

MUFG Bank (Europe) N.V. Pillar 3 Report

For the year ended 31 March 2023

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1. Introduction

1.1. Basis of disclosure

This Pillar 3 report provides the disclosures of MUFG Bank (Europe) N.V. (MBE) as required by Capital Requirements Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) and the Implementing Technical Standards (ITS) on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

As MBE is not classified as a large institution, nor as a small and non-complex institution, it has compiled the Pillar 3 disclosure in accordance with the relevant disclosure requirements for other institutions set out in Article 433(c)(2) of CRR II. The disclosure requirements originate from the Basel III framework, developed by the Basel Committee on Banking Supervision.

This framework combines three pillars, aiming to strengthen the risk management of the banking sector. The three pillars are:

- Pillar 1 - This pillar determines the calculation rules for the volume of risk-weighted assets (RWA), required regulatory capital and liquidity requirements.
- Pillar 2 - This pillar consists of the Supervisory Review and addresses MBE's overall capital and liquidity adequacy in relation to its risks.
- Pillar 3 - This pillar provides a number of minimum disclosure requirements to drive market discipline.

The following table summarises where the reader can find the specific disclosures applicable for MBE¹ and it provides a link to the relevant section(s) of the Annual Report (AR).

CRR II article	Pillar 3 disclosure obligations	Table	Pillar 3 reference	Annual Report FY22
435(1) points (a), (e) and (f) 435(2) points (a), (b) and (c)	Risk management objectives and policies	EU OVA EU OVB	Sections 2, 4, 5, 6, 7, 8 & 9	Note 28 Risk management
436	Disclosure of the scope of application	Not Applicable	Section 2.1	Note 29 Country by country reporting (CbCr)
437 point (a)	Own funds	EU CC1 EU CC2	Section 3	Note 28 Risk management
438 points (c) and (d)	Capital requirements	EU OV1	Section 3	Note 28 Risk management
447	Key metrics	EU KM1	Section 4.1	Note 28 Risk management
450(1) points (a) to (d) and (h) to (k)	Remuneration policy	REMA REM1 REM2 REM3 REM4	Section 10	Note 27 Key management remuneration

1.2. Governance

The Pillar 3 disclosures have been prepared in accordance with MBE's formal policies, internal processes, systems and controls to ensure disclosures have been made in accordance with the applicable laws and regulations. The Pillar 3 disclosures have been approved by both MBE's Management Board and Supervisory Board prior to publication. This disclosure is not required to be, nor has it been, audited by MBE's external auditor.

¹ For a detailed overview on the applicability of the disclosure templates please refer to the Disclosure Index in the Appendix

2. Disclosure requirements

2.1. Scope of disclosures

The table below provides an overview of the subsidiaries and branches included in the consolidation scope of MBE. Subsidiaries are fully consolidated from the date on which control is

transferred to MBE and deconsolidated from the date control ceases. Control is achieved when MBE is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Entity	Country of Incorporation	Place	Nature of Activity	Percentage of voting rights held
MUFG Bank (Europe) N.V.	Netherlands	Amsterdam	Head-Office	Not Applicable
MUFG Europe Lease (Deutschland) GmbH i.L.	Germany	Düsseldorf	Financing	95%
MUFG Funding (UK) Limited	United Kingdom	London	Financing	100%
MUFG Bank (Europe) N.V. Belgium Branch	Netherlands	Brussels	Branch	100%
MUFG Bank (Europe) N.V. Vienna Branch	Netherlands	Vienna	Branch	100%
MUFG Bank (Europe) N.V. Germany Branch	Netherlands	Düsseldorf Frankfurt Munich Hamburg	Branch	100%
MUFG Bank (Europe) N.V. Spain Branch	Netherlands	Madrid	Branch	100%
MUFG Bank (Europe) N.V. Czech Republic Branch ¹	Netherlands	Prague	Branch	100%
MUFG Bank (Europe) N.V. Poland Branch ¹	Netherlands	Warsaw	Branch	100%

¹ Branch has been closed during FY2022

2.2. Means and frequency of disclosures

MBE has adopted a formal policy to periodically assess the appropriateness, verification and frequency of the current disclosures. This policy ensures that the disclosure conveys the bank's risk profile comprehensively to market participants. As MBE is not classified as a large institution, nor as a small and non-complex institution, it has compiled the Pillar 3 disclosure in accordance with the relevant disclosure requirements for other institutions set out in Article 433(c)(2) of CRR II. Both MBE's AR and Pillar 3 documents are made publicly accessible on the website of MBE. The table figures are based on audited reference numbers/letters of the balance sheet under the regulatory scope of consolidation and correspond with the amounts reported to MBE's regulators. Note,

certain figures disclosed in this report may not fully match due to rounding.

3. Own funds & capital

MBE targets a healthy capital position that supports its strategy, the long term rating ambition of MUFG Group and which suits its risk profile. Applicable requirements of EU CC1, EU CC2, EU OVC and EU OV1 disclosures are included in this section of the disclosure.

3.1. Composition of regulatory own funds

This paragraph of the Pillar 3 disclosure is related to the Capital management section of AR note 28 (Risk management). For terms and conditions of CET1 and T2 we refer to AR note 14 (Issued capital and reserves).

EU CC1 - Composition of regulatory own funds

in thousands of €s		Amounts	Reference ¹
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,434,306	EU CC2 - 21 EU CC2 - 22
	of which: Issued capital	1,434,306	
2	Retained earnings	312,821	
3	Accumulated other comprehensive income (and other reserves)	(6,999)	EU CC2 - 24 EU CC2 - 25 EU CC2 - 26
5	Minority interests (amount allowed in consolidated CET1)	446	EU CC2 - 28
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,740,575	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(538)	
8	Intangible assets (net of related tax liability) (negative amount)	(15,813)	
EU-25a	Losses for the current financial year (negative amount)	-	
27a	Other regulatory adjustments	(125)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(16,476)	
29	Common Equity Tier 1 (CET1) capital	1,724,099	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	1,724,099	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	298,686	
51	Tier 2 (T2) capital before regulatory adjustments	298,686	
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier 2 (T2) capital	298,686	
59	Total capital (TC = T1 + T2)	2,022,786	
60	Total Risk exposure amount	10,904,594	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.81%	
62	Tier 1 (as a percentage of total risk exposure amount)	15.81%	
63	Total capital (as a percentage of total risk exposure amount)	18.55%	

Own funds & capital

Composition of regulatory own funds

in thousands of €s		Amounts	Reference ¹
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD expressed as a percentage of risk exposure amount)	9.31%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.34%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.97%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	4.31%	
Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	132,123	

1 Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation

3.2. Restrictions applied to the calculation of Own Funds

Pursuant to statutory provisions MBE can only pay dividend to the shareholder in as far as its paid-up capital and retained earnings are larger than the paid-up and called-up part of the capital increased by the reserves which have to be maintained for regulatory purposes and MBE's articles of association.

