MUFG Bank (Europe) N.V.
Annual Report

For the year ended 31 March 2024

A member of MUFG, a global financial group

Contents

Message from the CEO

Mr Harm Bots, CEO

At MUFG, our commitment to our clients, community and society goes further than our vision to be the world's most trusted financial group.

We are committed to empowering a brighter future; providing the highest quality services for clients while also building sustainable trust within the communities in which we operate and enabling progress in society more broadly. We combine our global network and financial strength to help our stakeholders overcome challenges and achieve sustainable growth. We pride ourselves on exceeding client expectations and building long-term relationships.

While the macroeconomic environment over the last year has remained turbulent, MUFG Bank (Europe) N.V. ("the Bank") has shown resilience and agility; exceeding our business plan targets and delivering on commitments to stakeholders. The results of the financial year ended 31 March 2024 (FY23) demonstrate the power of collaboration and teamwork as "One MUFG". By working together towards a common purpose, the Bank has produced strong financial performance, effectively managed costs and strengthened its foundation.

Concluding our three-year business plan

In March this year, we successfully completed an ambitious three-year plan to increase revenue, reduce costs and maintain strict internal controls and governance.

Prior to 2021, the Bank had underperformed due to external and internal factors, including a competitive market, previously low-to-negative interest rates, and increasing costs resulting from the expansion of the head office role in Amsterdam. In May 2021, we announced our FY21 - FY23 Medium Term Business Plan ("MTBP"), which outlined the Bank's targets and business plan over the three-year period, with the objective of bringing the Bank back to sustainable profitability. The implementation of the MTBP took a phased approach to ensure change would be introduced in a controlled manner, building a stronger base for future growth.

Through FY23, we finalised the delivery of the MTBP, with a focus on solidifying the platform and embedding changes into the organisation to ensure stability and operability of our business. Now, in 2024, the Bank has simplified functions and is a more streamlined organisation. We have actively diversified our income streams by expanding the Bank's product suite and capabilities; and we are seeing increased profitability due to the positive interest rate environment.

Having achieved our initial ambitions, we can look forward with optimism to the next phase of planned improvements.

The next phase: 2024 onwards

The Bank's strategy remains to be committed to empowering a brighter future for our clients, colleagues and communities.

We are developing our future strategy and plan to reform our platform to achieve sustainable growth for the whole region, aiming to enable the businesses to continue to grow and position the Bank and Securities closer together in alignment with the group strategy. In addition, we want to create a more integrated platform, making it easier for our clients to do business with us, reducing complexity, optimizing governance and improving controls to ensure greater resilience. Through simplifying and driving efficiency, we aim to establish an integrated global business model with a powerful consolidated capital base to drive growth.

We will also continue to invest in our long-term relationships with regulators such as the De Nederlandsche Bank ("DNB") and maintain an active dialogue.

We have embraced new ways of working in a hybrid model and are building on this to maximise benefits for employees and the bank. We are working collaboratively across our branches and with different entities and departments to learn from each other and support our clients as One MUFG.

A brighter future

As a global financial institution, Mitsubishi UFJ Financial Group ("the Group") needs to play an important role in the transition to a low-carbon economy. The Bank's transition plan will be closely aligned with the one published by the Group and this will be a priority through FY24. The Bank's ESG strategy, which also includes the management of climate-related risks, is fully aligned with the Group's strategy and targets. In FY23 the Bank set up an ESG Committee, chaired by the Chief Strategy & Planning Officer, to agree action points and evaluate progress.

Enhancing our ESG capabilities with and for our clients and building more sustainable business processes are key to MUFG. As we build a stronger future-proof bank, we are better positioned to leverage our global capability to assist our clients in finding their own sustainable solutions.

The "MUFG Way" serves as the underlying policy in our day-to-day business, and works in tandem with our values to ensure we can protect the interests of our clients while maintaining a robust organisation that is effective, professional and responsive to the world around us.

Investing in our people

Our goal is to build an organisation where employees feel comfortable and respected and where our leaders foster a sense of purpose and belonging. We believe that everyone can contribute to our goals, our progress, our clients' satisfaction and our communities. Our diverse employee base combined with a unique global network continues to set us apart in the market.

We have a proactive Diversity, Equity & Inclusion team who launched various initiatives last year to enable colleagues to interact and connect across the Bank's locations and more broadly across cultures. One of these initiatives was the Rotation Program, which connects colleagues from different teams in Belgium, the Netherlands and Germany to gain multinational exposure, hands-on learning, network opportunities and cultural enrichment.

In FY23, 26% of leadership roles at Managing Director and Director levels, were held by women. This is above our regional target of 25%. We remain committed to further improving the gender balance in leadership roles and will push for a higher ratio.

We are also taking steps to create a more diverse workforce through new recruitment initiatives. We re-introduced an in-person Induction Day for new joiners, to help increase understanding of the Bank and cross-department collaboration; and we have also invested in an expanded programme of learning and development for all employees.

Our employees are committed to acting with integrity and responsibility, professionalism and teamwork, and using their expertise to create value together.

On behalf of all our employees, I would like to express my gratitude to our clients and thank them for their continued support. We look forward to a bright future of successful and sustainable partnerships.

Harm Bots

Message from the Supervisory Board Chairperson

Mr Wietze Reehoorn, Chairperson

In FY23, the Bank met all the objectives of its MTBP to improve revenue, efficiency and governance. The Bank has achieved sustainable profitability and is working hard on the next phase of its strategy. Working in a phased approach towards a European platform with opportunities for further growth and better customer focus is not always easy, but the Bank's leadership is monitoring and managing the roadmap to future changes well and in a structured way. We take into account the needs of all our stakeholders including clients, regulators, employees and the shareholder.

As the Supervisory Board ("SB"), we look back on a very successful year. We continuously monitored, supervised and advised the Management Board ("MB") on strategy, human resources, sustainability, business practices and risk management, remuneration of MB and material risk takers and nominations of MB members. Over the course of FY23, the Bank continued to enhance its risk control environment by increasing focus and attention on risk controls, to support MUFG's ambition to be the world's most trusted financial group.

The SB made a successful visit to the German Branch office in Düsseldorf, connecting with local staff and management and we are looking forward to visiting other branches in the future as part of the One MUFG strategy.

Important milestones for the SB, achieved in FY23, include achieving sustainable profitability; concluding the FY21-FY23 MTBP and developing the next phase MTBP to provide increased clarity on the strategic direction of travel in Europe; overseeing changes in the leadership team; and conducting an SB self-assessment with an external facilitator.

On a personal note, I look back on healthy and open dialogues between the MB and SB and bringing the level of trust with the relevant stakeholders of the Bank to a still higher level. As the SB, we are very grateful for all the hard work, perseverance and dedication of management and staff to MUFG.

Wietze Reehoorn

Who we are

The Bank is the primary entity for our EU business, incorporated in the Netherlands and supervised by DNB, the central bank of the Netherlands. The Bank is a wholly-owned subsidiary of MUFG Bank Ltd, one of the world's largest banks in terms of assets, with more than a century of experience in both Japan and the international financial markets.

The Bank offers a comprehensive financial product suite, serving a solid global client base, that has been established following more than 60 years of experience in Europe. Our clients include some of the leading and largest EU headquartered global corporates. The Bank has operations in five branches: Austria, Belgium, Germany, The Netherlands and Spain (Barcelona location will be closed end of May 2024).

