,849	0.23	-	-
Unsecured	4,978,799,867	87.29	3,561,535,940	76.37

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020 Unaudited		As at 30 September 2019 Unaudited	
	NZD	%	NZD	%
Maximum exposure	2,688,685,646	100.00	2,643,040,336	100.00
Collateral classification				
Secured	260,438,169	9.69	359,934,448	13.62
Partially secured	-	-	-	-
Unsecured	2,428,247,477	90.31	2,283,105,888	86.38

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 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD
a) Category analysis		
Customer deposits	1,638,812,496	870,589,067
Due to related parties	3,804,274,230	4,850,750,499
	<u>5,443,086,726</u>	<u>5,721,339,566</u>
b) Counterparty analysis		
Agriculture	6,962,497	-
Communications	8,928,586	-
Constructions	60,758,381	101,134,084
Electricity, gas and water	132,599,403	85,852
Finance	4,599,346,635	5,137,756,820
Fishing	8,356	-
Food Manufacturing	18,819,368	55,809,909
Forestry	15,218,589	437,217
Education	-	4,506,408
Insurance	32,017,886	25,017,052
Other Industries	172,815	1,518,001
Other Manufacturing	68,832,272	76,192,410
Property and business services	20,029,838	1,002,471
Public administration and safety	20,026,575	120,059,732
Retail trade	68,578	-
Transport and Storage	279,214,610	137,668,799
Wholesale Trading	176,970,951	53,615,429
Wood and Paper Manufacturing	3,111,386	6,535,382
	<u>5,443,086,726</u>	<u>5,721,339,566</u>
c) Geographical analysis		
Australia	3,119,438,411	3,969,957,047
New Zealand	1,625,104,860	856,289,519
Japan	615,866,258	821,829,141
Singapore	69,719,367	59,899,904
Fiji	12,957,830	13,363,955
	<u>5,443,086,726</u>	<u>5,721,339,566</u>

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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.

30 September 2020 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	594,524,778	-	-	-	-	-	594,524,778	0.00%
Amounts due from related parties	75,007,250	-	-	-	-	133,537,391	208,544,641	0.58%
Amounts due from other financial institutions	149,999,493	-	-	-	-	-	149,999,493	0.35%
Investment in debt instruments	445,728,415	55,434,630	104,502,937	-	229,936,980	-	835,602,962	0.46%
Corporate loans originated by the Bank	3,648,101,848	194,097,550	32,056,386	16,388,780	19,655,171	(830,666)	3,909,469,069	1.32%
Acceptances of customers	-	-	-	-	-	2,463,987	2,463,987	
Property, plant and equipment	-	-	-	-	-	1,407,850	1,407,850	
Other assets	-	-	-	-	-	147,942,851	147,942,851	
Total assets	4,913,361,784	249,532,180	136,559,323	16,388,780	249,592,151	284,521,413	5,849,955,631	
LIABILITIES								
Amounts due to related parties	3,634,261,019	142,544,641	8,003,170	3,757,220	11,631,956	4,076,224	3,804,274,230	0.64%
Deposits	1,358,087,019	247,235,530	27,371,423	-	-	6,118,524	1,638,812,496	0.69%
Lease liability	-	1,790	-	-	1,398,035	-	1,399,825	1.70%
Liability for acceptances	-	-	-	-	-	2,463,987	2,463,987	
Other liabilities	-	-	-	-	-	161,565,592	161,565,592	
Total liabilities	4,992,348,038	389,781,961	35,374,593	3,757,220	13,029,991	174,224,327	5,608,516,130	
30 September 2019 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	336,811,716	-	-	-	-	-	336,811,716	0.50%
Amounts due from related parties	274,525,192	-	-	-	-	63,307,442	337,832,634	1.32%
Amounts due from other financial institutions	239,996,337	-	-	-	-	-	239,996,337	1.40%
Investment in debt instruments	-	-	256,216,341	109,778,294	-	-	365,994,635	2.38%
Corporate loans originated by the Bank	4,460,764,256	134,585,552	25,524,355	10,598,339	32,222,502	(737,284)	4,662,957,720	2.35%
Acceptances of customers	-	-	-	-	-	6,743,181	6,743,181	
Property, plant and equipment	-	-	-	-	-	1,617,974	1,617,974	
Other assets	-	-	-	-	-	100,656,351	100,656,351	
Total assets	5,312,097,501	134,585,552	281,740,696	120,376,633	32,222,502	171,587,664	6,052,610,548	
LIABILITIES								
Amounts due to related parties	4,754,791,807	62,347,547	-	11,637,776	20,568,400	1,404,969	4,850,750,499	1.50%
Deposits	764,458,203	81,183,246	13,363,956	-	-	11,583,662	870,589,067	2.09%
Liability for acceptances	-	-	-	-	-	6,743,181	6,743,181	
Other liabilities	-	-	-	-	-	116,475,328	116,475,328	
Total liabilities	5,519,250,010	143,530,793	13,363,956	11,637,776	20,568,400	136,207,140	5,844,558,075	