By virtue of a resolution of the general meeting of the shareholder MBE may acquire fully paid-up shares in the authorised capital of MBE only if the paid-up capital and retained earnings, after deduction of the acquisition price, is not less than the paid-up and called-up part of the capital increased by the reserves which have to be maintained by law, and the par value of the shares to be acquired and already held by MBE in its capital does not amount to more than one/tenth of the issued capital.

3.3. Reconciliation of regulatory own funds to the balance sheet

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

in thousands of €s	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-3-2023	31-3-2023	
Assets			
1	Cash and balances with central banks	3,093,030	3,093,030
2	Loans and advances to banks	1,348,856	1,348,856
3	Loans and advances to customers	7,829,488	7,829,488
4	Derivatives	116,325	116,325
5	Financial Investments	308,294	308,294
6	Property and equipment	12,297	12,297
7	Intangibles assets	10,519	10,519
8	Current tax assets	52,894	52,894
9	Deferred tax assets	55,033	55,033
10	Retirement benefit asset	5,134	5,134
11	Other assets	25,264	25,264
12	Total assets	12,857,134	12,857,134
Liabilities			
13	Due to banks	4,944,905	4,944,905
14	Due to customers	5,509,107	5,509,107

Own funds & capital

Reconciliation of regulatory own funds to the balance sheet

in thousands of €s	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-3-2023	31-3-2023	
15 Derivatives	113,351	113,351	
16 Current tax liabilities	9,854	9,854	
17 Subordinated debt	300,369	300,369	
18 Provisions	22,901	22,901	
19 Other liabilities	116,029	116,029	
20 Total liabilities	11,016,516	11,016,516	
Shareholders' Equity			
21 Issued capital	100,003	100,003	EU CC1 - 1
22 Share premium	1,334,304	1,334,304	
23 Retained earnings	412,863	412,863	
24 Fair value reserve: financial instruments measured at FVOCI	170	170	EU CC1 - 3
25 Foreign currency translation reserve	137	137	
26 Actuarial reserve	(7,306)	(7,306)	
27 Shareholder's equity	1,840,173	1,840,173	
28 Non-controlling interest	446	446	EU CC1 - 5
29 Total equity	1,840,619	1,840,619	

3.4. Summary of the institution's approach on ICAAP

The Internal Capital Adequacy Assessment Process (ICAAP) comprises the entire continuous capital management process and focuses on the capital adequacy requirements set by the supervisory authorities. Hence, on request of its supervisor, the Dutch Central Bank (DNB), MBE submits its ICAAP as part of the Supervisory Review and Evaluation Process (SREP) on an annual basis. The SREP is a yearly supervisory assessment of a bank in which the supervisor assesses and measures the risks for the bank. Specifically, the SREP aims to show where a bank stands in terms of capital and liquidity requirements and the way in which it deals with risks. The SREP is approved and signed off by MBE's Management Board. For the 2023 SREP, the Management Board declared that the 2023 SREP 'gives a fair and adequate assessment of MBE's business and risks as well as of our capital and liquidity & funding adequacy'. The reference date of the 2023 ICAAP is 30 September 2022.

MBE prepares an ICAAP package using the standardized approach (SA) for Pillar 1 risks and internal quantitative analysis to determine additional capital requirements under Pillar 2 risks.

In addition, the developments of MBE's risk profile, both according to the strategic plan as well as in a stressed environment, are taken into account to determine (sufficient) capitalization (i.e. capital adequacy). The capital adequacy is evaluated on a yearly basis, for a three-year outlook at minimum. In case of major business changes or internal/external shocks, more frequent analyses will be produced.

MBE actively manages its capital structure, and makes adjustments to it in the light of changes in economic conditions and the risk profile of its activities. In order to maintain or adjust the capital structure, MBE may adjust the amount of dividend payment to shareholders, return capital to shareholders or request for a capital injection from MUFG Bank Ltd. These capital injections are planned based on the annual internal capital adequacy evaluation. In case of significant unexpected losses which require recovery measures, the Recovery Plan might be invoked and based on the situation at hand additional capital might be requested from MUFG Bank Ltd.

3.5. Results ICAAP

The ICAAP results presented below are based on the latest submitted ICAAP, as part of the 2023 SREP submission (March 2023). The reference date of the 2023 ICAAP is 30 September 2022.

Own funds & capital

Results ICAAP

The table below shows MBE's internal capital allocation for its pillar 1 risks based on the SA. In addition, by means of internal quantitative and qualitative analysis,

capital allocation for Pillar 2 risks are added for (material) risks which are not (adequately) covered in Pillar 1 capital.

EU OVC - ICAAP information

in thousands of €s	Pillar 1 Capital	ICAAP Capital	Total SREP Capital
	Basel 2	ICAAP (own confidence level)	
Pillar 1 risks			
Credit and dilution risk (CRR 92.3 a)	855,692	855,692	855,692
Position risk and large exposures (CRR 92.3 b)	-	-	-
FX, settlement and commodities risk (CRR 92.3 c)	-	-	-
Credit valuation adjustment risk (CRR 92.3 d)	4,442	4,442	4,442
Operational risk (CRR 92.3 e)	21,357	21,357	21,357
Counterparty risk (CRR 92.3 f)	38,254	38,254	38,254
Total Pillar 1 risk	919,745	919,745	919,745
Pillar 2 risks			
Concentration risk:		91,000	91,000
Countries		30,000	30,000
Sectors		8,000	8,000
Single Name		52,000	52,000
Other		-	-
Other credit risk		-	-
Market risk		-	-
Operational risk		61,100	61,100
Interest rate risk banking book		50,900	50,900
Business model risk & profitability		-	-
Pension risk		-	-
Integrity risk		-	-
Total Pillar 2 risk		203,000	203,000
Total Pillar 1 + Pillar 2		1,122,745	1,122,745

This results in total required capital for Pillar 1 and 2 of € 1.12 billion, resulting in a bottom up ICAAP-ratio of 10.2% given the RWA of €11.50 billion. A forward looking analysis of the capital requirements is presented in the Medium Term Business Plan of MBE.