We aim to fulfil our corporate customers' needs, working with our parent bank and taking full advantage of the exceptional network and resources of MUFG Group.

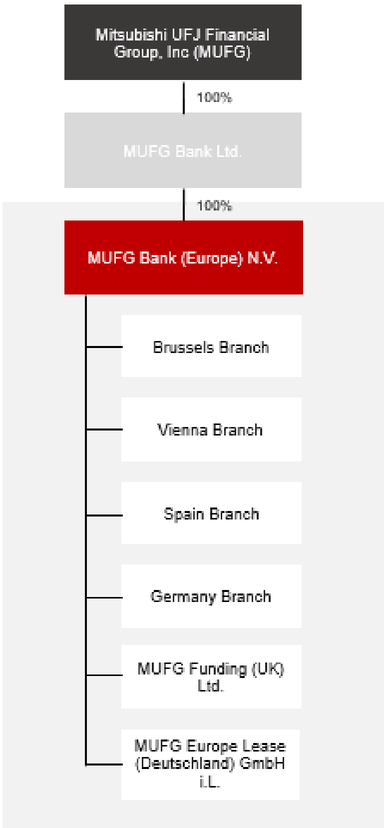
The principal activities of the Bank are described in the section 'Our business model & activities'.

Who we are

Corporate structure

The Bank is a statutory two-tiered company under Dutch law. All shares are held by MUFG Bank Ltd, Tokyo, Japan. The ultimate parent of the group is Mitsubishi UFJ Financial Group, Inc., Tokyo, Japan. The Bank is incorporated and domiciled in Amsterdam, the Netherlands. The Bank operates in the Netherlands (Amsterdam) and through branches in the following countries: Austria (Vienna), Belgium (Brussels), Germany (Dusseldorf) and Spain (Madrid). The Bank also has two subsidiaries: MUFG Funding (UK) Limited ("MUFG Funding") and MUFG Europe Lease (Deutschland) GmbH i.L ("MUFG Lease").

The Bank has its statutory seat in Amsterdam, the Netherlands. The Bank's head office is located at Strawinskylaan 1887, 1077XX Amsterdam. The Chamber of Commerce number is 33132501.



Our people and culture

Introduction

The employees of the Bank are key to our success and how we engage with them on important issues has always been central to our culture and workforce engagement initiatives.

Our leaders and managers are primarily accountable and responsible for the engagement of our employees and we ensure they are equipped with appropriate tools, such as useful people data, employee feedback and training to help them succeed.

Our Culture

Our code of conduct describes culture as the patterns of thinking and behaviour shared by our employees.

Our company culture reflects the core values of MUFG Group ("the Group") as outlined in the MUFG Way:

- Vision – Be the world's most trusted financial group
- Purpose – Committed to empowering a brighter future
- Values – Integrity and Responsibility; Professionalism and Teamwork; Challenge and Agility
- Culture Principle – Client centric; People focused; Listen up, Speak up; Innovate and simplify; Own and execute

In Europe, the Bank shares the core values of the Group and its strategy includes 'Strengthen Culture' as one of its four pillars, aiming to foster a culture of collaboration, inclusivity, diversity, employment and high performance.

2023 Focus on the Bank's Culture and Employee Engagement

The Bank places considerable value on how we engage with our employees and the importance of keeping them well informed and involved in matters affecting them as employees.

Employees are given the opportunity to share feedback on a wide range of matters affecting their current and future interests. This connectivity and open dialogue is driven through a variety of avenues including formal and informal meetings, employee networks, focus groups and an annual employee engagement survey. The annual employee engagement survey provides meaningful feedback on how the Bank is progressing on a variety of 17 categories year after year. Employees give a rating of 1-5 on each question on how well things are perceived.

Overall the Bank made good progress on Employee Engagement in the last year. There was an improvement in 12 of the 17 categories. The categories that improved most included retention, challenge to grow and ESG; the two categories which scored lower were communication and customer focus.

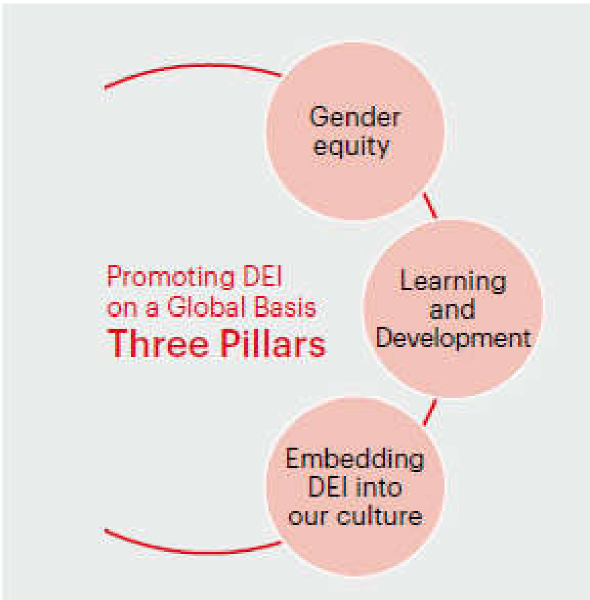
In FY24, our focus will be on the following areas with action plans already put into place:

- Overall sustainable engagement – the belief in our MUFG goals, recommending MUFG as a place to work, motivation, tools and resources. This overall score remained the same as the previous year, so the Bank seeks to improve the score in the upcoming year.
- The technology, tools and resources that employees need to do their job. This is an area for improvement for the whole EMEA region and will look at what the Bank can do better or differently to set the employees up for success.
- Internal communication in the workplace. The Bank has invested in Communications specialists and resources to ensure employees are informed and engaged through communication at both the Bank and local manager level.

Diversity, equity & inclusion

The Bank continues to build an inclusive, equitable and diverse workplace that reflects our society, where everyone feels they can succeed and be their authentic best. The priorities of the Bank are:

- *Increase diverse representation* by attracting, developing and retaining diverse talent so we can better reflect the world in which we live.
- *Diversity, Equity & Inclusion ("DEI") learning, development and career pathing* to increase opportunities for personal growth and the achievement of career ambitions.
- *Build an inclusive culture* where difference and individualism are valued as strengths and where every employee is able to be their authentic self at work.



In 2006, the Group established a dedicated organisation to promote DEI. Since then, it has been working on DEI initiatives as part of its management strategies with commitment from senior management.

DEI promotion teams globally have been working on DEI issues specific to each region. Since 2023, the Group established three key DEI pillars; "Gender equity", "Learning and Development" and "Embedding DEI into our culture", accelerating a variety of DEI initiatives globally, in close collaboration with the Heads of HR in respective regions.

Inclusion requires proactive, continued dialogue and positive action. An inclusive culture also requires diversity, however, just because an organisation is diverse does not mean it is inclusive. Therefore, whilst the Bank continues to focus on diversity, building an inclusive culture remains a critical component of the culture pillar of the Bank's strategy. The MB receives regular updates on key metrics, actions and concerns relating to Culture, Inclusion and Diversity, in order to influence decision making and hold leaders accountable for taking action.

The Bank is committed to placing more women in leadership positions with a goal of at least 25% female representation in top management positions. The ratio of women in Managing Director and Director levels is at 26% at 31 March 2024, a slight decrease from 2023 (28%) but above the Bank's target.

The Bank provides a platform for its Inclusion & Diversity ("I&D") Network, a volunteer-led employee network group from different offices, to proactively run initiatives aimed at improving both inclusion and diversity at the Bank.