At 30 Sep 2020, assuming that all other variables held constant, if interest rates had been 50 basis points higher, post-tax profit for the year would have been NZD 0.6 million lower (2019: NZD 0.4M lower) due to decrease in net interest income. It is due to the increase in funding cost 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 0.6 million higher (2019: NZD 0.4M 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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020

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	594,524,778	-	-	-	-	-	594,524,778
Amounts due from related parties	133,537,391	-	75,007,250	-	-	-	208,544,641
Amounts due from other financial institutions	-	-	150,000,000	-	-	-	150,000,000
Investment in debt instruments	-	215,500,000	235,000,000	163,500,000	222,000,000	-	836,000,000
Corporate loans originated by the Bank	385,980,565	34,588,506	35,909,430	832,345,961	2,630,476,525	115,436,373	4,034,737,360
Acceptances of customers	-	2,238,349	225,638	-	-	-	2,463,987
Derivative instruments	-	4,833,560	7,966,708	32,624,566	98,555,570	22,163,831	166,144,235
Other assets	-	2,148,502	-	-	-	-	2,148,502
	1,114,042,734	259,308,917	504,109,026	1,028,470,527	2,951,032,095	137,600,204	5,994,563,503
LIABILITIES							
Amounts due to related parties	-	2,330,539,736	1,112,327,216	355,706,476	10,731,035	-	3,809,304,463
Deposits	407,316,792	494,597,974	262,330,995	275,444,632	199,850,000	-	1,639,540,393
Acceptances	-	2,238,349	225,638	-	-	-	2,463,987
Derivative instruments	-	4,835,418	7,838,116	33,393,240	107,298,523	21,015,421	174,380,718
Lease liability	-	14,649	29,355	129,510	777,918	448,393	1,399,825
Gross loan commitment	2,468,833,514	-	-	-	-	-	2,468,833,514
Guarantee given	-	350,000	-	30,590,910	1,131,500	743,227	32,815,637
Performance related contingencies	-	10,530,922	75,630,489	67,155,923	3,100,000	-	156,417,334
Trade related contingencies	-	-	-	30,619,161	-	-	30,619,161
	2,876,150,306	2,843,107,048	1,458,381,809	793,039,852	322,888,976	22,207,041	8,315,775,032

30 September 2019

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	336,811,716	-	-	-	-	-	336,811,716
Amounts due from related parties	63,307,443	199,506,942	75,018,250	-	-	-	337,832,635
Amounts due from other financial institutions	-	75,000,000	165,000,000	-	-	-	240,000,000
Investment in debt instruments	-	3,750,000	3,000,000	256,750,000	106,000,000	-	369,500,000
Corporate loans originated by the Bank	463,985,757	197,882,197	62,884,056	539,494,810	3,482,742,251	160,631,285	4,907,620,356
Acceptances of customers	-	5,634,645	1,108,535	-	-	-	6,743,180
Derivative instruments	-	3,446,954	6,741,336	23,623,406	100,037,881	26,686,458	160,536,035
Other assets	-	1,755,145	607,186	1,038	-	-	2,363,369
	864,104,916	486,975,883	314,359,363	819,869,254	3,688,780,132	187,317,743	6,361,407,291
LIABILITIES							
Amounts due to related parties	-	2,857,365,896	1,508,463,347	71,901,841	432,162,100	-	4,869,893,184
Deposits	371,765,424	193,889,765	9,560,868	95,175,655	199,750,000	-	870,141,712
Acceptances	-	5,634,645	1,108,535	-	-	-	6,743,180
Derivative instruments	-	3,451,885	6,732,476	24,309,254	83,890,684	23,802,520	142,186,819
Lease liability	-	13,938	27,936	126,689	742,625	657,198	1,568,386
Gross loan commitment	2,527,287,960	-	-	-	-	-	2,527,287,960
Guarantee given	-	150,000	-	12,441,833	1,142,996	1,374,727	15,109,556
Performance related contingencies	-	10,000,000	10,208,745	41,818,825	12,833,153	-	74,860,723
Trade related contingencies	-	-	-	25,782,097	-	-	25,782,097
	2,899,053,384	3,070,506,129	1,536,101,907	271,556,194	730,521,558	25,834,445	8,533,573,617