3.6. Overview of minimum capital requirements for each exposure class

The table in this section presents an overview of the capital requirements using the SA for each exposure class:

EU OV1 – Overview of risk weighted exposure amounts

in thousands of €s		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31-3-2023	31-3-2022	31-3-2023
1	Credit risk (excluding CCR)	10,166,571	10,102,729	813,326
2	Of which the standardised approach	10,166,571	10,102,729	813,326
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk-weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk - CCR	364,756	192,849	29,180

Own funds & capital

Overview of minimum capital requirements for each exposure class

in thousands of €s		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31-3-2023	31-3-2022	31-3-2023
7	Of which the standardised approach	296,988	176,790	23,759
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	67,768	16,059	5,421
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	106,304	128,782	8,504
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	106,304	128,782	8,504
EU 19a	Of which 1250%/ deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	-	-	-
21	Of which the standardised approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	266,963	262,673	21,357
EU 23a	Of which basic indicator approach	266,963	262,673	21,357
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	137,582	93,808	11,007
29	Total	10,904,594	10,687,034	872,368

4. Risk management objectives & policies

Applicable requirements of EU KM1, EU OVA and EU OVB disclosures are included in this section of the disclosure. Further information on MBE's risk management objectives and policies for each separate category of risk can also be found in note 28 of MBE's AR and in the following sections of this Pillar 3 disclosure:

- Section 6: Credit risk
- Section 7: Liquidity risk
- Section 8: Market risk
- Section 9: Operational risk

4.1. Overview of MBE's risk management objectives and policies

Risk management plays an important role in MUFG Bank's global operations. MUFG Bank identifies risks arising from businesses based on uniform criteria. Moreover, it has implemented integrated risk management to ensure a strong financial condition at all times and to maximize shareholder value. This integrated approach stems from the parent bank, MUFG Bank Ltd.

MBE has in place a Risk Management Framework (RMF). The RMF of MBE is a strategic document that sets the boundaries and principles for risk management. The RMF encompasses risk principles, risk culture, governance and provides MBE's risk taxonomy. The objective of the RMF is to establish sound risk management practices within MBE. These risk management practices aim to ensure adequate, timely and continuous identification, assessment, management, reporting and monitoring, and evaluation of the risks posed by its activities at the business line and institution-wide levels. Additionally, the RMF aims to ensure an adequate level of capital and liquidity in relation to MBE's risk profile, in both the short and longer term.

The RMF is governed by a system of policies, procedures, committees and, line- and staff-functions.

To formalize this governance, MBE has in place a Risk Management Policy House (RMPH), which explains the interrelations between all risk management documentation. Furthermore, the RMPH provides a structure to position new documentation and helps with implementing new sets of regulations and/or rules. As a result, MBE's risk management documents follow a clear structure that allows the proper management of risks based on defined roles and responsibilities.

As part of a risk cycle defined in the RMF, MBE continuously identifies risks and records these in the risk register. In case significant, the risk is highlighted in the MBE Risk Taxonomy. The Risk Taxonomy is a comprehensive, common and stable set of risk categories that is used within MBE. It supports the consideration of all (material) risks types that could affect the organization's objectives and it serves as a platform for communication. As a consequence, risks are periodically assessed, monitored, managed and evaluated.

Together with the RMF, the Risk Appetite Statement (RAS) is a strategic component in risk management. It expresses the types and amounts of risk that MBE is willing to accept in order to meet its business strategies and financial plans.

MBE aims to achieve a proper balance between earnings and risks. Furthermore, MBE targets a healthy and well diversified capital and liquidity position which supports its business strategy and the long-term rating ambition of MUFG Group.

Lastly, in addition to providing an integrated risk management structure and guidance, the parent bank is an important partner for MBE. It provides risk mitigation and support through group arrangements with regards to risk transfer, capital, funding and liquidity. Where appropriate, specific tailoring to the local (regulatory) environment is applied.

Risk management objectives & policies

Overview of MBE's risk management objectives and policies

For further information on the risk management approach applied at MBE, please refer to the AR note 28 (Risk management).

4.2. Overview of risk management, key prudential metrics and RWA

Please find below a detailed overview of MBE's key risk management metrics:

Table EU KM1 - MBE's risk management, key prudential metrics and RWA

in thousands of €s		31-3-2023	31-12-2022	30-9-2022	30-6-2022	31-3-2022
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	1,724,099	1,715,853	1,717,884	1,716,648	1,714,543
2	Tier 1 capital	1,724,099	1,715,853	1,717,884	1,716,648	1,714,543
3	Total capital	2,022,786	2,015,853	2,017,884	2,016,648	2,014,543
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	10,904,594	11,330,474	11,496,818	10,938,510	10,687,034
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.81%	15.14%	14.94%	15.69%	16.04%
6	Tier 1 ratio (%)	15.81%	15.14%	14.94%	15.69%	16.04%
7	Total capital ratio (%)	18.55%	17.79%	17.55%	18.44%	18.85%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.50%	3.50%	4.10%	3.30%	3.30%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.97%	1.97%	2.31%	1.90%	1.90%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.63%	2.63%	3.08%	2.50%	2.50%
EU 7d	Total SREP own funds requirements (%)	11.50%	11.50%	12.10%	11.30%	11.30%

in thousands of €s		31-3-2023	31-12-2022	30-9-2022	30-6-2022	31-3-2022
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.34%	0.10%	0.04%	0.04%	0.03%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	2.84%	2.60%	2.54%	2.54%	2.53%
EU 11a	Overall capital requirements (%)	14.34%	14.10%	14.64%	13.84%	13.83%
12	CET1 available after meeting the total SREP own funds requirements (%)	4.31%	3.64%	2.84%	4.39%	4.74%
Leverage ratio						
13	Total exposure measure	23,749,845	25,159,099	23,915,452	22,483,775	21,458,022
14	Leverage ratio	7.26%	6.82%	7.18%	7.64%	7.99%

Risk management objectives & policies

Overview of risk management, key prudential metrics and RWA

in thousands of €s		31-3-2023	31-12-2022	30-9-2022	30-6-2022	31-3-2022
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.09%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.09%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4,871,080	5,126,573	4,754,301	4,163,917	3,504,143
EU 16a	Cash outflows - Total weighted value	6,424,922	6,365,598	6,210,299	5,953,488	5,764,226
EU 16b	Cash inflows - Total weighted value	3,514,733	3,899,786	4,341,499	4,631,131	4,655,956
16	Total net cash outflows (adjusted value)	2,948,738	2,532,716	2,005,918	1,640,700	1,541,782
17	Liquidity coverage ratio (%)	179.74%	227.44%	247.66%	245.90%	215.14%
Net Stable Funding Ratio						
18	Total available stable funding	9,948,626	10,642,405	9,850,525	9,766,151	9,561,864
19	Total required stable funding	9,167,821	9,612,810	9,054,868	8,881,778	8,953,624
20	NSFR ratio (%)	108.52%	110.71%	108.79%	109.96%	106.79%

4.3. Recruitment policies for members of the management board

MBE's aim is to have an adequate composition of the management board in terms of relevant knowledge, experience and gender diversity (30% rule), by assessing individual experience and skills against the core behavioural competencies for the Management Board role. Recruitment will be undertaken in a fair, transparent, and professional manner, whilst ensuring that MBE's equal opportunities commitment is adhered to in the shortlisting, interviewing and selection of candidates, without regard to race, colour, nationality, ethnic or national origin, sex, sexual orientation, gender reassignment, marital status, disability, age, religion or belief, or trade union membership.

