



**REGISTERED BANK
DISCLOSURE STATEMENT**



30 SEPTEMBER 2023



**MUFG BANK, LTD.
AUCKLAND BRANCH**

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Auditor's Review Report

Disclosure Statement

For the Six Months Ended 30 September 2023

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 2023:

Name	Occupation	Residence
Naoki Hori	Chairman	Japan
Junichi Hanzawa	President & CEO	Japan

Disclosure Statement

For the Six Months Ended 30 September 2023

5. Directorate (continued)

Yasushi Itagaki	Deputy President	Japan
Seiichiro Akita	Deputy President	Japan
Ichiro Takahara	Deputy President	Japan
Minoru Soutome	Deputy President	Japan
Tetsuya Yonehana	Senior Managing Executive Officer	Japan
Fumitaka Nakahama	Managing Executive Officer	Japan
Hideaki Takase	Managing Executive Officer	Japan
Hiroyuki Seki	Managing Executive Officer	Japan
Hiroshi Mori	Managing Executive Officer	Japan
Takefumi Tango	Managing Executive Officer	Japan
Yutaka Miyashita	Managing Executive Officer	Japan
Keitaro Tsukiyama	Managing Executive Officer	Japan
Toshiki Ochi	Managing Executive Officer	Japan
Tadashi Yamamoto	Managing Executive Officer	Japan
Shuichi Yokoyama	Managing Executive Officer	Japan
Takeshi Suzuki	Director	Japan
Akio Negishi	Director	Japan
Masahito Monguchi	Director	Japan
Minoru Hagio	Director	Japan
Tadayuki Matsushige	Director	Japan
Keiichi Shiotsuka	Director	Japan
Shigeru Yoshifuji	Director	Japan
Masahiko Kato	Director	Japan
Hironori Kamezawa	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:

Atsushi Miyata resigned as Deputy President on 29 May 2023.
Naomi Hayashi resigned as Deputy President on 28 June 2023.
Kentarō Matsuoka resigned as Senior Managing Executive Officer on 31 May 2023.
Teruyuki Sasaki resigned as Senior Managing Executive Officer on 4 June 2023.
Masakazu Oosawa resigned as Managing Executive Officer on 1 Apr 2023.
Kenichi Yamato resigned as Managing Executive Officer on 1 Apr 2023.
Shigeo Ohyagi resigned as Director on 28 June 2023.
Yasushi Itagaki appointed as Deputy President on 28 June 2023.
Seiichiro Akita appointed as Deputy President on 28 June 2023.
Minoru Soutome appointed as Deputy President on 28 June 2023.
Takefumi Tango appointed as Managing Executive Officer on 28 June 2023.
Keiichi Shiotsuka appointed as Director on 28 June 2023.

Disclosure Statement

For the Six Months Ended 30 September 2023

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
Takahiro Iino	Managing Director, Head of Oceania, Head of Sydney Branch (Responsible Person on behalf of the Directors)	Australia
Nick Congdon	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 changes to the conditions of registration since the last Disclosure Statement as at 31 March 2023. These conditions of registration apply on and after 1 June 2023.

The changes are replacing items 9 to 11 by following new item 9 to 10 on loan-to-valuation measurement:

9. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 65%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
10. That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non property investment residential mortgage loans arising in the loan-to-valuation measurement period.

The Branch has complied with all conditions of registration over the six months accounting period ended 30 September 2023.

Disclosure Statement

For the Six Months Ended 30 September 2023

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-	-	-

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.mufig.jp. Copies of the most recent publicly available Disclosure Statement for the Banking Group will be provided within two working days at no charge to any person who requests a copy.

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

Disclosure Statement

For the Six Months Ended 30 September 2023

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 2023:

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

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



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

Dated (Sydney): 28 November 2023



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

Dated (Auckland): 28 November 2023

Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

Condensed Statement of Comprehensive Income

	Note	Six Months ended 30 September 2023 Unaudited	Six Months ended 30 September 2022 Unaudited
		NZD	NZD
Interest income	2	194,943,578	86,314,525
Interest expense	2	<u>(156,977,584)</u>	<u>(72,495,042)</u>
Net interest income		<u>37,965,994</u>	<u>13,819,483</u>
Fees and commission income	2	14,450,638	16,269,946
Net gains/(loss) on financial instruments	2	<u>1,516,948</u>	<u>(293,772)</u>
		15,967,586	15,976,174
Occupancy expenses	2	(38,639)	(35,466)
Personnel expenses	2	(2,727,238)	(2,467,078)
Auditor's remuneration	2	(120,000)	(105,113)
Administration and other expenses	2	<u>(6,673,083)</u>	<u>(4,509,233)</u>
Profit before credit impairment losses and income tax expense		<u>44,374,620</u>	<u>22,678,767</u>
Expected credit (losses)	7	<u>(636,842)</u>	<u>(3,348,905)</u>
Profit before income tax expense		<u>43,737,778</u>	<u>19,329,862</u>
Income tax expense		<u>(10,278,463)</u>	<u>(3,905,596)</u>
Profit from continuing operations		<u>33,459,315</u>	<u>15,424,266</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVOCI			
- Profit arising during the year		467,881	5,253,084
- Income tax (expense) on			
Debt instruments measured at FVOCI		<u>(131,007)</u>	<u>(1,470,864)</u>
Other comprehensive income, net of tax		<u>336,874</u>	<u>3,782,220</u>
Total comprehensive income, net of tax		<u>33,796,189</u>	<u>19,206,486</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 2023

Condensed Statement of Changes in Equity

Unaudited
NZD

	Head Office Capital	Retained Earnings	Investment Revaluation Reserve	Total
Balance at 1 April 2022	83,000,000	207,426,479	(3,602,468)	286,824,011
Profit from continuing operations	-	15,424,266	-	15,424,266
Other comprehensive income, net of tax	-	-	3,782,220	3,782,220
Total comprehensive income, net of tax	-	15,424,266	3,782,220	19,206,486
Balance at 30 September 2022	83,000,000	222,850,745	179,752	306,030,497
Balance at 1 April 2023	83,000,000	237,053,258	(3,884,565)	316,168,693
Profit from continuing operations	-	33,459,315	-	33,459,315
Other comprehensive (expense), net of tax	-	-	336,874	336,874
Total comprehensive income, net of tax	-	33,459,315	336,874	33,796,189
Balance at 30 September 2023	83,000,000	270,512,573	(3,547,691)	349,964,882