Our DEI team launched various initiatives last year to enable colleagues to interact and connect across the Bank's locations and more broadly across cultures. One new initiative is the Rotation Program, which creates opportunities for colleagues to connect with different teams in Belgium, the Netherlands and Germany, gain multinational exposure, provide hands-on learning, network opportunities and cultural enrichment. This event also helps people gain new skills, share insights, learn from others' stories and experiences and engage in meaningful discussions.

During FY23, the DEI team organised other activities for World Food Day, Kidz-Camps during summer vacation, Parent day, Sinterklaas festival, International Women`s Day and celebrated World Religion Day in January. For the latter, copies of "The Religions Book" were made available at the Amsterdam office for everyone interested in knowing more about the recognition of the common values of religions and working towards a peaceful understanding between faiths.

Recruitment and DEI: championing diversity
This year, the Bank took steps towards creating a more diverse workforce through three key recruitment initiatives: utilising a diverse interview panel, implementing diversity quotas for first interview, and adopting an unbiased hiring process. These initiatives have brought advantages to our recruitment strategy in multiple ways.

- The power of a diverse interview panel. Recognising the importance of diverse perspectives, the Group formed interview panels comprising individuals from various backgrounds, gender, experiences and identities. By having a more diverse panel, we ensured different viewpoints were considered during the hiring process. The new approach promoted fairness, reduced unconscious bias, and enriched our decision-making process.
- Setting diversity quotas for the first interview rounds addressed the under representation of certain groups proactively. Quotas have been set on gender to have a balanced 50/50 share of female and male candidates. The quotas ensured that female talents were given the same opportunity to demonstrate their skills and potential.
- To eliminate bias from our hiring process, the Bank adopted a more structured and unbiased approach. The Bank introduced interview alignment meetings to ensure diverse perspectives were included to achieve objective evaluation. By focusing on skills, qualifications and cultural fit rather than personal characteristics, candidates were evaluated fairly and objectively.

The Bank embraces a hybrid model of in-office and remote working. This policy provides many employees with flexibility through the opportunity to work remotely, as well as the ability to continue close collaboration with colleagues and clients spending time in the offices. Also, the policy allows employees to work abroad, which the diverse international workforce in the Bank appreciates.

For the first time since the pandemic, the Induction Day was reintroduced at the Bank. New joiners from the last quarter were invited to join this one-day event where they were introduced to the history of MUFG, its values and mission; and different departments gave presentations on what their work is all about, sharing insightful elements that helped everyone in the room to grasp a better understanding of how the Bank operates.

Learning & development

Our goal is to ensure that employees of the Bank have the right skills, knowledge and attitude to drive productivity, create efficiencies and grow the business; and that the Bank retains a high quality and diverse workforce. In FY23, the Bank expanded and strengthened its learning and development catalogue to offer a wider range of opportunities such as technical training, soft skill development, coaching and mentoring.

The Bank is committed to continuously improving business performance by harnessing the full potential of all employees. The Bank provides the framework, investment and resources to enable people to improve their capabilities and knowledge to remain proficient and deliver on business objectives in their current role, to acquire the competencies needed to develop their career, and to demonstrate appropriate behaviours to support a high performing culture.

The Bank ensures all employees are able to access the learning and development program using new learning solutions and tools, including online and face-to-face training such as Leadership Pathway, Assistant Vice President ("AVP") Milestone programmes and bite-size skill training.

In FY23, the Bank focused on the importance of developing talents by organising a Career Week and a Career Fair to showcase the teams within the organisation. This included career opportunities, team culture, skills and experience, structure and other interesting career prospects for a wide range of employees. It was a great opportunity for the employees to gain a greater understanding of all the business areas and roles available at the Bank, build internal networks and relationships and join lots of workshops from different Europe locations on various topics.

Training expenses	2024	2023	2022
Training expenses per employee	535	592	416

Client focus

With its EU banking passport, the Bank offers a wide range of products and services to clients across Continental Europe. To meet our clients' specific needs and offer an optimal service, we operate in an integrated business model across EMEA, working closely together with other entities in the Group in a multi-disciplinary approach.

There is a worldwide growing awareness of environmental and social issues, and accelerating advances in digital technologies. As a financial services provider, we recognise the importance of sustainable growth and are committed to developing durable long-term relationships with our clients and with society. We strive to be the most trusted partner for all the clients we serve, especially in the current challenging circumstances, where the business environment is changing in significant ways and with unprecedented speed.

To learn more about how our clients experience working with the Bank, here are some client testimonials.

IBERDROLA

"MUFG is a long-standing bank for Iberdrola, having worked together for more than 40 years, and becoming a true global bank for the company by supporting us in all of our core markets (Spain, United Kingdom, Brazil, USA and Mexico), but also in new ones like Japan and Australia. In recent years MUFG have participated in two relevant credit facilities which have included ESG features with commitments by Iberdrola to reduce water consumption and also a combined set of ESG KPIs that includes emissions reduction targets plus gender equality targets. MUFG has also supported Iberdrola in raising funds for our ambitious growth plan in renewable generation and smart networks, with the direct assistance in two green bond issuances in 2022-2023, one of them as Global Coordinator."

Maria de la Fuente | Head of Treasury and Banking Management, Iberdrola

Telefónica

"MUFG is a close partner that works with the Telefonica group in three out of its four strategic markets: Spain, the UK and Germany. Beyond the strength of MUFG's international footprint, we value the ongoing and stable support extended to the group through economic cycles over many years. We also value MUFG's focus on ESG and the support extended to reach our ESG targets on existing financings by converting its participation in the company's main syndicated facility and bilateral Revolving Credit Facility into ESG linked facilities, as well as several ESG bonds issued on the debt capital markets (including last hybrid in January 2023)."

David Maroto | Finance Director, Telefonica Group

Client focus

“MUFG is one core banking partner of Brenntag Group. Based on MUFG´s commitment to and investments in our longstanding relationship we rely on the bank globally spanning from using day-to-day banking services, funding, navigating in capital markets and advisory services. MUFG was the ESG coordinator of our inaugural ESG linked Syndicated Loan in 2023 and acted as active Bookrunner for our bonds in April 2024.”

Thomas Langer | Senior Vice President Finance EMEA, Brenntag

"JERA Power International B.V. (JERA PI), a wholly owned subsidiary of JERA Co., Inc., develops power generation projects all over the world. To achieve successful development of projects, timely and accurate fund remittance and grant of credit are very important. MUFG and JERA PI Group have a mutual trust, and a long term relationship over 25 years. MUFG supports us with its reliable and highly qualified operation."

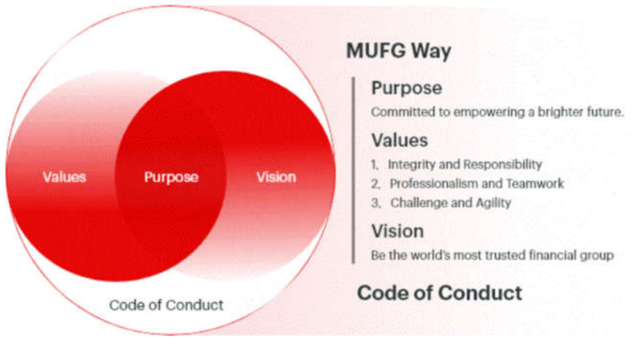
Yuto Kajiwara | JERA Power International B.V.