The Management Board fully complies with the gender diversity ratio of 30% with a current gender diversity ratio of 40%. The current composition is made up of 3 males and 2 females, including the President of MBE.

Pursuant to MBE's articles of association, Management Board and Supervisory Board members are nominated

at the General Shareholders Meeting. Prior to the nomination, a profile containing the required suitability and availability of future board members is composed, taking into account the composition and functioning of the collective board. The shareholder informs the Management Board of the name and provides key personal data of the Management Board candidate, the likely target date for the nomination and other relevant information to enable the Management Board for preparation of the prospective appointment notification to the DNB. The nomination procedure is laid down in the Supervisory Board and Management Board bylaws. The nomination is subject to the prior declaration of 'no objection' issued by the DNB. The Management Board is responsible for the application of the declaration of 'no objection' and for informing the shareholder upon receiving the declaration.

Three Management Board members hold directorships outside of MBE. Mr. Harm Bots holds a non-executive directorship in the Dutch & Japanese Trade Federation (DUJAT) and an executive directorship in the Japanese Trade Federation and The Japanese Chamber of Commerce and Industry in The Netherlands (JCC). Mr. Mark Selles holds an

Risk management objectives & policies

Recruitment policies for members of the management board

executive directorship in MUFG Funding (UK) Ltd. Ms. Dragi Dimitrijevic holds an executive directorship in the Foreign Bankers' Association.

4.4. Risk organization

For further information on MBE's risk organization we refer to the AR note 28 (Risk management).

4.5. Risk reporting to the management body

For further information on MBE's risk reporting to the Management Board we refer to the AR note 28 (Risk management).

5. Risk governance

5.1. Three Lines of Defence model

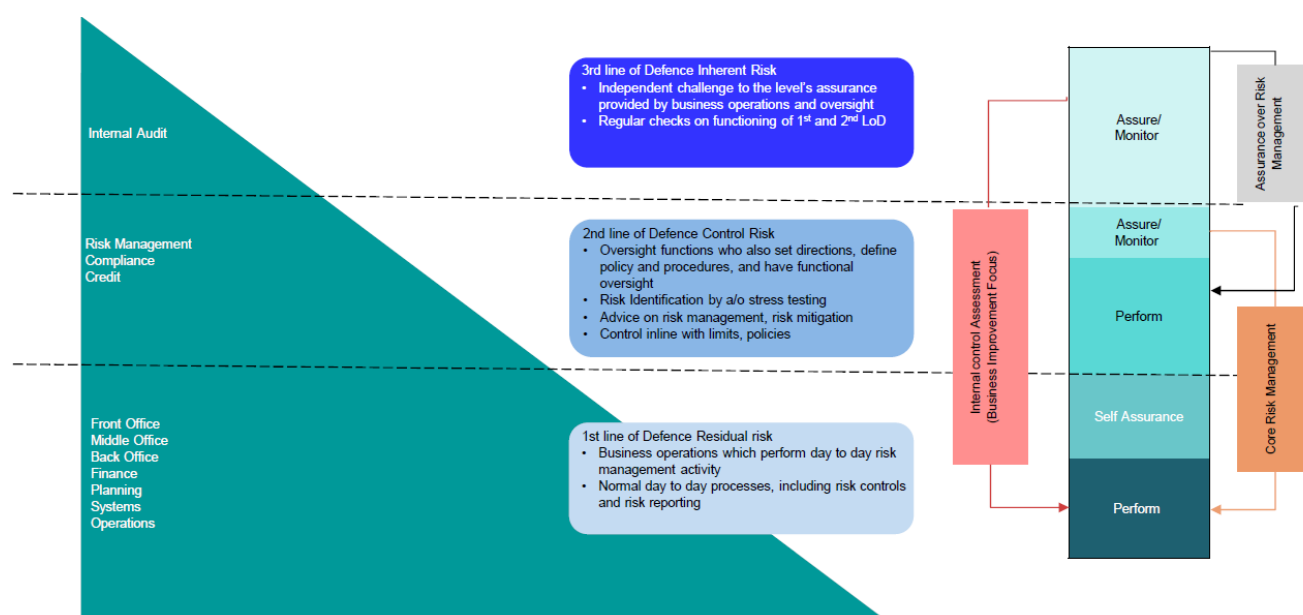
MBE has implemented the three lines of defence model as part of its risk organization. The first line of defence (1st LoD) executes the normal banking processes and supporting processes within the bank, and is responsible for managing risks. The second line of defence (2nd LoD) sets risk policies and controls the implementation in the 1st LoD. Further, it identifies risks and advises the 1st LoD on risk topics. The third line of defence (3rd LoD) verifies the proper functioning of the 1st LoD and 2nd LoD. The Management Board is accountable for the proper functioning of the model and the control over the risks.

The 1st LoD consists of the front-, mid- and back-offices, Finance, Planning and the business support areas, which own the procedures, strategies and controls, and are responsible for the design and ongoing effectiveness of their controls. They own and are accountable for risks originated by their processes, people, systems and interaction with external parties. They are responsible for securing compliance on a day-to-day basis with MBE's RMF to ensure that risks are identified, mitigated and managed appropriately in line with MBE's Risk Appetite. In addition, the 1st LoD is responsible for

risk taking, owning risk, transaction execution, acting in accordance with policies, effectiveness of risk controls, and risk assessment.

The 2nd LoD provides risk management guidance and policies, independent oversight, and challenges the effectiveness of the 1st LoD management to further ensure that risks are identified, assessed, managed, monitored and reported. The 2nd LoD is responsible for the ownership, development and effective implementation of the RMF, risk policies, risk methodologies and associated tools used by the business (part of 1st LoD), to execute their risk related responsibilities under the governance of the Management Board.

The Internal Audit (IA) function is considered the 3rd LoD and verifies the proper functioning of both the 1st and 2nd LoDs to the Management Board. Additionally, the 3rd LoD is responsible for objective assurance on the adequacy and effectiveness of the existing RMF and it provides an independent assessment of the key risks MBE is facing with regards to its control environment. Lastly, the IA function reports directly to the CEO of MBE and via the Audit, Compliance & Risk Management Committee to the Supervisory Board.



Risk governance

Three Lines of Defence model

5.2. Risk Committees

The Bank has a two-tiered board governance structure with two management bodies, the Management Board with its executive functions and the Supervisory Board with non-executive supervisory functions.