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 2023

Condensed Statement of Financial Position

	Note	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD	As at 31 March 2023 Audited NZD
Assets				
Cash and short term liquid assets		151,668,844	270,742,648	227,592,289
Amounts due from related parties	10	70,961,922	730,503,326	693,432,476
Amounts due from other financial institutions		893,866,995	1,124,911,841	601,550,899
Investment in debt instruments		440,917,260	352,575,436	475,341,441
Corporate loans originated by the Bank	4	4,392,354,181	4,298,681,754	4,669,974,846
Acceptances of customers		8,040,111	11,040,346	3,492,413
Derivative instruments		202,854,842	239,190,872	185,189,279
Other assets		4,135,208	1,916,887	2,449,263
Current tax asset		-	-	2,368,980
Deferred tax asset		1,754,906	1,802,596	1,574,250
Property, plant and equipment	3	1,146,615	1,225,105	1,131,152
Total Assets		<u>6,167,700,884</u>	<u>7,032,590,811</u>	<u>6,864,097,288</u>
Liabilities				
Amounts due to related parties	10	3,171,143,366	4,508,533,900	4,174,133,335
Deposits	5	2,416,390,421	1,951,786,731	2,164,425,321
Acceptances		8,040,111	11,040,346	3,492,413
Current tax payable		4,369,662	76,422	-
Derivative instruments		204,828,848	244,356,106	188,359,237
Other liabilities	8	12,963,594	10,766,809	17,518,289
Total Liabilities		<u>5,817,736,002</u>	<u>6,726,560,314</u>	<u>6,547,928,595</u>
Equity				
Head Office capital	10	83,000,000	83,000,000	83,000,000
Retained earnings		270,512,573	222,850,745	237,053,258
Investment revaluation reserve		(3,547,691)	179,752	(3,884,565)
Total Equity		<u>349,964,882</u>	<u>306,030,497</u>	<u>316,168,693</u>
Total Liabilities and Equity		<u>6,167,700,884</u>	<u>7,032,590,811</u>	<u>6,864,097,288</u>
Total Interest Earning and Discount Bearing Assets		5,884,828,970	6,054,199,705	5,979,718,416
Total Interest and Discount Bearing Liabilities		5,487,803,904	6,457,413,434	6,333,857,652

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 2023

Condensed Statement of Cash Flows

	Six Months ended 30 September 2023 Unaudited NZD	Six Months ended 30 September 2022 Unaudited NZD
Cash Flows from Operating Activities		
Interest income received	198,849,496	79,409,252
Commission fees & trading income	15,687,465	17,940,690
Interest paid	(152,668,277)	(64,871,017)
Payment to suppliers, employees and others	(15,216,291)	(10,398,276)
Tax paid	(3,851,484)	(6,124,094)
Net cash flows from operating activities before changes in operating assets and liabilities	42,800,909	15,956,555
Net decrease / (increase) in operating assets:		
Net decrease / (increase) in corporate loans originated by the Bank	279,975,259	(70,516,772)
Net (increase) in amounts due from other financial institutions	(292,316,096)	(609,925,595)
Net decrease in investment in debt instruments	27,994,707	12,011,051
Net decrease in amounts due from related parties	622,470,554	16,183,280
Net (increase) in other assets	(5,878,494)	(5,111,524)
	632,245,930	(657,359,560)
Net (decrease) / increase in operating liabilities:		
Net increase / (decrease) in commercial paper and deposits	250,546,569	(353,060,996)
Net (decrease) / increase in amounts due to related parties	(1,005,880,744)	846,441,286
Net increase in other liabilities	4,547,698	5,211,220
	(750,786,477)	498,591,510
Net cash flows from operating activities	(75,739,638)	(142,811,495)
Cash Flows from Investing Activities		
Payment for property, plant and equipment	(121,679)	(2,748)
Net cash flows used in investing activities	(121,679)	(2,748)
Cash Flows from Financing Activities		
Lease payment	(62,128)	(59,179)
Net cash flows from financing activities	(62,128)	(59,179)
Net Change in Cash and Cash Equivalents		
Net (decrease) in cash and cash equivalents	(75,923,445)	(142,873,422)
Cash and cash equivalents at beginning of year	227,592,289	413,616,070
Cash and cash equivalents at end of the period	151,668,844	270,742,648
Reconciliation of Closing Cash and Cash Equivalents		
Cash and short term liquid assets	151,668,844	270,742,648
Closing cash and cash equivalents	151,668,844	270,742,648

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 2023

Condensed Statement of Cash Flows (continued)

	Six Months ended 30 September 2023 Unaudited	Six Months ended 30 September 2022 Unaudited
	NZD	NZD
Reconciliation of profit from continuing operations to net cash flows from operating activities		
Profit from continuing operations	33,459,315	15,424,266
Decrease / (Increase) in corporate loans	276,986,095	(70,689,964)
(Increase) in due from other financial institutions	(292,316,096)	(609,925,595)
Decrease in investment in debt instruments	34,892,061	11,953,826
Decrease in due from related parties	622,470,554	16,206,233
(Increase) / Decrease in other assets	(1,685,945)	461,970
Increase/ (Decrease) in certificate of deposit	353,878,105	(159,261,791)
(Decrease) in deposits	(101,913,006)	(192,266,299)
(Decrease) / Increase in due to related parties	(1,002,989,968)	852,532,404
(Decrease) in other liabilities	(4,505,126)	(2,417,674)
Increase / (Decrease) in provision for expected credit losses	636,842	(3,348,905)
Movement in tax provision and deferred tax	(3,851,485)	(2,218,498)
Non-Cash items:		
Depreciation of property, plant and equipment	106,216	96,159
Movement in tax	10,278,464	-
Other	(1,185,664)	642,373
Net cash flows from operating activities	(75,739,638)	(142,811,495)

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 2023

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 2023.