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020
Unaudited

	Note	FVTPL NZD	FVOCI NZD	Amortised cost NZD	Other Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets							
Cash and cash equivalents	a	-	-	594,524,778	-	594,524,778	594,524,778
Amounts due from related parties	a	-	-	208,544,641	-	208,544,641	208,544,641
Amounts due from other financial institutions	a	-	-	149,999,493	-	149,999,493	149,999,493
Investment in debt instruments	d	-	835,602,962	-	-	835,602,962	835,602,962
Corporate loans originated by the Bank	b	-	-	3,909,469,069	-	3,909,469,069	3,911,459,477
Other assets	c, a	145,184,549	-	4,571,371	-	149,755,920	149,755,920
Total financial assets		145,184,549	835,602,962	4,867,109,352	-	5,847,896,863	5,849,887,271
Liabilities							
Amounts due to related parties	b	-	-	-	3,804,274,230	3,804,274,230	3,807,452,515
Deposits	a, b	-	-	-	1,638,812,496	1,638,812,496	1,643,097,894
Other liabilities	c	150,587,671	-	2,463,987	-	153,051,658	153,051,658
Total financial liabilities		150,587,671	-	2,463,987	5,443,086,726	5,596,138,384	5,603,602,067

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

15. Fair Value of Financial Instruments (continued)

30 September 2019 Unaudited	Note	FVTPL NZD	FVOCI NZD	Amortised cost NZD	Other Amortised Cost NZD	Total Carrying Amount NZD	Fair Value NZD
Assets							
Cash and cash equivalents	a	-	-	336,811,716	-	336,811,716	336,811,716
Amounts due from related parties	a	-	-	337,832,634	-	337,832,634	337,832,634
Amounts due from other financial institutions	a	-	-	239,996,337	-	239,996,337	239,996,337
Investment in debt instruments	d	-	365,994,635	-	-	365,994,635	365,994,635
Corporate loans originated by the Bank	b	-	-	4,662,957,720	-	4,662,957,720	4,665,185,406
Other assets	c, a	97,772,710	-	8,151,541	-	105,924,251	105,924,251
Total financial assets		97,772,710	365,994,635	5,585,749,948	-	6,049,517,293	6,051,744,979
Liabilities							
Amounts due to related parties	b	-	-	-	4,850,750,499	4,850,750,499	4,855,419,371
Deposits	a, b	-	-	-	870,589,067	870,589,067	880,203,197
Other liabilities	c	102,171,364	-	-	6,743,181	108,914,545	108,914,545
Total financial liabilities		102,171,364	-	-	5,728,082,747	5,830,254,111	5,844,537,113

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 2020		30 September 2019	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	96,264,063	-	58,947,065
Currency swaps	-	33,243,791	-	28,368,504
Currency options	-	-	-	-
FX forwards	-	15,676,695	-	10,457,141
Total derivative financial assets	-	145,184,549	-	97,772,710
Derivative financial liabilities				
Interest rate swaps	-	101,184,696	-	63,017,130
Currency Swaps	-	33,687,141	-	28,690,240
Currency Options	-	-	-	-
FX forwards	-	15,715,834	-	10,463,994
Total derivative financial liabilities	-	150,587,671	-	102,171,364
Investment in debt instruments	835,602,962	-	365,994,635	-

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

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 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.

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

	As at 30 September 2020 Unaudited NZD	As at 30 September 2019 Unaudited NZD
Cash and short term liquid assets	594,524,778	336,811,716
Amounts due from related parties	208,544,641	337,832,634
Amounts due from other financial institutions	149,999,493	239,996,337
Investment in debt instruments	835,602,962	365,994,635
	1,788,671,874	1,280,635,322

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

17. Profitability and Size

a) Profitability

The Overseas Banking Group

	Six Months ended 30 September 2020 JPY(000's)	Six Months ended 30 September 2019 JPY(000's)
Net Profit After Tax	216,749,000	403,611,000
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	-0.02%	0.25%

b) Size

	Six Months ended 30 September 2020 JPY(000's)	Six Months ended 30 September 2019 JPY(000's)
Total Assets	281,614,967,000	252,317,367,000
% Change in total assets over the previous 12 months	11.61%	1.66%

18. Asset Quality

(i) The Overseas Banking Group

	As at 30 September 2020 JPY(000's)	As at 30 September 2019 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,077,595,000	861,588,000
Total individually impaired assets expressed as a percentage of total assets	0.38%	0.34%
Total individually credit impairment allowance	257,758,000	167,597,000
Total individually credit impairment allowance expressed as percentage of total individually impaired assets	23.92%	19.45%
Total collective credit impairment allowance	629,628,000	368,848,000

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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.