The final responsibility for risk management lies with the Management Board. To support the Management Board in the identification and control of MBE's risks, a number of committees have been established. The following risk committees are in place within MBE:

- Audit, Compliance & Risk Management Committee;
- IT Management Committee;
- Business Continuity Committee;
- Risk Management Committee;
- Credit Committee;
- Compliance Committee;
- Client Acceptance & Review Committee;
- Asset Liability Management Committee;
- Change Control Committee;
- New Product Committee;
- Data Management Committee;
- Outsourcing Committee;
- Operational Control Committee;
- Breach Control Committee

6. Credit risk

Credit risk is the potential that a borrower in a loan contract or counterparty in a derivative contract will fail to meet its obligations in accordance with agreed terms, resulting in a financial loss for MBE. This includes risks arising from counterparty, country, transaction structure and also concentrations on various levels.

Credit risk is managed in compliance with MBE's Credit Risk Management Policy, EMEA Regional Credit Policy and broader MUFG Bank's Risk Control Framework. The Internal Policy Framework defines standards and requirements for managing credit risk, while the RAS defines the amount of risk MBE is willing to take within its risk capacity, in order to fulfil its business strategies and financial plans.

MBE applies a MUFG Bank Ltd. group-wide uniform credit rating system for asset evaluation and assessment, loan pricing and quantitative measurement of credit risk. This credit rating system also underpins the calculation of credit provisions, steering of credit portfolios, and, credit risk monitoring and management. Where deemed necessary the credit risk is mitigated by obtaining collateral.

Credit decisions are taken by an authorised Credit Committee within MUFG Group or by MUFG staff with proper credit delegations. Transactions that involve the booking of an asset on, or the sale of an asset from the MBE balance sheet are within the scope of the Credit Committee and the MBE Credit Process. The focus of the MBE Credit Committee is defined using the internal credit committee criteria.

Second line credit risk management is involved in the monitoring of the credit risk limits as derived from the internal RAS, as well as, analysis and reporting of exposures on individual and portfolio level. Hence, overall credit risk management is evaluated by the Risk Management Committee (RMC). Daily monitoring of positions and/or limits is performed by the Middle Office Division (MOD), while periodic evaluation of compliance with the Internal Policy Framework, credit risk assessments and credit stress testing is performed by the Risk Management Division (RMD).

7. Liquidity risk

Funding liquidity risk is the risk that the firm will not be able to meet efficiently both expected and unexpected, current and future cash flow and collateral needs, without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Funding liquidity risk and market liquidity risk are managed in compliance with the MUFG Bank's Balance Sheet Risk Management policy, procedures and control framework. MBE's liquidity, interest rate risk and investment portfolio are evaluated by the Asset-Liability Committee (ALCO). Daily, weekly, monthly, quarterly, and annual monitoring of positions and/or limits and execution of periodical stress tests are performed by RMD.

MBE has a well-established Liquidity Risk Management Framework (LRMF) in place. The LRMF has been set up to allow the bank to achieve its strategic and operational objectives in an efficient, safe and profitable manner. The LRMF has been established through extensive coordination between the 1st and 2nd LoDs within MBE.

The LRMF ensures that MBE maintains sufficient liquidity to withstand various stress scenarios which have been calibrated to the MBE-specific portfolio, keeping in mind the buffer assets (high-quality liquid assets) held by MBE. The LRMF explains the methodology for managing liquidity risk within the bank. The LRMF has been established to include a full liquidity risk management cycle, aligned with the risk cycle steps as described in the MBE RMF. These steps include the following:

1. Risk Identification: identification and substantiation of liquidity risk drivers.
2. Risk Assessment: assessment of the materiality of liquidity risk drivers.
3. Risk Management: establishment of liquidity risk appetite and liquidity risk appetite indicators (RAIs)

and liquidity risk metrics to management liquidity risk drivers.

4. Risk Monitoring and Reporting: monitoring of reported liquidity RAIs and liquidity risk metrics.
5. Risk Evaluation: annual (at minimum) evaluation of liquidity risk drivers through review and calibration of RAIs against the risk appetite to establish updates to MBE's risk appetite (if required).

Each step of the liquidity risk cycle is covered under the various governance documents in the RMPH.

8. Market risk

Market risk is defined as the potential for sustaining a loss due to a change in the price of (an open position of) assets or liabilities held (including off-balance sheet assets and liabilities) resulting from changes in risk factors. Examples of risk factors are interest rates, exchange rates, equity prices, commodity prices and others.

MBE is not performing proprietary trading activities on its own account in the financial markets and is therefore not exposed to substantial market risk. Market risk arising from transactions with customers are immediately squared with MUFG Bank EMEA headquarters on a back-to-back basis as much as possible.

Securities investments are subject to the investment policy as well as limits, which are strictly monitored and reviewed periodically. These securities are not for trading purposes and as such the risk is managed as part of the interest rate risk in the banking book.

MBE has an averse risk appetite for market risk. MBE will not take active open positions to produce gains (proprietary positions) and will reduce potential open positions stemming from its operations to a bare minimum (frictional positions).

Market risk management within MBE complies with external regulations and parental bank rules. Within the MBE context, the RMC is the primary forum for discussions on market risk including but not limited to methodologies, limits, risk appetite and positioning/profile.

Every product introduced, suspended, decommissioned or modified can affect market risk significantly and therefore a market risk assessment is part of the New Product Approval (NPA) process.

9. Operational risk

Operational risk is defined as the risk of loss resulting from internal control issues, such as inadequate operational processes or misconduct, system failures, or external factors, like a natural disaster. The term includes a broad range of risks that could lead to losses.

MBE has defined ten level 2 risks for operational risk: technology risk, operations risk, vendor/outsourcing risk, people risk, data risk, tangible asset risk, crisis risk, legal risk, fraud risk, and project/change risk. The capitalization for operational risk is analysed on two levels. In Pillar 1, MBE applies the basic indicator approach (BIA) and in Pillar 2, MBE capitalizes for an additional EUR 61.1 million, based on calculations from a statistical model on the output of a portfolio of scenarios.

Operational risk is managed in compliance with MBE's Operational Risk Management Policy and broader MUFG Operational Risk Management Framework. Within the RMF, standards and requirements for managing operational risk are defined, including relevant procedures. The RAS defines the amount of risk MBE is willing to take within its risk capacity in order to fulfil business strategies and financial plans.

The objective of operational risk management is not to remove operational risk entirely but to keep it within the risk appetite, and to ensure that the control environment is sufficiently strong to prevent any high value losses that have the potential of damaging the bank.