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 2023

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

2. Profit Before Income Tax Expense

	Six Months ended 30 September 2023 Unaudited NZD	Six Months ended 30 September 2022 Unaudited NZD
Operating revenue		
(a) Interest income		
Corporate loans and other accounts	194,943,427	85,814,424
Related parties	151	500,101
	<u>194,943,578</u>	<u>86,314,525</u>
(b) Fees and commissions income		
Fees and commissions income	14,450,638	16,269,946
	<u>14,450,638</u>	<u>16,269,946</u>
(c) Gains less losses on financial instruments		
Net gain / (loss) on interest rate derivatives	1,046,155	(775,012)
Net gain on currency derivatives	230,604	828,716
Net gain / (loss) on foreign currency	240,189	(347,476)
Other income	-	-
	<u>1,516,948</u>	<u>(293,772)</u>
	<u>210,911,164</u>	<u>102,290,699</u>
Total interest income derived from financial assets:		
At amortised cost	190,072,059	83,996,305
Investment in debt instruments (FVOCI)	4,871,519	2,318,219
Total fee income derived from financial assets that are not at fair value through profit or loss	14,412,872	16,269,946
Net unrealised gain / (loss) on financial assets/liabilities (FVTPL)	1,195,953	(259,104)
Net realised gain / (loss) on financial assets/liabilities (FVTPL)	320,995	(34,667)
Other income	37,766	-
	<u>210,911,164</u>	<u>102,290,699</u>
Expenses		
(a) Interest expense		
Deposits and other accounts	65,477,067	25,861,598
Related parties	91,500,517	46,633,444
	<u>156,977,584</u>	<u>72,495,042</u>
Total interest expense was derived from financial liabilities:		
At amortised cost	156,977,584	72,495,042
	<u>156,977,584</u>	<u>72,495,042</u>
(b) Other operating expenses		
Occupancy expenses	38,639	35,466
Depreciation		
Furniture, fixtures and fittings	14,203	22,801
Office equipment	26,353	9,240
Motor vehicles	-	-
Right of use assets	65,660	64,119
Auditors' remuneration		
Audit fees	120,000	105,113
Salaries	2,693,112	2,454,180
Staff related cost	34,126	12,898
Net losses from the disposal of fixed assets	-	-
General administration and other operating expenses	6,566,867	4,413,073
Provision for credit impairment	636,842	3,348,905
	<u>10,195,802</u>	<u>10,465,795</u>
Profit before income tax expense	<u>43,737,778</u>	<u>19,329,862</u>

Total income excluding any net loss for six months ended 30 September 2023 is NZD 210,911,164 (six months ended 30 September 2022: NZD 103,413,187)

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

3. Property, Plant and Equipment

During the six months ended 30 September 2023 the Branch acquired property, plant and equipment of NZD 121,679 (six months ended 30 September 2022: 2,748; twelve months ended 31 March 2023: NZD 5,929).

During the six months ended 30 September 2023 the Branch did not dispose of property, plant and equipment (six months ended 30 September 2022: Nil; twelve months ended 31 March 2023: Nil).

There was no impairment loss for property, plant and equipment recognised during the six months ended 30 September 2023 (six months ended 30 September 2022: Nil; twelve months ended 31 March 2023: Nil).

Right-of-use assets included property, plant and equipment of NZD 795,152 (six months ended 30 September 2022: NZD 925,693; twelve months ended 31 March 2023: NZD 860,812).

4. Loans and Advances

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD	As at 31 March 2023 Audited NZD
Corporate loans originated by the Bank	4,398,377,929	4,304,642,662	4,675,364,024
Less: collective impairment allowance	(6,023,748)	(5,960,908)	(5,389,178)
Total net loans	<u>4,392,354,181</u>	<u>4,298,681,754</u>	<u>4,669,974,846</u>

5. Deposits

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD	As at 31 March 2023 Audited NZD
Retail deposit bearing interest	127,999,356	134,340,764	111,736,470
Retail deposit not bearing interest	2,525,127	3,751,786	5,478,947
Certificate deposit	987,567,231	796,189,531	633,689,126
Call deposit	183,530,083	222,741,787	140,295,029
Term deposit	1,114,768,624	794,762,863	1,273,225,749
	<u>2,416,390,421</u>	<u>1,951,786,731</u>	<u>2,164,425,321</u>

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

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD	As at 31 March 2023 Audited NZD
Total Liabilities	5,817,736,002	6,726,560,314	6,547,928,595
Less: total amounts due to related parties (Note: 10)	<u>(3,232,819,633)</u>	<u>(4,572,139,841)</u>	<u>(4,238,328,502)</u>
Total liabilities net of amounts due to related parties	<u>2,584,916,369</u>	<u>2,154,420,473</u>	<u>2,309,600,093</u>

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

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	-	8,104,583	-	8,104,583
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	-	8,104,583	-	8,104,583

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-23	7,467,741	-	-	7,467,741
Charge to income statement excluding transfer between ECL stages – Stage 1	636,842	-	-	636,842
<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*	8,104,583	-	-	8,104,583

* 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 2023

8. Other Liabilities

	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited	As at 31 March 2023 Audited
	NZD	NZD	NZD
Provision for employee entitlements	165,857	160,270	155,569
Unearned income	3,489,910	3,704,813	2,294,509
Management fee charged by related parties	4,370,404	3,564,234	8,930,195
Provisions for ECL on financial guarantee and commitment	2,080,835	2,176,535	2,078,563
Lease liabilities	816,798	938,867	878,926
Others	2,039,790	222,090	3,180,527
	<u>12,963,594</u>	<u>10,766,809</u>	<u>17,518,289</u>

9. Commitments and Contingent Liabilities

	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited	As at 31 March 2023 Audited
	NZD	NZD	NZD
a) Other commitments			
Undrawn facility commitments	2,274,835,229	2,390,653,350	2,213,583,424
b) Contingent liabilities			
Guarantees given	77,672,493	78,148,314	77,672,494
Performance related contingencies	300,609,905	135,436,632	311,111,561
Trade related contingencies	48,556,909	16,797,612	24,031,204
	<u>426,839,307</u>	<u>230,382,558</u>	<u>412,815,259</u>