“MUFG is considered a global partner for EDP Group with whom we enjoy a long standing relationship for more than 40 years. As a true global bank they continue supporting us in all our core markets and products including DCM, Project Finance and other alternative structured solutions to help the Group meet its strategic plan. This is well reflected by milestone deals where MUFG acted as Global Coordinator in the last twelve months such us the refinancing of our core EUR 3bn Sustainability-Linked Revolving Credit Facility, the EUR 750mn 6.5 years Fixed Senior Green Bond, or the USD427mn financing for our 297MW wind project Sharp Hills in Canada.”

João Pedro Summavielle | Finance Director, EDP

Our business model & activities

MUFG's vision is to be the world's most trusted financial group by providing the highest quality service for clients, while building sustainable trust with the communities where we operate. In this way, we can serve clients and society, and foster shared and sustainable growth. This corporate vision underlies and guides all MUFG activities as we grow our business. Our unchanging purpose now, and looking forward, is to empower a brighter future for our stakeholders.



To achieve our vision, our highest priority is protecting the interests of our clients, while maintaining a robust organisation that is effective, professional and responsive. This requires a strong understanding of the individual needs of our clients, so we can provide them with reliable and strategic support and help them achieve their business strategy.

The Bank is incorporated under Dutch law. As part of a prominent Japanese banking group with an excellent international reputation, the Bank aims to fulfil its corporate clients' needs in cooperation with its parent bank.

The Bank's competitiveness derives from its capacity to fully meet clients' financial needs through a variety of international services and products, the extensive global network and client base of MUFG, its expertise and experience in corporate banking, and - most importantly - its commitment to building durable relationships with clients.

We offer a broad range of products, including corporate finance and lending, aviation finance, project finance, leveraged finance, treasury services, cash management and payment services, trade finance, supply chain finance, international syndicated finance, securitisation and other activities. Additionally, the Bank acts as an intermediary connecting clients to other banks for new (underwriting) and existing facilities. Through offices in the Netherlands, Germany, Spain, Austria and Belgium we serve a growing number of companies active in continental Europe.

Our activities include the introduction of our corporate clients to other members or affiliates of MUFG. Our corporate client portfolio consists of Japanese-based and global clients. We work in partnership with other entities within MUFG, allowing us to offer tailor-made solutions to our clients. The strength and global presence of MUFG, in which we play a key role, enables us to provide a strong business case to prospective companies.

In line with our parent bank, MUFG Bank, we continue to focus on growing our corporate client portfolio, with a special focus on global corporate business opportunities. The Global Markets Division for EMEA of our parent bank remains our sole counterparty for executing our inter-bank funding market.

Our objective is for the Bank to serve our global clients seamlessly as a financially viable and sustainable entity as an integral part of MUFG's EMEA business. To achieve this, the primary focus of our MTBP for FY21 - FY23 was on revenue generation and improvement of our net operating profit. To this end, the Bank has actively diversified its income streams by expanding its product suite and capabilities that include originating assets which are potentially sold to third parties.

Building a future proof bank

Medium Term Business Plan FY21 - 23

The objective of the MTBP was to bring the Bank back to sustainable profitability over the course of three years, and this strategy has proven successful. The Bank's turnaround was achieved through the three strategic pillars which were set forth in the MTBP:

- Increase revenue through the expansion of the Bank's product suite and capabilities
- Reduce costs by leveraging MUFG's group capabilities and reducing complexity within the Bank
- Maintain strict internal control and governance by balancing initiatives with regulatory requirements and implementing initiatives under the MTBP in a controlled manner

The implementation of the MTBP was completed through a phased approach to ensure change was introduced in a controlled manner and allowed the Bank to maintain a strict level of internal control and governance. Please refer to the table for the initiatives outlined per respective financial year.

For the next phase, we are developing our future strategy and plan to reform our platform to achieve sustainable growth for the whole region, aiming to enable the businesses to continue to grow and position the Bank and Securities closer together in alignment with the group strategy. In addition, we want to create a more integrated platform, making it easier for our clients to do business with us, reducing complexity, optimizing governance and improving controls to ensure greater resilience. Through simplifying and driving efficiency, we aim to establish an integrated global business model with a powerful consolidated capital base to drive growth.

Building a future proof bank

Financial year	Focus points	Progress
FY21	Focus on strengthening its foundation and finalising major projects driven by business and regulatory requirements	• Further strengthened foundation and major projects driven by business and regulatory requirements. • Introduced new products such as project finance, commodity finance and secured aircraft finance.
FY22	Focus on reshaping and reorganising geographical footprint, operating model and client portfolio	• Reorganised and reshaped our geographical footprint by further consolidating booking branches from Belgium to the Netherlands and the closure of the branches in the Czech Republic and Poland. • Reduced headcount in the Netherlands and Germany by approximately 10% compared to when MTBP was introduced in FY21. • Introduced new services such as underwriting credits and foreign currency options.
FY23	Focus on solidifying the platform and embedding the changes into the organisation to ensure stability and operability of our business	• Solidified the platform and control environment. • Embedded the changes into the organisation. • Delivered strong financial outperformance and well-controlled costs.

Corporate Governance

The Bank adheres to the principles and best practice provisions regarding corporate governance, as laid down in the Dutch Corporate Governance Code and chose to apply this voluntarily being a non-listed financial institution.

The Bank has a Code of Conduct, Corporate Governance Framework and governance-related policies such as a Whistleblowing Policy and insider trading rules that apply to all employees and others working with the Bank.

All employees joining the Bank in the Netherlands, including the MB members and SB members, have taken the 'Banker's Oath'. Both the Code of Conduct and the Banker's Oath emphasise the role of banks in society and their commitment to meeting societal expectations and contributing to public trust in banks. Meetings and training on our core values and behaviours are regularly organised for all staff, to ensure the highest level of integrity of all staff.

Corporate Governance Framework

The Bank has a two-tiered board governance structure with two management bodies, the MB with its executive functions and the SB with non-executive supervisory functions. The MB and its standing committees are responsible for providing effective governance over Bank affairs for the benefit of its clients, employees, shareholder(s) and other stakeholders. As part of their responsibilities, the MB developed the Corporate Governance Framework to establish a common set of clear expectations and responsibilities for how the Bank, the MB and its committees should perform their roles and duties and interact with its affiliates, the Shareholder and the SB.

The MB is ultimately responsible for an effective control environment and management of risks in the Bank, supported by several committees:

- Operations & IT Committee
- Business Continuity Committee
- Risk Management Committee
- Credit Committee
- Compliance Committee
- Client Acceptance & Review Committee
- Asset Liability Management Committee
- New Product Committee
- Data Management Committee
- Outsourcing Committee
- Breach Control Committee
- ESG Committee

The SB approves the risk profile and control framework of the Bank. The SB supervises, advises and challenges the MB in the exercise of its duties, and is responsible for the general course of business of the Bank and its related companies pursuant to the Bank's Articles of Association, MUFG principles of Ethics and Conduct and prevailing legal and regulatory requirements, including the Dutch Banking Code.

The SB plays a vital role in the Corporate Governance Framework of the Bank. The SB is closely involved in advising on the composition of the MB and the appointment process, the Bank's Strategy and the overall compliance with relevant laws and regulations.