The Operational Risk Management team (ORM) within RMD fulfils the 2nd LoD and is mainly an advisor and challenger to the business divisions (1st LoD), i.e. where the actual risks are being taken. On a monthly basis, ORM reports to the RMC on the risk profile, key risk indicators, material/high priority issues, incidents and events, fraud incidents, and key attention areas with a potential impact in the business execution.

10. Remuneration policy

The disclosures in this section are supplementary to those included in MBE's AR note 27 (Key management remuneration). Applicable requirements of EU REMA, EU REM1, EU REM2, EU REM3 and EU REM4 disclosures are included in this section of the disclosure.

10.1. Introduction

The Remuneration Report covers the remuneration of MBE, and the compensation of the Supervisory Board. MBE's Reward Policy takes into account the bank's strategy, size, nature and complexity, whilst ensuring alignment to its risk appetite, values, the international context it is working in, its stakeholders and wider societal acceptance.

The Reward Policy is the cornerstone of MBE's approach to rewarding its employees. It promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the bank. Its objective is to align MBE's and MUFG Group's strategic objectives and core values with the reward for employee performance, whilst ensuring compliance with regulatory requirements. The Reward Policy allows MBE to provide locally competitive pay to attract and retain employees, while operating a consistent framework that rewards the achievement of business objectives and the delivery of shareholder value in a sustainable way.

This Policy has been drafted taking MUFG Group's policies and principles on remuneration into account, with deviations applied as necessary to align to local requirements. The policy complies with all local and EU regulation including: MiFID II, the 'Act on remuneration Policies of Financial Undertakings'², the 'Guidelines on Sound Remuneration Policies' as issued by the European Banking Authority (EBA), Capital Requirements Directive (CRD IV and CRD V), the 'Regulation on Sound Remuneration Policies under WFT 2021'³ as issued by the DNB and the 'Dutch Banking Code' as issued by the Dutch Association of Banks (DBA).

² 'Wet beloningsbeleid financiële ondernemingen' : law of January the 28th, 2015.

³ 'Regeling beheerst beloningsbeleid 2021': decree of the Dutch Central Bank of October the 1st, 2021.

The Supervisory Board is responsible for approving MBE's Reward Policy whilst the Management Board is responsible for implementing activities in accordance with the Reward Policy.

The Reward Policy is reviewed and assessed on an annual basis or whenever changes in local laws and regulations, Head Office circulars or other relevant Head Office official documents have been issued. This policy is maintained by MBE's Head of HR, who makes sure it aligns with relevant laws and regulations and safeguards continuing effectiveness.

Each year, MBE's IA function also conducts an independent review of the annual remuneration process in order to ensure compliance with the Reward Policy and all regulatory requirements.

As well as the quarterly standard meetings of the Supervisory Board, an additional 2 meetings were scheduled around the end of the performance year to specifically review and approve the annual compensation for MBE. The Supervisory Board meetings act in a 'pseudo Remuneration Committee' capacity, as the size of MBE does not warrant a separate formal Remuneration Committee at this time.

10.2. Remuneration of the Management Board

Remuneration elements

The Management Board consists of five members for the performance year (PY) 2022, including the President. One of the board members was an expatriate from Tokyo Head Office who has subsequently resigned and will be replaced by another expatriate from Tokyo for PY2023. The remaining four members are employed locally and have an employment contract for an indefinite period or a fixed term of five years (in the case of one individual).

Remuneration policy

Remuneration of the Management Board

Fixed annual income

The fixed pay of the Management Board members are set according to their skills and experience, taking into account local market practice. Fixed remuneration can consist of a base salary, role based allowances, pension allowances and any fixed car/travel allowances. The aforementioned fixed remuneration types are not applicable to all board members.

For the fixed pay rates of the expatriate Management Board member, the Bank follows the conditions as provided by MBE's shareholder. Both Supervisory and Management Boards understand that the shareholder, in principle, applies to its staff, principles of sound remunerations based on CRD IV and V.

For the avoidance of doubt, MBE will explain in its annual report if this leads to a deviation from the Banking Code and MBE will apply this policy to these Management Board Members in proportion to the amount of time such person spends with the bank in a relevant year.

Benchmarking

For the local Management Board members' fixed pay, MBE aligns with prevailing market conditions and best practices. Based on individual agreement, for secondary labour conditions the bank applies the Dutch banking industry collective labour agreement (CAO). As part of the annual review, the bank compares the remuneration of the Management Board with peer positions in the general market, consisting of a combination of comparable financial and non-financial corporations.

Performance objectives

Each year, the Supervisory Board agrees on the performance objectives with the Management Board, which are derived from MBE's (long-term) strategic objectives. In setting these objectives, the desired risk profile and the sustainability of MBE are taken into account. These two themes are included in the objectives every year. Moreover, the Supervisory Board takes into account the interests of all stakeholders of MBE.

The financial performance criteria are both quantitative and qualitative (split equally 50%) and

are used to measure and adjust for both risk and performance. Examples of financial performance criteria are; (i) financial targets such as profit targets (ii) client targets and (iii) risk related targets. RMD shall have the opportunity to provide input on the setting of Key Performance Indicators (KPIs).

At the end of each performance period, the Supervisory Board determines the extent to which the Management Board has achieved its performance targets. The Supervisory Board also evaluates the progress on the long-term financial and non-financial objectives.

Pension

The local Management Board members participate in the same pension scheme as all other staff of MBE. This is a percentage of the income based on salary and age, capped at a salary of EUR 128,810. Additional pension supplement may be granted to compensate over this salary.

Other

- The fringe benefits provided to the Management Board members are in line with the fringe benefits that apply to all other employees. In the event of termination of employment at the initiative of MBE, Management Boards members are entitled to compensation with a maximum of one year's fixed annual income.
- 50% of identified staff's variable remuneration is paid in share price linked (SPL) awards which consists of a number of units linked to MUFG shares.
- There was no performance adjustment made to Identified staff within PY2022.
- MBE does not apply any derogation laid down in Article 94(3) of Directive 2013/36/EU relating to the regulations surrounding variable elements of remuneration.
- Head-office Material Risk Takers (MRT) that have left MBE and returned to Tokyo/other location will not be subject to deferrals on their bonus.

Remuneration policy

Remuneration of the Management Board

EU REM1 - Remuneration awarded for the financial year

monetary values in thousands of €s			MB Supervisory function	MB Management function	Other senior management	Other identified staff ¹
1	Fixed remuneration	Number of identified staff	5	5	-	15
2		Total fixed remuneration	285	2,482	-	3,278
3		Of which: cash-based	285	2,482	-	3,278
9	Variable remuneration	Number of identified staff	-	5	-	12
10		Total variable remuneration	-	412	-	789 ²
11		Of which: cash-based	-	206	-	442
12		Of which: deferred	-	82	-	78
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	206	-	347
EU-14b		Of which: deferred	-	82	-	78
17	Total remuneration (2 + 10)		285	2,895	-	4,068

1 Due to the size of the organisation and the number of MRTs outside of the Management Board, all other MRTs have been grouped under other identified staff.