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 2023

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 is presented in Note 14. The interest rate risk analysis for these balances is 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 2023 Unaudited NZD	Six Months ended 30 September 2022 Unaudited NZD	Twelve Months ended 31 March 2023 Audited NZD
A) Balances			
Assets			
Amounts due from related parties	70,961,922	730,503,326	693,432,476
Derivative instruments	147,197,828	180,652,677	131,746,972
Others	7,496	-	8,969
	218,167,246	911,156,003	825,188,417
Liabilities			
Amounts due to related parties	3,171,143,366	4,508,533,900	4,174,133,335
Derivative instruments	57,302,334	60,038,112	55,262,481
Other	4,373,933	3,567,829	8,932,686
	3,232,819,633	4,572,139,841	4,238,328,502
Equity			
Head Office capital	83,000,000	83,000,000	83,000,000
Off Balance Sheet			
Guarantee given	5,683,941	5,683,941	5,683,941
Performance related contingencies	1,150,000	1,150,000	1,150,000
	6,833,941	6,833,941	6,833,941
B) Transactions			
Interest income	151	500,101	501,195
Interest expense	91,500,517	46,633,444	141,112,155
Net profit from derivative instruments	21,618,730	88,394,614	45,613,890
Fees and commissions income	1,348	1,714	3,419
Management fee expense	(4,181,019)	(3,927,006)	(9,292,967)

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 2023

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 recognised financial assets and derivative financial instruments as at the reporting date.

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD
Notional Principal		
On Balance Sheet		
Cash and short term liquid assets	151,668,844	270,742,648
Amounts due from related parties	70,961,922	730,503,326
Amounts due from other financial institutions	893,866,995	1,124,911,841
Investment in debt instruments	440,917,260	352,575,436
Corporate loans originated by the Bank*	4,398,377,929	4,304,642,662
Acceptances of customers	8,040,111	11,040,346
Other assets	4,006,854	1,856,548
Total	5,967,839,915	6,796,272,807
Off Balance Sheet		
Guarantee given	77,672,493	78,148,314
Performance related contingencies	300,609,905	135,436,632
Trade related contingencies	48,556,909	16,797,612
Undrawn facility commitments	2,274,835,229	2,390,653,350
Total	2,701,674,536	2,621,035,908
Fair Value		
Derivative instruments	202,854,842	239,190,872

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

11. Concentration of Credit Risk (continued)

i. Concentration of Credit Risk by Customer Industry Sector

	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited
	NZD	NZD
Notional Principal		
On Balance Sheet		
Communications	265,451,772	143,717,336
Construction	136,943,496	226,044,315
Education	-	80,780,997
Electricity, gas and water	460,129,308	652,309,116
Finance	2,256,145,533	3,060,183,594
Fishing	147,440,636	126,304,863
Food manufacturing	361,081,843	509,924,417
Forestry	118,637,301	92,667,717
Health care & social assistance	256,543,867	302,830,955
Mining	85,724,144	85,316,459
Other manufacturing	268,747,945	400,687,735
Property and business services	349,943,402	295,351,742
Retail Trade	50,142,021	50,139,741
Transport and storage	334,139,814	247,283,624
Wholesale trade	841,251,410	483,742,545
Wood and paper manufacturing	35,517,423	38,987,651
Total	5,967,839,915	6,796,272,807
Notional Principal		
Off Balance Sheet		
Communications	108,858,477	60,770,964
Construction	88,408,770	31,994,326
Education	-	1,331,401
Electricity, gas and water	838,338,401	733,530,417
Finance	669,940,609	387,061,397
Food manufacturing	535,140,670	636,916,490
Forestry	427,020	278,020
Health care & social assistance	13,764,272	19,666,076
Other manufacturing	56,478,352	64,727,973
Property and Business Services	-	118,468,739
Retail trade	3,667,844	6,858,000
Transport and storage	241,856,909	417,623,149
Wholesale trade	132,787,834	128,759,371
Wood and paper manufacturing	12,005,378	13,049,585
Total	2,701,674,536	2,621,035,908

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

11. Concentration of Credit Risk (continued)

Fair Value

Derivatives

Communications	6,756,439	8,304,592
Electricity, gas and water	38,779,967	20,628,843
Finance	147,366,803	180,654,498
Fishing	24,917	2,558,928
Food manufacturing	719,220	7,763,775
Forestry	-	344,420
Mining	2,147,582	7,234,190
Other Services	585,863	-
Transport and storage	4,117,548	169,136
Wholesale trade	1,779,477	717,707
Wood and paper manufacturing	577,026	10,814,783
Total	202,854,842	239,190,872

ii. Concentration of Credit Risk by Customer Geographical Location

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD
Notional Principal		
On Balance Sheet		
New Zealand	5,423,669,258	5,144,552,231
Japan	72,407,625	752,132,532
Australia	393,857,729	738,684,914
U.S.A.	2,401,729	750,253
France	6,674	2,932
China	-	25,081,165
Denmark	2,058	-
Malaysia	75,494,842	135,068,780
Total	5,967,839,915	6,796,272,807
Off Balance Sheet		
New Zealand	2,640,938,569	2,588,767,796
Japan	6,833,941	6,833,941
Australia	14,800,000	15,570,964
Other	39,102,026	9,863,207
Total	2,701,674,536	2,621,035,908
Fair value		
Derivatives		
New Zealand	55,604,116	58,115,612
Japan	147,248,280	181,075,260
Australia	2,446	-
Total	202,854,842	239,190,872

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

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 2023 Unaudited		Notional principal		Derivative financial instruments
Credit Rating	S&P Rating	On balance Sheet	Off balance Sheet	
1-2	A- and above	2,113,529,290	910,674,513	927,791
3-7	B- to BBB+	3,759,428,256	1,782,366,082	54,511,697
8-9	CCC+/- and below	23,912,951	1,800,000	217,525
Not rated**		70,969,418	6,833,941	147,197,829
		<u>5,967,839,915</u>	<u>2,701,674,536</u>	<u>202,854,842</u>

30 September 2022 Unaudited		Notional principal		Derivative financial instruments
Credit Rating	S&P Rating	On balance Sheet	Off balance Sheet	
1-2	A- and above	2,683,526,656	1,224,882,169	19,679,830
3-7	B- to BBB+	3,748,771,847	1,389,319,799	38,435,782
8-9	CCC+/- and below	-	-	422,583
Not rated**		363,974,304	6,833,940	180,652,677
		<u>6,796,272,807</u>	<u>2,621,035,908</u>	<u>239,190,872</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 summarised 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.

d. Investment in debt instruments

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

11. Concentration of Credit Risk (continued)

e. Derivative instruments

The Branch is exposed to credit risk on derivative contracts, which arises as a result of counterparty credit risk. This credit risk from derivatives is mitigated where possible through master netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. A master netting agreement provides the contractual framework within which dealing activities across a range of over-the-counter products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. There have been no amounts set off in the statement of financial position for derivative assets and derivative liabilities as at 30 September 2023 (2022: Nil).