The SB established an Audit, Compliance and Risk Management Committee ("ACRMC"). The ACRMC is responsible for supervising matters related to financial reporting, risk, and compliance. The task of the ACRMC is to prepare the SB for making final decisions by holding prior and separate meetings with Internal Audit, the Chief Risk Officer and the Chief Financial Officer and representatives of those functions, as well as the external auditors of the Bank. The ACRMC has a separate reporting line to the SB.

Underpinning the importance of good corporate governance, the Bank has a separate Compliance Division, Risk Management Division and Internal Audit Division. The Compliance Division is headed by the Chief Compliance Officer who reports to the Chief Risk Officer.

Dutch Banking Code

The Dutch Banking Code sets out principles that banks with a corporate seat in the Netherlands should observe in terms of corporate governance, risk management, audit and remuneration.

The Bank implements the principles of the Dutch Banking Code. The principles fit within the corporate governance principles applied by MUFG Bank Ltd.

All important issues addressed in the Banking Code and similar rules and regulations are discussed in the MB and committee meetings including risk management (especially credit risk and provisioning), compliance, audit and internal control framework, remuneration and the new product approval process.

Mindful of the characteristics of and circumstances surrounding the Bank as explained below, we have decided not to apply the following provisions of the Dutch Banking Code:

- No variable remuneration is paid to SB members appointed by the Bank, pursuant to the MUFG Bank group policy in this respect.
- Regarding the composition of the SB in relation to independence, the composition of the SB is such that up to a maximum of 50% are non-independent SB members. Pursuant to the SB by-laws of the Bank, the chairperson of the SB is independent and in each meeting the independent members are jointly capable of casting at least half the votes.

The reasons for not applying these provisions of the Dutch Banking Code result from the following characteristics and circumstances of the Bank:

- MUFG Bank Ltd. is the sole (100%) shareholder of the Bank; as a consequence, the shares of the Bank are not listed.
- The shareholder, MUFG Bank Ltd., also acts as the global head office of the Bank, implying central oversight in key areas such as risk management, compliance, internal audit and financial and management accounting.
- Important statutory authorities are assigned to the shareholder, such as appointment of SB members and MB members and the external auditor.
- In terms of organisation and management control, the Bank is part of a larger, internationally operating banking group, supervised by the financial supervisory authorities of the home country, Japan.
- The size and nature of the Bank’s commercial activities, reflected in the limited complexity of client/ product combinations.

The Bank's outsourcing direction

The Bank has successfully transitioned to a profitable and scalable business model across the European Union, leveraging the Centre of Excellence capabilities of the Group. Under the Bank’s outsourcing direction, efforts were focused on optimising economies of scale and expertise available within the Group. Outsourcing became a critical topic within the organisation and in order to properly manage all the activities outsourced and to respond to the current regulatory requirements, the Bank initiated a project, engaging key stakeholders and subject matter experts, including MB members to define and implement a robust framework not only addressing the immediate regulatory needs but also strengthening our ongoing governance capabilities. As part of this new framework, policy and procedures have been revisited, contracts are being prepared, exit strategies will be reviewed and our risk appetite will be revisited to include metrics that facilitate the oversight of outsourcing related risks.

This strategic approach reflects the Bank's commitment to governance standards and its dedication to leveraging outsourcing opportunities while ensuring the safety and soundness of its operations.

Risk Management

The Bank's risk control framework is based on the Risk Management Framework ("RMF") and the Risk Appetite Statement ("RAS"), which are proposed by the MB and approved by the SB. These enable the organisation to operate and grow in a sustainable and balanced manner. The Bank defines the risk management activity based on the RMF as "The culture, capabilities, and practices, integrated with strategy-setting and performance that organisations rely on to manage risk in creating, preserving, and realising value."

Over the course of FY23, the Bank continued to enhance its risk control environment, to support MUFG's ambition to be the world's most trusted financial group. The main focus for enhancement centred on Credit risk within financial risks, whereby the operating model has been improved and governance in the Bank has been strengthened. This resulted in structural improvements in risk identification, assessment and monitoring. Concurrently, the bank is actively investing in allocating resources to our control environment addressing the non-financial risks domain, such as Compliance and Operational risks.

Risk Framework

Risk exposure, inherently intertwined with expected rewards, constitutes a fundamental aspect of a Bank's operations. The Risk Management Framework has been instituted by the Bank to systematically identify, manage, monitor, and report risks, ensuring a balanced relationship between risk and reward. The overarching goal is to align risks with the strategic objectives of the bank, emphasising conscious decision-making over reactionary responses to unforeseen developments.

The RMF within the Bank consists of several key items that interact and build upon each other. In the following sub-chapters, these items are described in more detail:

- *Risk management objectives and definitions*
- *Risk governance*
- *Risk taxonomy and inventory*
- *Risk management policy house*
- *Risk appetite*
- *Risk cycle*
- *Risk limits*
- *Management of Environmental and Climate Change Impact in the Bank*

Risk management objectives and definitions

Objectives

The risk management activity in the Bank aims to create, protect, and realise value by aligning risk and strategy, enabling informed decision-making, reducing surprise and loss, managing multiple and cross-enterprise risks, seizing opportunities, improved capital deployment, addressing foreseeable risks, and using data-driven assessment to minimise subjectivity in risk evaluation.

Definitions

The Bank has six main pillars of Risk Management when it comes to definitions:

1. Scenarios;
2. Risk factor;
3. Risk driver;
4. Risk;
5. Issue; and
6. Events

A given scenario(s) affects the Risk factors, e.g. GDP, inflation etc. which then influence the Risk drivers, e.g. macroeconomic environment. Risk drivers are components of Risk, which can be measured more easily than a given Risk overall, aggregation of risk drivers then gives the complete risk profile. If there is an Issue that exists for a given Risk, it can lead to an Event, which is effectively, a materialised risk.

Risk governance

Risk management is integrated throughout all activities of the Bank: from daily operations to strategic reviews, and from front office to supporting processes. To further implement proper risk management and include new insights and developments, risk management activities are themselves governed and managed by the Chief Risk Officer ("CRO").

Within the broader parent context, the CRO has a reporting line into the European, Middle East, and Africa ("EMEA") CRO. This establishes the link between the risk management in the Bank and the Group.

General governance principles

The MB of the Bank has introduced a number of core principles relating to general governance:

- One MB member is specifically responsible for Risk Management (CRO).
- A different MB member is specifically responsible for Audit (CEO).
- MB has instituted committees (and boards) to elaborate on relevant topics. In certain cases, these committees have received (delegated) decision-making authority from the MB. This delegated authority for decision-making can only be given when at least three MB members are present and one of them is chairing the committee.
- Committees are only official if approved Terms of Reference ("ToR") are present. The whole MB must be informed about decisions taken in committees.

Three lines of defence

The Bank has implemented the 3 Lines of Defence model. The 1st LoD executes the normal banking processes and supporting processes within the Bank and is responsible for managing risks. The 2nd LoD sets risk policies and oversees the implementation in the 1st LoD. Further, it identifies risks and advises the 1st LoD on risk topics. The 3rd LoD verifies the proper functioning of the 1st and 2nd LoD. The MB is accountable for the proper functioning of the model and the control over the risks.

First line of defence (1st LoD)

The 1st LoD consists of the front-, mid- and back-offices, Finance, Planning, HR and the Business Support Areas. It owns the procedures, strategies and controls. The 1st LoD is responsible for the design and ongoing effectiveness of controls, risk taking, owning risk, transaction execution, acting in accordance with policies, risk assessment and for securing compliance on a day-to-day basis with the Bank's RMF to ensure that risks are identified, mitigated and managed appropriately in line with Bank's Risk Appetite. The 1st LoD owns and is accountable for risks originated by their processes, people, systems and interaction with external parties.