2 This includes one bonus awarded to an identified staff for PY21, but which was distributed in October 2022.

EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

monetary values in thousands of €s		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff		-	-	-
2	Guaranteed variable remuneration awards - Total amount		-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap		-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		-	-	-
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff		-	-	2
7	Severance payments awarded during the financial year - Total amount		-	-	361
8	Of which paid during the financial year		-	-	361
9	Of which deferred		-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		-	-	-
11	Of which highest payment that has been awarded to a single person ¹		-	-	250

1 Includes one previous MB member who resigned from the board in PY2021, and has therefore been classified as other identified staff.

Remuneration policy

Remuneration of the Management Board

EU REM3 - Deferred remuneration

	Total amount of deferred remuneration awarded for previous performance periods ¹	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
monetary values in thousands of €s					
1 MB Supervisory function	-	-	-	-	-
2 Cash-based	-	-	-	-	-
3 Shares or equivalent ownership interests	-	-	-	-	-
4 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-
5 Other instruments	-	-	-	-	-
6 Other forms	-	-	-	-	-
7 MB Management function	237	86	151	75	51
8 Cash-based	102	36	66	36	-
9 Shares or equivalent ownership interests	-	-	-	-	-
10 Share-linked instruments or equivalent non-cash instruments ²	135	51	85	39	51
11 Other instruments	-	-	-	-	-
12 Other forms	-	-	-	-	-
13 Other senior management	-	-	-	-	-
14 Cash-based	-	-	-	-	-
15 Shares or equivalent ownership interests	-	-	-	-	-
16 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-
17 Other instruments	-	-	-	-	-
18 Other forms	-	-	-	-	-
19 Other identified staff	278	108	171	99	39
20 Cash-based	170	69	101	69	-
21 Shares or equivalent ownership interests	-	-	-	-	-
22 Share-linked instruments or equivalent non-cash instruments	109	39	70	30	39
23 Other instruments	-	-	-	-	-
24 Other forms	-	-	-	-	-
25 Total amount	516	194	322	173	90

1 Deferrals include outstanding cash and SPL deferred awards of existing MRTs, and non-MRT cash deferrals for a new MRT who was previously in the Global Deferral Plan. It does not include the retained non-deferred portion of PY21 awards which will be paid in June 2023.

2 SPL awards are valued using the 5 day average share price and foreign exchange (FX) movements up to and including 31st May 2023.

Remuneration policy

Remuneration of the Management Board

EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR II
1	1 000 000 to below 1 500 000	-
2	1 500 000 to below 2 000 000	-
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

11. Appendix

11.1. Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
EU KM1 - Overview of risk weighted exposure amounts	Yes		Section 4.2	Yes
EU OV1 - Overview of risk weighted exposure amounts	Yes		Section 3.6	Yes
EU OVC - ICAAP information	Yes		Section 3.5	Yes
EU INS1 - Insurance participations	No	Restricted to listed and/or large institutions		
EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio	No	Restricted to listed and/or large institutions		
EU OVA - Institution risk management approach	Yes		Section 4	No
EU OVB - Disclosure on governance arrangements	Yes		Section 4	No
EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	No	Restricted to listed and/or large institutions		
EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	No	Restricted to listed and/or large institutions		
EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)	No	Restricted to listed and/or large institutions		
EU LIA - Explanations of differences between accounting and regulatory exposure amounts	No	Restricted to listed and/or large institutions		
EU PV1: Prudent valuation adjustments (PVA)	No	Restricted to listed and/or large institutions		
EU LIB - Other qualitative information on the scope of application	No	Restricted to listed and/or large institutions		
EU CC1 - Composition of regulatory own funds	Yes		Section 3.1	Yes
EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Yes		Section 3.3	Yes
EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments	No	Restricted to listed and/or large institutions		
EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	No	Restricted to listed and/or large institutions		
EU CCyB2 - Amount of institution-specific countercyclical capital buffer	No	Restricted to listed and/or large institutions		

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Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	No	Restricted to listed and/or large institutions		
EU LR2 - LRCom: Leverage ratio common disclosure	No	Restricted to listed and/or large institutions		
EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	No	Restricted to listed and/or large institutions		
EU LRA: Free format text boxes for disclosure on qualitative items	No	Restricted to listed and/or large institutions		
EU LIQA - Liquidity risk management	Yes		Section 7	No
EU LIQ1 - Quantitative information of LCR	No	Restricted to listed and/or large institutions		
EU LIQB on qualitative information on LCR, which complements template EU LIQ1	No	Restricted to listed and/or large institutions		
EU LIQ2: Net Stable Funding Ratio	No	Restricted to listed and/or large institutions		
EU CRA: General qualitative information about credit risk	Yes		Section 6	No
EU CRB: Additional disclosure related to the credit quality of assets	No	Restricted to listed and/or large institutions		
EU CR1-A: Maturity of exposures	No	Restricted to listed and/or large institutions		
EU CR2: Changes in the stock of non-performing loans and advances	No	Restricted to listed and/or large institutions		
EU CR1: Performing and non-performing exposures and related provisions	No	Restricted to listed and/or large institutions		
EU CQ1: Credit quality of forborne exposures	No	Restricted to listed and/or large institutions		
EU CQ2: Quality of forbearance	No	Restricted to listed and/or large institutions		
EU CQ3: Credit quality of performing and non-performing exposures by past due days	No	Restricted to listed and/or large institutions		
EU CQ4: Quality of non-performing exposures by geography	No	Restricted to listed and/or large institutions		
EU CQ5: Credit quality of loans and advances by industry	No	Restricted to listed and/or large institutions		

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Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
EU CQ6: Collateral valuation - loans and advances	No	Restricted to listed and/or large institutions		
EU CQ7: Collateral obtained by taking possession and execution processes	No	Restricted to listed and/or large institutions		
EU CQ8: Collateral obtained by taking possession and execution processes - vintage breakdown	No	Restricted to listed and/or large institutions		
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	No	Restricted to listed and/or large institutions		
EU CRC - Qualitative disclosure requirements related to CRM techniques	No	Restricted to listed and/or large institutions		
EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	No	Restricted to listed and/or large institutions		
EU CRD - Qualitative disclosure requirements related to standardised model	No	Restricted to listed and/or large institutions		
EU CR4 - standardised approach - Credit risk exposure and CRM effects	No	Restricted to listed and/or large institutions		
EU CR5 - standardised approach	No	Restricted to listed and/or large institutions		
EU CRE - Qualitative disclosure requirements related to IRB approach	No	MBE only applies the standardized approach		
EU CR6-A - Scope of the use of IRB and SA approaches	No	MBE only applies the standardized approach		
EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range	No	MBE only applies the standardized approach		
EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques	No	MBE only applies the standardized approach		
EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques	No	MBE only applies the standardized approach		
EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach	No	MBE only applies the standardized approach		
EU CR9 -IRB approach - Back-testing of PD per exposure class (fixed PD scale)	No	MBE only applies the standardized approach		
EU CR9.1 -IRB approach - Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	No	MBE only applies the standardized approach		
EU CR10 - Specialised lending and equity exposures under the simple riskweighted approach	No	MBE only applies the standardized approach		