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

As at 30 September 2023

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	202,854,842	-	202,854,842	17,578,859	185,275,983

As at 30 September 2022

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	239,190,872	-	239,190,872	12,319,910	226,870,962

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

As at 30 September 2023

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	204,828,848	-	204,828,848	17,578,858	187,249,990

As at 30 September 2022

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	244,356,106	-	244,356,106	12,319,910	232,036,196

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

11. Concentration of Credit Risk (continued)

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 2023 (2022: 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 2023 is over NZD 1,045,000,000 (2022: NZD 1,329,000,000) 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 2023 Unaudited		As at 30 September 2022 Unaudited	
	NZD	%	NZD	%
Maximum exposure	5,967,839,915	100.00	6,796,272,807	100.00
Collateral classification				
Secured	850,866,152	14.26	443,526,768	6.53
Partially secured	33,570,631	0.56	30,000,000	0.44
Unsecured	5,083,403,132	85.18	6,322,746,039	93.03

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 2023 Unaudited		As at 30 September 2022 Unaudited	
	NZD	%	NZD	%
Maximum exposure	2,701,674,536	100.00	2,621,035,908	100.00
Collateral classification				
Secured	161,037,553	5.96	263,164,373	10.04
Partially secured	-	-	-	-
Unsecured	2,540,636,983	94.04	2,357,871,535	89.96

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

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 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD
a) Category analysis		
Customer deposits	2,416,390,421	1,951,786,731
Due to related parties	3,171,143,366	4,508,533,900
	5,587,533,787	6,460,320,631
b) Counterparty analysis		
Agriculture	984,638	3,134,039
Constructions	9,560,314	24,254,107
Electricity, gas and water	107,962,330	119,152,410
Finance	4,742,543,994	5,171,707,522
Fishing	8,262	8,048
Food Manufacturing	16,997,959	5,617,205
Forestry	12,813,013	315,906
Insurance	20,015,125	25,002,137
Other Industries	104,536,627	315,944,518
Other Manufacturing	32,137,506	5,903,375
Property and business services	20,090,773	20,063,797
Public administration and safety	-	145,065,730
Retail trade	115,504	104,069
Transport and Storage	439,215,894	445,301,002
Wholesale Trading	68,630,053	157,173,278
Wood and Paper Manufacturing	11,921,795	21,573,488
	5,587,533,787	6,460,320,631
c) Geographical analysis		
Australia	1,952,891,698	3,603,640,474
New Zealand	2,291,044,574	1,869,128,696
Japan	1,233,645,855	949,366,246
Singapore	14,110,088	94,278
Belgium	62,300,039	-
Fiji	33,541,533	38,090,937
	5,587,533,787	6,460,320,631

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.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

13. Interest Rate Risk (continued)

30 September 2023 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	151,666,786	-	-	-	-	2,058	151,668,844	5.00%
Amounts due from related parties	-	-	-	-	-	70,961,922	70,961,922	0.00%
Amounts due from other financial institutions	893,866,995	-	-	-	-	-	893,866,995	5.60%
Investment in debt instruments	-	-	316,124,308	124,792,952	-	-	440,917,260	4.62%
Corporate loans originated by the Bank	4,222,166,923	149,322,458	20,017,691	6,870,857	-	(6,023,748)	4,392,354,181	6.90%
Acceptances of customers	-	-	-	-	-	8,040,111	8,040,111	-
Property, plant and equipment	-	-	-	-	-	1,146,615	1,146,615	-
Other assets	-	-	-	-	-	208,744,956	208,744,956	-
Total assets	5,267,700,704	149,322,458	336,141,999	131,663,809	-	282,871,914	6,167,700,884	
LIABILITIES								
Amounts due to related parties	3,055,919,859	17,201,953	-	-	-	98,021,554	3,171,143,366	5.74%
Deposits	1,740,777,969	649,309,542	23,777,783	-	-	2,525,127	2,416,390,421	4.47%
Lease liability	-	-	-	4,025	812,773	-	816,798	2.61%
Liability for acceptances	-	-	-	-	-	8,040,111	8,040,111	-
Other liabilities	-	-	-	-	-	221,345,306	221,345,306	-
Total liabilities	4,796,697,828	666,511,495	23,777,783	4,025	812,773	329,932,098	5,817,736,002	
30 September 2022 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	270,742,648	-	-	-	-	-	270,742,648	0.00%
Amounts due from related parties	1,327,118	-	-	-	-	729,176,208	730,503,326	2.63%
Amounts due from other financial institutions	624,983,761	499,928,080	-	-	-	-	1,124,911,841	3.31%
Investment in debt instruments	-	-	258,164,349	94,411,087	-	-	352,575,436	1.22%
Corporate loans originated by the Bank	4,074,026,775	179,631,338	43,303,100	7,681,449	-	(5,960,908)	4,298,681,754	4.50%
Acceptances of customers	-	-	-	-	-	11,040,346	11,040,346	-
Property, plant and equipment	-	-	-	-	-	1,225,105	1,225,105	-
Other assets	-	-	-	-	-	242,910,355	242,910,355	-
Total assets	4,971,080,302	679,559,418	301,467,449	102,092,536	-	978,391,106	7,032,590,811	
LIABILITIES								
Amounts due to related parties	4,414,774,610	93,665,012	-	-	-	94,278	4,508,533,900	3.47%
Deposits	1,432,447,281	482,440,678	33,146,986	-	-	3,751,786	1,951,786,731	3.34%
Lease liability	-	-	-	-	938,867	-	938,867	2.61%
Liability for acceptances	-	-	-	-	-	11,040,346	11,040,346	-
Other liabilities	-	-	-	-	-	254,260,470	254,260,470	-
Total liabilities	5,847,221,891	576,105,690	33,146,986	-	938,867	269,146,880	6,726,560,314	