In estimating individual and collective provision for ECL, the Branch based the judgments and assumptions under MUFG Bank's policy and procedure on determining borrower rating which is considering the quantitative analysis (the financial analysis and performance, etc.) and qualitative analysis (industry trend, corporate competitiveness, management policy, etc.) for the customer. This borrower rating already includes forward looking factors including the continuing impact of COVID-19 and the resulting government policies which reflect the Branch's view of the most likely future macro-economic conditions.

The modelling methodology applied in estimating ECL in these financial statement is consistent with that applied in the Branch's Financial Statements for the year ended 30 March 2020.

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 2020 (30 September 2019: 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 2020 (30 September 2019: Nil).

The total interest income recognized on impaired assets over the half year accounting period ended 30 September 2020 is Nil (30 September 2019: Nil).

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

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

Movement in balance of collective credit impairment allowance:

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

Stage 1	Loan	Financial guarantee and commitments	Total
NZD			
Provision for impairment charges as at 31 March 2020	835,263	372,640	1,207,903
Net transfers in / (out) of stages *	-	-	-
New financial assets originated	67,115	185,207	252,322
Financial assets derecognized during the period	(167,500)	(84,840)	(252,340)
Change in ECL due to net further lending / repayment	95,788	11,390	107,178
Change in ECL due to amounts written-off	-	-	-
Total provision for ECL as at 30 September 2020	830,666	484,397	1,315,063

* Represents the transfers between stages

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

18. Asset Quality (continued)

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 2020 Unaudited NZD
Balance at beginning of the period	5,183,096,581
Additions	456,133,754
Amounts written off	-
Deletions	(1,728,930,600)
Balance at the end of the period (Note 4)	3,910,299,735

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 2020 Unaudited NZD (000's)	Six Months ended 30 September 2019 Unaudited NZD (000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional capital charge*	5,568	3,173
(b) Implied risk weighted exposure	69,600	39,663

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

	Peak End of Day Ending 30 September 2020 Unaudited NZD (000's)	Peak End of Day Ending 30 September 2019 Unaudited NZD (000's)
(2) Aggregate Interest Rate Exposure		
(a) Notional capital charge**	6,860	7,693
(b) Implied risk weighted exposure	85,750	96,163

** 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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

18. Exposure to Market Risk (continued)

(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. 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 2020:

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

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

Overseas Banking Group

	As at 30 September 2020 Unaudited	As at 30 September 2019 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	11.13%	11.39%
Tier 1 capital	12.66%	13.01%
Total capital	15.00%	15.13%

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

20. Capital Adequacy (continued)

Overseas Bank	As at 30 September 2020 Unaudited	As at 30 September 2019 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	11.15%	12.48%
Tier 1 capital	12.90%	14.31%
Total capital	15.22%	16.49%

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 policies 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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2020

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 2020, that has significantly affected, or may significantly affect, the operations of the Branch, the results of the operations, or the state of affairs of the Branch in future financial years.

The impact of COVID-19 pandemic has not resulted in any specific subsequent event.



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 condensed statement of financial position of the Branch as at 30 September 2020, and the condensed statement of comprehensive income, condensed 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'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Company Name, 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 condensed 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, except that partners and employees of our firm deal with MUFG Bank, Ltd. Auckland Branch on normal terms within the ordinary course of trading activities of 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 2020 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 31 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.

The signature 'Deloitte Limited' is written in a cursive, handwritten style.

26 November 2020
Chartered Accountants
Auckland, New Zealand

This review report relates to the unaudited condensed interim financial statements of MUFG Bank, Ltd. Auckland Branch for the six months ended 30 September 2020 included on the Branch's website. The Branch's Board of Directors are responsible for the maintenance and integrity of the Branch's website. We have not been engaged to report on the integrity of the Branch's website. We accept no responsibility for any changes that may have occurred to the unaudited condensed interim financial statements since they were initially presented on the website. The review report refers only to the unaudited condensed interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited condensed interim 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 unaudited condensed interim financial statements and related review report dated 26 November 2020 to confirm the information included in the unaudited condensed interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.