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Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
EU CCRA – Qualitative disclosure related to CCR	No	Restricted to listed and/or large institutions		
EU CCR1 – Analysis of CCR exposure by approach	No	Restricted to listed and/or large institutions		
EU CCR2 – Transactions subject to own funds requirements for CVA risk	No	Restricted to listed and/or large institutions		
EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights	No	Restricted to listed and/or large institutions		
EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale	No	MBE only applies the standardized approach		
EU CCR5 – Composition of collateral for CCR exposures	No	Restricted to listed and/or large institutions		
EU CCR6 – Credit derivatives exposures	No	Restricted to listed and/or large institutions		
EU CCR7 – RWEA flow statements of CCR exposures under the IMM	No	MBE only applies the standardized approach		
EU CCR8 – Exposures to CCPs	No	Restricted to listed and/or large institutions		
EU-SECA - Qualitative disclosure requirements related to securitisation exposures	No	Restricted to listed and/or large institutions		
EU-SEC1 - Securitisation exposures in the non-trading book	No	Restricted to listed and/or large institutions		
EU-SEC2 - Securitisation exposures in the trading book	No	Restricted to listed and/or large institutions		
EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	No	Restricted to listed and/or large institutions		
EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	No	Restricted to listed and/or large institutions		
EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	No	Restricted to listed and/or large institutions		
EU MR1 - Market risk under the standardised approach	No	Restricted to listed and/or large institutions		
EU MRA: Qualitative disclosure requirements related to market risk	Yes		Section 8	No

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Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	No	Restricted to listed and/or large institutions		
EU MR2-A - Market risk under the internal Model Approach (IMA)	No	Restricted to listed and/or large institutions		
EU MR2-B - RWA flow statements of market risk exposures under the IMA	No	Restricted to listed and/or large institutions		
EU MR3 - IMA values for trading portfolios	No	Restricted to listed and/or large institutions		
EU MR4 - Comparison of VaR estimates with gains/losses	No	Restricted to listed and/or large institutions		
EU ORA - Qualitative information on operational risk	Yes		Section 9	No
EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	No	Restricted to listed and/or large institutions		
EU REMA - Remuneration policy	Yes		Section 10	No
EU REM1 - Remuneration awarded for the financial year	Yes		Section 10.2	Yes
EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Yes		Section 10.2	Yes
EU REM3 - Deferred remuneration	Yes		Section 10.2	Yes
EU REM4 - Remuneration of 1 million EUR or more per year	Yes		Section 10.2	Yes
EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	No	Restricted to listed and/or large institutions		
EU AE1 - Encumbered and unencumbered assets	No	Restricted to listed and/or large institutions		
EU AE2 - Collateral received and own debt securities issued	No	Restricted to listed and/or large institutions		
EU AE3 - Sources of encumbrance	No	Restricted to listed and/or large institutions		
EU AE4 - Accompanying narrative information	No	Restricted to listed and/or large institutions		
Annex XXXIX - Prudential disclosures on ESG risks (Article 449a CRR)				
Table 1 - Qualitative information on Environmental risk	No	Restricted to large institutions with listed securities		
Table 2 - Qualitative information on Social risk	No	Restricted to large institutions with listed securities		

Appendix

Disclosure Index

Template Name	Applicable for MBE	Reason for exclusion	Section in the Pillar III Report FY2022	Quantitative
Table 3 - Qualitative information on Governance risk	No	Restricted to large institutions with listed securities		
Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	No	Restricted to large institutions with listed securities		
Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	No	Restricted to large institutions with listed securities		
Template 3: Banking book - Climate change transition risk: Alignment metrics	No	Restricted to large institutions with listed securities		
Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	No	Restricted to large institutions with listed securities		
Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk	No	Restricted to large institutions with listed securities		
Template 6. Summary of GAR KPIs	No	Restricted to large institutions with listed securities		
Template 7 - Mitigating actions: Assets for the calculation of GAR	No	Restricted to large institutions with listed securities		
Template 8 - GAR (%)	No	Restricted to large institutions with listed securities		
Template 9 - Mitigating actions: BTAR	No	Restricted to large institutions with listed securities		
Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy	No	Restricted to large institutions with listed securities		

Appendix

List of abbreviations

11.2. List of abbreviations

AIRB	Advanced Internal Ratings' Based (approach)
ALCO	Asset & Liability Committee
AR	Annual Report
AT1	Additional Tier 1
BIA	Basic Indicator Approach
BIS	Bank for International Settlements
CAO	Collective Labour Agreement
CCR	Counterparty Credit Rating
CET I	Common Equity Tier I
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
DBA	Dutch Association of Banks
DNB	Dutch Central Bank
DUJAT	Dutch & Japanese Trade Federation
EBA	European Banking Authority
EMEA	Europe, Middle East, and Africa
FVOCI	Fair Value Trough Other Comprehensive Income
FX	Foreign Exchange
HR	Human Resources
HQLA	High-Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IMM	Internal Model Method
IRB	Internal Rating Based Approach
IT	Information Technology
ITS	Implementing Technical Standards
JCC	The Japanese Chamber of Commerce and Industry in The Netherlands
JTF	The Japanese Trade Federation
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
LoD	Line of Defence
LR	Leverage Ratio
LRMF	Liquidity Risk Management Framework
MB	Management Board
MBE	MUFG Bank Europe N.V.
MRT	Material Risk Taker
NSFR	Net Stable Funding Ratio
NPA	New Product Approval Process
ORA	Operational Risk Assessment
ORM	Operational Risk Management
RAS	Risk Appetite Statement
RAI	Risk Appetite Indicator
RMF	Risk Management Framework
RMPH	Risk Management Policy House
RWA	Risk Weighted Assets

SA	Standardised Approach
SB	Supervisory Board
SREP	Supervisory Review and Evaluation Process
SPL	Share Price Linked Awards
PY	Performance Year
T2	Tier 2
TREA	Total Risk Exposure Amount
WFT	The Financial Supervision Act

Appendix

Contact Information

11.3. Contact Information

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