At 30 September 2023, assuming that all other variables held constant, if interest rates had been 50 basis points higher, post-tax profit for the year would have been NZD 1.2 million higher (2022: NZD 3M lower) due to increase in net interest income. It is due to the increase in interest income from benefiting net cost fee funding. If interest rate had been 50 basis points lower with all the variables held constant, post-tax profit would have been NZD 1.2 million lower (2022: NZD 3M higher) due to decrease in interest income greater than decrease in funding cost as a result of no impact on net cost funding. 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 2023

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 2023
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	151,668,844	-	-	-	-	-	151,668,844
Amounts due from related parties	70,961,922	-	-	-	-	-	70,961,922
Amounts due from other financial institutions	446,220,018	185,000,000	265,000,000	-	-	-	896,220,018
Investment in debt instruments	-	893,750	407,500	327,301,250	131,787,500	-	460,390,000
Corporate loans originated by the Bank	52,767,537	409,133,539	214,310,087	1,295,775,605	2,987,895,307	39,507,484	4,999,389,559
Acceptances of customers	-	4,727,332	3,312,779	-	-	-	8,040,111
Derivative instruments	-	12,380,542	20,364,628	74,948,102	196,082,109	63,536,585	367,311,966
Other assets	-	4,006,854	-	-	-	-	4,006,854
	<u>721,618,321</u>	<u>616,142,017</u>	<u>503,394,994</u>	<u>1,698,024,957</u>	<u>3,315,764,916</u>	<u>103,044,069</u>	<u>6,957,989,274</u>
LIABILITIES							
Amounts due to related parties	98,021,555	1,399,286,443	777,083,140	257,013,352	754,762,056	-	3,286,166,546
Deposits	314,054,566	345,542,917	844,335,394	692,276,455	257,276,650	3,604,491	2,457,090,473
Acceptances	-	4,727,332	3,312,779	-	-	-	8,040,111
Other liability	165,857	44,935	3,528	6,337,421	-	20,000	6,571,741
Derivative instruments	12,347,888	20,341,431	74,808,245	195,504,827	63,096,718	-	366,099,109
Lease liability	-	10,550	21,168	97,840	579,416	107,824	816,798
Gross loan commitment	2,274,835,229	-	-	-	-	-	2,274,835,229
Guarantee given	-	135,000	30,000,000	32,667,767	14,399,864	469,863	77,672,494
Performance related contingencies	-	93,571,963	54,006,039	133,619,605	19,412,298	-	300,609,905
Trade related contingencies	-	-	-	48,556,909	-	-	48,556,909
	<u>2,699,425,095</u>	<u>1,863,660,571</u>	<u>1,783,570,293</u>	<u>1,366,074,176</u>	<u>1,109,527,002</u>	<u>4,202,178</u>	<u>8,826,459,315</u>

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

14. Maturity Analysis for Assets and Liabilities (continued)

30 September 2022
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	270,742,648	-	-	-	-	-	270,742,648
Amounts due from related parties	729,176,209	1,327,118	-	-	-	-	730,503,327
Amounts due from other financial institutions	-	250,000,000	375,000,000	500,000,000	-	-	1,125,000,000
Investment in debt instruments	-	6,875,000	250,000	257,125,000	95,500,000	-	359,750,000
Corporate loans originated by the Bank	244,192,082	1,492,701,563	1,175,612,203	626,205,957	1,175,654,223	21,879,339	4,736,245,367
Acceptances of customers	-	8,378,126	2,662,220	-	-	-	11,040,346
Derivative instruments	-	15,107,853	33,010,406	68,647,502	176,802,303	169,180,902	462,748,966
Other assets	-	1,856,546	-	-	-	-	1,856,546
	1,244,110,939	1,776,246,206	1,586,534,829	1,451,978,459	1,447,956,526	191,060,241	7,697,887,200
LIABILITIES							
Amounts due to related parties	94,278	2,284,509,545	1,247,943,856	521,590,232	509,573,589	-	4,563,711,500
Deposits	360,834,336	466,525,780	365,401,168	527,660,857	261,493,699	-	1,981,915,840
Acceptances	-	8,378,125	2,662,220	-	-	-	11,040,346
Other liability	160,270	198,496	3,595	3,564,234	-	20,000	3,946,595
Derivative instruments	-	15,106,853	33,008,079	68,642,066	176,797,583	169,180,901	462,735,482
Lease liability	-	9,937	19,938	92,195	553,818	262,979	938,867
Gross loan commitment	2,390,653,350	-	-	-	-	-	2,390,653,350
Guarantee given	-	500,000	30,040,490	17,738,097	29,126,500	743,227	78,148,314
Performance related contingencies	-	42,446,667	2,372,681	72,699,554	9,767,730	-	127,286,632
Trade related contingencies	-	-	16,797,612	-	-	-	16,797,612
	2,751,742,234	2,817,675,404	1,698,249,639	1,211,987,235	987,312,919	170,207,107	9,637,174,538

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:

- For those assets or liabilities that are short term in nature, the related carrying value is equivalent to their fair value.
- 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.
- 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.
- The fair values of investment of debt instruments are derived from quoted prices in the active market.

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

15. Fair Value of Financial Instruments (continued)

30 September 2023 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	-	-	151,668,844	-	151,668,844	151,668,844
Amounts due from related parties	a	-	-	70,961,922	-	70,961,922	70,961,922
Amounts due from other financial institutions	a	-	-	893,866,995	-	893,866,995	893,866,995
Investment in debt instruments	d	-	440,917,260	-	-	440,917,260	440,917,260
Corporate loans originated by the Bank	b	-	-	4,392,354,181	-	4,392,354,181	4,395,254,352
Other assets	c, a	202,854,842	-	12,046,965	-	214,901,807	214,901,807
Total financial assets		202,854,842	440,917,260	5,520,898,907	-	6,164,671,009	6,167,571,180
Liabilities							
Amounts due to related parties	b	-	-	-	3,171,143,366	3,171,143,366	3,181,049,376
Deposits	a, b	-	-	-	2,416,390,421	2,416,390,421	2,419,584,857
Other liabilities	c	204,828,848	-	19,798,311	-	224,627,159	224,627,159
Total financial liabilities		204,828,848	-	19,798,311	5,587,533,787	5,812,160,946	5,825,261,392