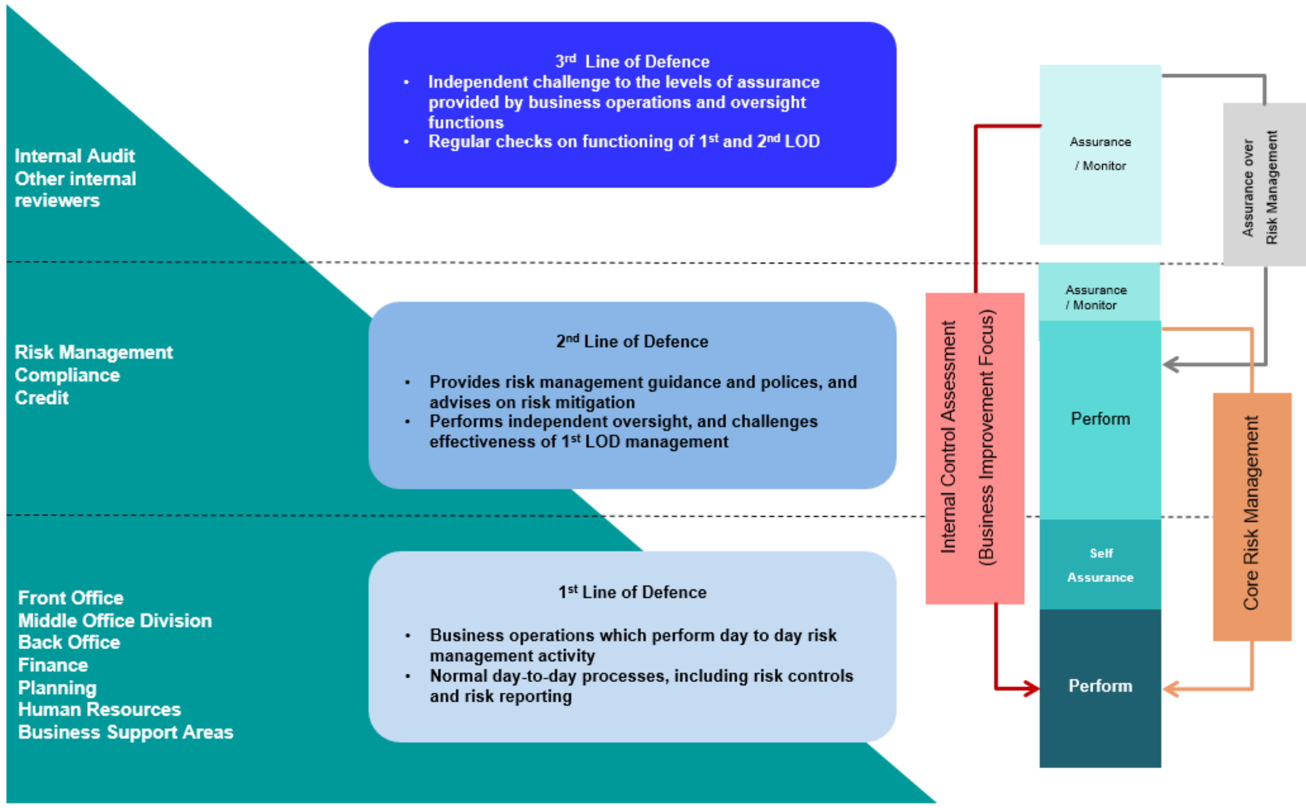
Second line of defence (2nd LoD)

The 2nd LoD provides risk management guidance and policies, independent oversight and challenges the effectiveness of the 1st LOD 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, which the business uses to execute their risk related responsibilities under the governance of the Management Board.

Third line of defence (3rd LoD)

The Bank's internal audit function provides independent assurance to local senior management and the Management Board on the adequacy and effectiveness of the existing RMF and related practices including the functioning of the 1st and 2nd LoD in coherence. The Bank's Chief Auditor reports functionally to the Chairperson of the Bank's ACRMC. Internally, the Bank's Chief Auditor hierarchically reports to the CEO of the Bank (Chairperson of the Management Board), with the purpose of providing day-to-day support and administrative oversight. The 3rd LoD is responsible for evaluation of effectiveness of risk governance, risk management and risk control and coordination with external auditor and main supervisors.

Building a future proof bank



Risk taxonomy and inventory

Risk taxonomy

The Bank's Risk taxonomy is a comprehensive, set of risk categories that is used within the Bank to encourage those involved in risk identification to consider all types of risks that could affect the organisation's objectives and to serve as a common language. It enhances clarity regarding accountabilities and responsibilities among different risk levels and facilitates reporting and aggregation of risk data.

The Bank's Risk taxonomy is reviewed at least annually. The RAS is aligned in the next RAS review or in parallel. Newly identified (emerging) types of risk are registered in the Risk Inventory. Existing types of risk may require additional attention and assessment when their nature changes or they are increasing in their prominence. In principle, the Bank recognises eight main risk categories:

1. Strategic risk;
2. Market risk;
3. Liquidity risk;
4. Credit risk;
5. Operational risk;
6. Compliance risk;
7. Reputational risk; and
8. Model risk.

The Level 1 main risks (above) are broken down into Level 2 risk types that provide insight in specific, risks contributing to the main risk.

Risk inventory

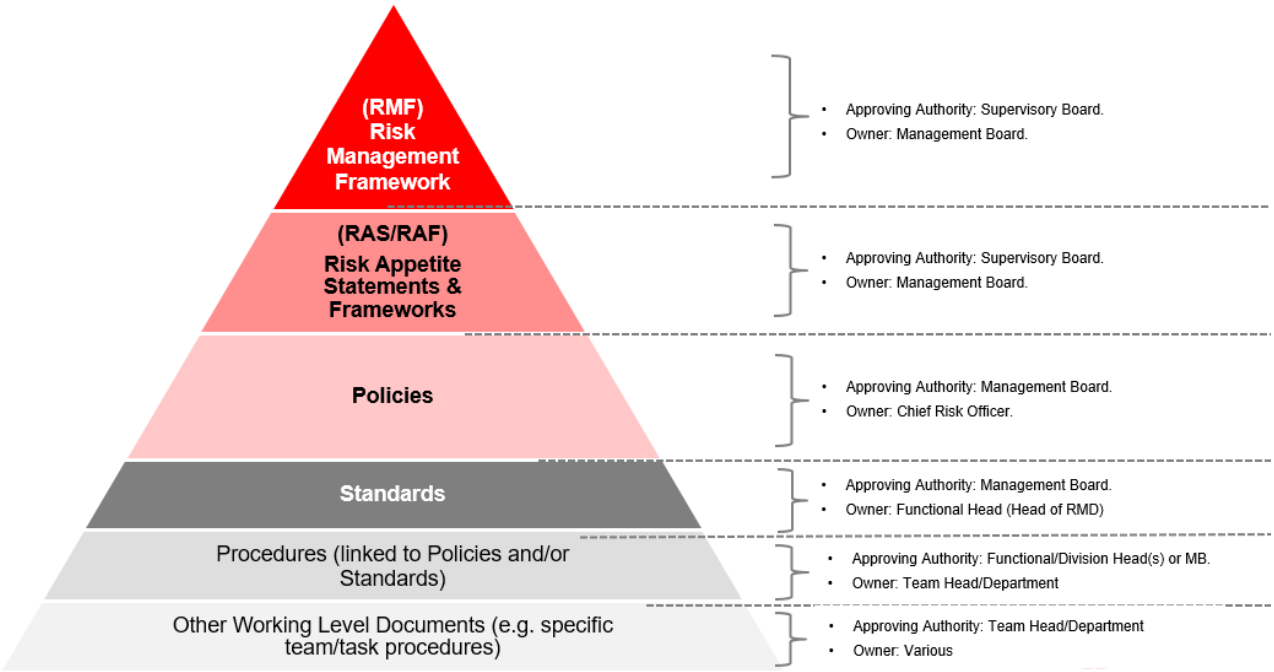
One of the key elements of the overall risk framework is the Risk Inventory, where all risks identified in the Bank are registered and subsequently categorised under one of the eight risk categories as Level 2 risk, Level 1 being the category and part of Risk taxonomy. After registration (Identification) they are run through the rest of the risk cycle. Any Identified risk can fall under one of the four categories:

1. Significant (Material) Risk – a material risk that requires a more mature framework than just a Material Risk. To determine if a risk is Significant, a 2nd LoD opinion is required;
2. (Non-Significant) Material Risk – a risk which bears above threshold (defined in RAS) effects for the Bank should it materialise. To determine if a risk is Material, it must cross Materiality thresholds;

3. Non-Material Risk – a risk that, when materialised, does not push the Bank's profit and loss, capital or reputation beyond a given threshold;
4. Irrelevant Risk – a risk that does not apply to the Bank in any way.

Risk management policy house

The Risk Management Policy House (RMPH) is a concept described in the RMF which guides the Bank's Risk Management Division on the structure, governance, cadence and definitions of its documentation. The RMPH is developed in accordance with the parental rules, regulation, and MB priorities. Parental rules and regulations are main drivers that govern the Bank's risk management on an institution-wide level. In addition, MB priorities are drivers that reflect the local variation affecting the risk management in the Bank and should fit within the parental rules and regulations. The RMPH is constituted with 6 levels of documentation as per the pyramid below:



Risk appetite

Together with the Risk Management Framework, the Risk Appetite Statement ("RAS") is a strategic component in risk management. It expresses the types and amounts of risk that the Bank is willing to accept in order to meet its business strategies and financial plans. The RAS is owned by the Management Board and is subject to approval by the Supervisory Board. It is designed for a one-year horizon and is updated at least annually. Managing business activities within the RAS thresholds is a responsibility of the Risk Owners. On a monthly basis, a Risk Appetite report with actual risk levels is discussed by the Risk Management Committee. The Bank defined the following (qualitative) risk appetite levels:

Risk appetite level	Meaning
Avoid	Avoiding any risk through not taking or hedging
Averse	Accept risk but does not want to actively take risk
Conservative	Some risk appetite
Receptive	Risk appetite to actively pursue risk

The RAS is designed to increase management transparency and generate more business opportunities in an environment where risk is properly controlled. In particular, within RAS relevant definitions and concepts, the Risk Appetite Indicators ("RAI") and their thresholds for all Level 1 risk types are described.

The RAS consists of 2 main elements:

1. Qualitative statements on the appetite for identified key risk types; and
2. A set of Risk Appetite Indicators that translate the qualitative statements into metrics.

The RAS of the Bank complies with regulations and is fully aligned with the RMF. To manage RAS, the Bank follows the following steps:

1. In an annual update (and evaluation) of the RAS, the inputs from the strategy, as documented in the MTBP, are included as well as the evaluation of the functioning of the RAS itself. Next to the annual updates, intermediate updates can be expected when changes at the Parent or the Bank itself will lead to changes in the Bank's strategy;
2. The Bank will conduct business on a day-to-day basis and includes the RAS in key decision-making;
3. The level of compliance with the RAS of the outcome of the business decisions is daily/monthly/quarterly tracked based on the RAIs;

The Bank has adopted a Risk Appetite Indicator system with multiple threshold levels that trigger management intervention if needed, to prevent further deterioration of Bank's financial soundness and reputation. The RAIs, as integral parts of the RAS, are set up to determine various levels of business conduct. In general, the Bank will operate within the bandwidth of Business as Usual, where the Bank operates within its desired Risk Appetite. In certain circumstances, the Bank might start operating outside of its Risk Appetite, a bandwidth of Management Intervention level. Breaching key constraints may trigger The Bank's Recovery Plan (Crisis zone). Before reaching the Crisis zone, two additional zones are in place to identify any potential risk of entering the Crisis zone and to perform additional risk mitigating actions: stress and severe stress.

Business as usual		Management intervention		
Risk averse	Accepted risk	Stress	Severe stress	Crisis
Target range		Alert	Intervention	Recovery zone

Risk cycle

The risk cycle, also known as the Risk Management Cycle, is defined as a series of steps through which the Bank manages risks on a continuous basis in a cyclical manner. This standard risk cycle is to be applied across all lines of defence, especially 1st LoD and 2nd LoD in all functions and branches across the Bank. The cycle consists of a number of process steps:

- Risk Identification.
- Risk Assessment.
- Risk Management.
- Risk Monitoring and Reporting.
- Risk Evaluation.

The cycles are executed at various levels of decision-making: strategic, tactical, and operational level. The Risk Management Committee ("RMC") serves as the governance forum for the whole risk cycle.

Risk limits

The Bank defines a risk limit as follows:

- A risk limit is a maximum threshold permitted for a specific measure, established through a formalised governance framework and communicated to the owners and/or users of that specific measure.
- A risk limit denotes one or more thresholds defined in relation with specific risk exposures, such as Credit Risk, Market Risk, or Operational Risk exposures.
- Internal Risk Policy limits aim to contain risk exposures undertaken by The Bank below an acceptable level.
- Risk limits can be set on an individual transaction or at a portfolio level.

A risk limit is defined via:

- The applicable risk metric (e.g. notional amount or value-at-risk).
- The limit value expressed in terms of the risk metric (e.g. EUR 10m or 1% of total risk).
- The scope of its application (position, relation, desk and unit).
- The entity responsible for conforming to the limit (trader, portfolio manager or business line).
- Limits can be absolute or relative in nature. Absolute limits will set a definite value (e.g. monetary value of EUR 10m, or time value of two weeks), whereas relative limits are set as a percentage point or ratio (e.g. 5% of exposure or capital).

Limits, in general, are possible to apply to risks and risk drivers that can be quantified. Where quantification proves not possible, but a control is required, limits do not have to be developed provided there are other controls in place. Note that Risk Limit is different to Risk Appetite Indicators (levels), although similar in nature. Limits can be uniform or customised. Uniform limits apply similarly across a portfolio or portfolios. Custom (bespoke) limits are more granular. For example, there might be a specific limit set for each sector or even every obligor. In some cases, a risk can have both a RAI and a limit. In general, there are three types of limits within the Bank:

- Parental limit: a limit that is communicated from the Parent company. These are defined by the Parental company and the Bank is provided, usually, with a calculation sheet and a methodology for the limit.
- Internal limits: limits set internally by Management Board or its delegated committee.
- Regulatory limits: limits set forth by relevant regulations.

The Bank defines a breach as an excess of a specific measure above a risk limit.