30 September 2022 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	-	-	270,742,648	-	270,742,648	270,742,648
Amounts due from related parties	a	-	-	730,503,326	-	730,503,326	730,503,326
Amounts due from other financial institutions	a	-	-	1,124,911,841	-	1,124,911,841	1,124,911,841
Investment in debt instruments	d	-	352,575,436	-	-	352,575,436	352,575,436
Corporate loans originated by the Bank	b	-	-	4,298,681,754	-	4,298,681,754	4,296,429,534
Other assets	c, a	239,190,872	-	12,896,892	-	252,087,764	252,087,764
Total financial assets		239,190,872	352,575,436	6,437,736,461	-	7,029,502,769	7,027,250,549
Liabilities							
Amounts due to related parties	b	-	-	-	4,508,533,900	4,508,533,900	4,517,078,273
Deposits	a, b	-	-	-	1,951,786,731	1,951,786,731	1,948,163,162
Other liabilities	c	244,356,106	-	16,002,229	-	260,358,335	260,358,335
Total financial liabilities		244,356,106	-	16,002,229	6,460,320,631	6,720,678,966	6,725,599,770

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).

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

15. Fair Value of Financial Instruments (continued)

- 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 2023		30 September 2022	
	Level 1	Level 2	Level 1	Level 2
Derivative financial assets				
Interest rate swaps	-	130,149,474	-	133,069,787
Currency swaps	-	54,594,839	-	49,796,028
Currency options	-	-	-	-
FX forwards	-	18,110,529	-	56,325,057
Total derivative financial assets	-	202,854,842	-	239,190,872
Derivative financial liabilities				
Interest rate swaps	-	130,448,586	-	135,767,822
Currency Swaps	-	56,190,925	-	52,111,616
Currency Options	-	-	-	-
FX forwards	-	18,189,337	-	56,476,668
Total derivative financial liabilities	-	204,828,848	-	244,356,106
Investment in debt instruments	440,917,260	-	352,575,436	-

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 is being independently monitored and regularly reported to the Regional Head for Oceania. A contingency plan has been developed in the event of a major liquidity problem. The operations of the Branch are subject to these policies.

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

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

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

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

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

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

16. Liquidity Risk Management (continued)

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

	As at 30 September 2023 Unaudited NZD	As at 30 September 2022 Unaudited NZD
Cash and short term liquid assets	151,668,844	270,742,648
Amounts due from related parties	70,961,922	730,503,326
Amounts due from other financial institutions	893,866,995	1,124,911,841
Investment in debt instruments	440,917,260	352,575,436
	1,557,415,021	2,478,733,251

17. Profitability and Size

a) Profitability

The Overseas Banking Group

	Six Months ended 30 September 2023 JPY(000's)	Six Months ended 30 September 2022 JPY(000's)
Net (Loss)/Profit After Tax	616,567,000	(61,212,000)
Net Profit After Tax over the previous 12 months period as a percentage of average total assets	0.41%	0.00%

b) Size

	Six Months ended 30 September 2023 JPY(000's)	Six Months ended 30 September 2022 JPY(000's)
Total Assets	316,787,454,000	320,251,656,000
% Change in total assets over the previous 12 months	-1.08%	10.71%

18. Asset Quality

(i) The Overseas Banking Group

	As at 30 September 2023 JPY(000's)	As at 30 September 2022 JPY(000's)
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	1,343,147,000	1,298,241,000
Total individually impaired assets expressed as a percentage of total assets	0.42%	0.41%
Total individually credit impairment allowance	379,204,000	407,654,000
Total individually credit impairment allowance expressed as percentage of total individually impaired assets	28.23%	31.40%
Total collective credit impairment allowance	874,379,000	648,423,000

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

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 recognise 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 future macroeconomic condition impact on the local economic and business environment.

The modelling methodology applied in estimating ECL in this financial statement is consistent with that applied in the Branch's Financial Statements for the year ended 31 March 2023.

The Branch does not have any individually impaired assets that have been recognised, any individual credit impairment allowances, and any assets that are less than 30 days past due; at least 30 days but less than 60 days past due; at least 60 days but less than 90 days past due; and at least 90 days past due but not impaired as at 30 September 2023 (30 September 2022: 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 2023 (30 September 2022: Nil).

The total interest income recognised on impaired assets over the half year accounting period ended 30 September 2023 is Nil (30 September 2022: Nil).

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

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

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 2023	5,389,178	2,078,563	7,467,741
Net transfers in / (out) of stages *	-	-	-
New financial assets originated	1,072,900	694,917	1,767,817
Financial assets derecognized during the period	(878,887)	(498,186)	(1,377,073)
Change in ECL due to net further lending / repayment	440,557	(194,459)	246,098
Change in ECL due to amounts written-off	-	-	-
Total provision for ECL as at 30 September 2023	6,023,748	2,080,835	8,104,583

* Represents the transfers between stages

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

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 2023 Unaudited NZD
Balance at beginning of the period	4,675,364,024
Additions	961,414,541
Amounts written off	-
Deletions	(1,238,400,636)
Balance at the end of the period (Note 4)	<u>4,398,377,929</u>

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 2023 Unaudited NZD (000's)	Six Months ended 30 September 2022 Unaudited NZD (000's)
(1) Aggregate Interest Rate Exposure		
(a) Notional capital charge*	2,662	2,771
(b) Implied risk weighted exposure	33,275	34,638

* The Notional Capital Charge is calculated in accordance with BPR140: Market Risk

	Peak End of Day Ending 30 September 2023 Unaudited NZD (000's)	Peak End of Day Ending 30 September 2022 Unaudited NZD (000's)
(2) Aggregate Interest Rate Exposure		
(a) Notional capital charge**	5,725	6,180
(b) Implied risk weighted exposure	71,563	77,250

** The peak end of day notional capital charge has been derived by determining the maximum over the period at the close of each business day derived in accordance with BPR 140: Market Risk

(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 2023

19. 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. 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 2023:

	2022	2023
Minimum Common Equity Tier 1 ratio	4.50%	4.50%
Capital Conservation Buffer	2.50%	2.50%
Countercyclical Buffer	0.01%	0.04%
G-SIB Surcharge	1.50%	1.50%
Total	8.51%	8.54%
Minimum Tier 1 ratio	10.01%	10.01%
Minimum Capital ratio	12.01%	12.01%

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

Overseas Banking Group	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	9.78%	8.49%
Tier 1 capital	11.17%	9.67%
Total capital	12.70%	11.27%

Notes to the Condensed Interim Financial Statements For the Six Months Ended 30 September 2023

20. Capital Adequacy (continued)

Overseas Bank	As at 30 September 2023 Unaudited	As at 30 September 2022 Unaudited
Capital ratios:		
Common Equity Tier 1 capital	7.80%	7.27%
Tier 1 capital	9.25%	8.59%
Total capital	10.68%	10.03%

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 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 2023

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 2023, that has significantly affected, or may significantly affect, the operations of the Branch, the results of the operations, or the state of affairs of the Branch in future financial years.



Independent Auditor's Review Report to the Directors of MUFG Bank, Ltd. Auckland Branch

Conclusion

We have reviewed the condensed interim financial statements and supplementary information (excluding supplementary information relating to credit and market risk exposures and capital adequacy) ('the supplementary information') of MUFG Bank, Ltd. Auckland Branch ('the Branch'), for the six months ended 30 September 2023.

The condensed interim financial statements, as required by clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the 'Order'), comprise the condensed statement of financial position of the Branch as at 30 September 2023, 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.

The supplementary information comprises the information required to be disclosed under Schedules 5, 7, 12 and 14 of the Order.

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 2023 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 (excluding the supplementary information relating to credit and market risk exposures and capital adequacy) disclosed in accordance with Schedules 5, 7, 12 and 14 of the Order, does not present fairly, in all material respects, the matters to which it relates in accordance with those Schedules.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Branch in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to our role as auditor, our firm carries out other assurance services for the Branch over the compliance with credit and market risk exposures and capital adequacy requirements. The provision of the other services has not impaired our independence as auditor of the Branch. In addition to this, partners and employees of our firm deal with the Branch on normal terms within the ordinary course of trading activities of the business of the Branch.

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.

Directors' responsibilities for the interim financial statements and supplementary information

The Directors are responsible on behalf of the Branch 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 the Disclosure Statement in accordance with Schedule 3 and the preparation of the supplementary information which presents fairly, in all material respects, the matters required to be disclosed under Schedules 5, 7, 9, 12 and 14 of the Order.



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

Our responsibility is to express a conclusion on the condensed interim financial statements and the supplementary information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that:

- the condensed interim financial statements (excluding the supplementary information), 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; and
- the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy), does not present fairly, in all material respects, the matters to which it relates in accordance with Schedules 5, 7, 12 and 14 of the Order.

A review in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform 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) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements and the supplementary information.

Restriction on use

This report is made solely to the Branch's Directors, as a body. Our review has been undertaken so that we might state to the Branch's Directors 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 Directors as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Bindi Shah

Partner

for Deloitte Limited

Auckland, New Zealand

28 November 2023

This review report relates to the unaudited disclosure statement of MUFG Bank, Ltd. Auckland Branch for the six months ended 30 September 2023 included on 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 disclosure statement since they were initially presented on the website. The review report refers only to the unaudited disclosure statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited disclosure statement. 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 disclosure statement and related review report dated 28 November 2023 to confirm the information included in the unaudited disclosure statement presented on this website. Legislation in New Zealand governing the preparation and dissemination of disclosure statement may differ from legislation in other jurisdictions.



Independent Assurance Report to the Directors of MUFG Bank, Ltd. – Auckland Branch

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

Conclusion

We have undertaken a limited assurance engagement on the MUFG Bank, Ltd. – Auckland Branch’s (the ‘Branch’) compliance, in all material respects, with clause 23 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the “Order”) which requires information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy to be disclosed in its Disclosure Statement for the six months ended 30 September 2023 (the ‘compliance requirements’).

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Branch’s information relating to credit and market exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order as disclosed in note 20 is not, in all material respects, disclosed in accordance with Schedule 9 of the Order for the six months ended 30 September 2023.

Basis of conclusion

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

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

Directors’ Responsibilities

The Directors of the Branch are responsible on behalf of MUFG Bank, Ltd – Auckland Branch for compliance with the Order, including Clause 23 of the order which requires information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Branch’s Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

Our Independence and Quality Control

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

In addition to our role as independent auditor of the Branch, our firm carried out a review of the Branch’s interim financial statements and supplementary information (excluding supplementary information relating to credit and market risk exposures and capital adequacy). These services have not impaired our independence as independent auditors of the Branch. In addition to this, partners and employees of our firm deal with the Branch on normal terms within the ordinary course of trading activities of the business of the Branch. The firm has no other relationship with, or interest in, the Branch.

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

Assurance Practitioner’s Responsibilities

Our responsibility is to express a limited assurance conclusion on whether the Branch’s information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with the Clause 23 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. Our review has been conducted in accordance with Standard on Assurance Engagements 3100: Compliance Engagements (‘SAE 3100’) issued by the External Reporting Board, to provide limited assurance that the Bank has complied with the Clause 23, disclosed in accordance with Schedule 9 of the Order, in all material respects.

SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Branch’s information relating to the credit and market risk exposures



and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 23 of the Order in respect of the information relating to credit and market risk exposures and capital adequacy is likely to arise.

Given the circumstances of the engagement we:

- Obtained an understanding of the compliance framework and preparation of the information relating to credit and market exposures and capital adequacy in accordance with the Reserve Bank of New Zealand's ('the RBNZ') prudential requirements for banks;
- Performed analytical and other procedures on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and
- Agreed the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order to information extracted from the Branch's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clauses 5 and 6 of Schedule 9 of the Order.

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

Inherent Limitations

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

A limited assurance engagement of the Branch's information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 23 of the Order does not provide assurance on whether compliance will continue in the future.

Use of Report

Our assurance report is made solely for the directors for the purpose of establishing that these compliance requirements have been met. Our work has been undertaken so that we might state to the Directors those matters we have been engaged to state in this assurance 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 Directors of the Branch for our work, for this assurance report, or for the conclusions we have reached.

Deloitte Limited

Auckland, New Zealand
28 November 2023