Management of Environmental and Climate Change Impact in the Bank

The European Central Bank ("ECB") supervisory risk assessment for 2019 and guidance published in May 2020 describes how climate-related risks are not a short-term financial stability threat but do pose long-term risks to banks. Regulatory and supervisory bodies cite the risks from physical and transition risks to both banks and their customers, and note that banks need to take adequate action to manage their exposures to such risks. In addition, the Bank's own supervisor, DNB also emphasises the effective management of climate risk requires integration across multiple elements of the RMF.

Climate change engenders significant economic costs. The most obvious ones are the damages caused by extreme weather events such as storms or floods. Disruptions in supply chains, higher prices following shortages due to droughts or lower labour productivity in extreme heat periods are further examples. These physical costs are already affecting our economies today and will only be increasing with time.

The transition to a low-carbon economy, which is necessary to mitigate these physical costs, also comes with a price: investments in low-carbon technologies must be made and carbon prices will reduce margins.

We consider environment and climate risk not as separate risk type, but as an overarching risk driver that manifest itself through existing risk types. As the impact of environment and climate change presents itself in many ways, it is important to analyse its consequences on the Bank's current risk taxonomy.

In FY23 the Bank performed its first comprehensive climate-related and environmental ("C&E") materiality risk assessment for all risk types in taxonomy. Following the completion of the C&E risk materiality assessments, the Bank started implementing C&E consideration in the risk framework. In terms of governance, the RMC scope now includes C&E considerations, while C&E aspects were included in the RMF, RAS, Credit Policy and Strategic Risk Policy. Moreover, a new dedicated risk manager focused on C&E risk responsibilities was hired.

C&E change impact management and integration into the control framework will continue beyond FY23. As a strategy of the Bank, and to meet regulators' expectations, the Bank aims to identify, measure, monitor, manage and report on the impact of environment (incl. biodiversity) and climate change on the Bank's portfolio. It is the Bank's ambition to fully embed the impact of environment and climate change into governance and risk management, to manage and mitigate the (financial) risks of environment and climate change, in line with the evolution of ESG in MUFG. All relevant risk documentation shall be updated under consideration of the environment and climate change impact.

The Bank aims to proactively translate challenges and opportunities related to ESG into our business operations via the promotion of related initiatives such as MUFG Carbon Neutrality Declaration and the participation in transition related frameworks such as GFNAZ / NZBA.

Current risk environment

Internal

The Bank has further enhanced its control framework to better manage risks and ensure sustainable profitability. This effort has involved fortifying the RMF through several key initiatives. Firstly, integrating climate and environmental considerations into the RMF enhances its comprehensiveness. Secondly, the introduction of Key Risk Assessment ("KRA") as an annual self-assessment facilitates structured criteria for assessing risk significance and materiality. Thirdly, improved adherence to the three lines of defence model has been achieved through the Risk Control Self-Assessment ("RCSA") adoption plan, reinforcing risk ownership and oversight. Additionally, enhancements in Risk Appetite monitoring, including refining risk thresholds, have further bolstered the control framework.

Furthermore, significant efforts have been invested in enhancing both Credit and Compliance risk control frameworks. This includes strengthening the Credit organisation by expanding the Credit team and implementing a new Target Operating Model ("TOM"). Regarding Compliance, the Bank took efforts to further improve its internal risk control system and integrating its Compliance function across the Bank. These efforts have positively impacted the assessment of controls effectiveness and evaluation of residual risks.

External

FY23 remained turbulent, with persisting geopolitical uncertainties continuing to have an impact on the economy. Inflation continued to be relatively high and ECB continued increasing their key interest rates in the first half of FY23, reaching the 4% for Deposit facility or 4.75% for marginal lending rate in September 2023, with no further increases afterwards. Similarly, FED federal funds rate was increased by 50 base points compared to March 2023 by July 2023, with no further changes afterwards. The monetary tightening, normalisation of energy prices and global supply chains started to yield results, with inflation gradually slowing down in developed economies.

The Bank maintains resilience against cyber security risk, additional regulatory requirements and geopolitical uncertainties due to its conservative risk-taking strategy. The Bank has in place a monthly process to comprehensively review external developments to ensure that appropriate and timely action is taken. This approach ensures the Bank is prepared to adapt and respond effectively to changes, minimising risks to its stability and profitability. Complex new regulatory requirements continue to pose challenges, necessitating reliance on parental structures for effective change management and technological adaption. Staffing remains a challenge amid tight labour market conditions, with the Bank actively competing with industry peers for top talent.

Fraud

Fraud risk remains ever-present as fraud attempts evolve with technology and increase in complexity. Fraud risk can arise from internal and external events and results in financial loss, reputational damage and / or regulatory fines. Our customers are facing increasingly sophisticated fraud attempts, making education and awareness all the more critical. The Bank recognises this risk and understands its role in preventing and detecting fraud, which aligns with the Bank’s vision of being the world's most trusted financial group.

The Bank continued to strengthen its internal control environment in the past year and continuously monitors and assesses risks related to the possibility of internal fraud. Measures taken to prevent internal fraud amongst others include enforcing segregation of duties, limiting access to financial data and systems and by raising awareness amongst employees through the integrity and compliance training program, as well as the Bank wide Code of Conduct. A whistleblower policy and process are in place, to enable employees to speak up about an alleged wrongdoing that has been, is being or may be about to be committed. The first and second lines of defence work together within the fraud risk framework to manage and mitigate fraud risk.

The Bank remains vigilant in blocking fraud attempts with early detection and heightened internal and external awareness. We continue to have internal training to keep awareness high, which has minimised both the Bank's and customer fraud losses. Trends in fraud attempts are tracked to determine if customer education is required. Monthly reporting on all fraud attempts (regardless of losses) keeps fraud vigilance at the forefront of the organisation.

Further digitalisation impacts the Bank both internally and externally, and increased outsourcing creates complexity within our operating model. Our fraud program has evolved to include enhanced automated transaction monitoring, which boosts our ability to monitor and react to fraud attempts, and to make adjustments to our model to block future attempts. The fraud teams in both EMEA and the Bank remain in close contact on fraud-attempt investigations for sharing information and prevention best practices. Fraud attempts continue to be primarily a mix of business email compromise as well as forged documentation. During 2024, the Bank will continue its efforts in advancing and executing the fraud risk management framework.

Cybercrime

Cybercrime encompasses the criminal activities that are conducted through the use of digital technologies and is one of the top threats for financial institutions and companies. Impact of cybercrime on financial institutions can be severe, affecting not only the institutions themselves but also their customers in ways of financial losses, reputation damage and legal consequences. The Bank continues to prioritise cybersecurity and implemented robust measures to protect its systems and data, such as encryption, multi-factor authentication, network layering, data loss prevention, and continuous monitoring and logging. The Bank also makes use of MUFG's global expertise and resources, including MUFG Security Operation Centres on different continents to continuously monitor and act upon the emerging cyber threats on its digital assets.

Three years at a glance

in thousands of €s	As of 31 March 2024	As of 31 March 2023	As of 31 March 2022
Income statement			
Net interest income	321,010	161,454	80,751
Total operating income	415,027	270,428	146,821
Credit loss expense (recovery)	(8,165)	81	(6,473)
Operating expenses	157,045	164,956	179,033
Cost to income ratio	38%	61%	122%
Result (loss) for the year	191,530	100,447	(25,064)
Balance sheet			
Loans & advances	9,026,438	9,178,344	10,820,908
Deposits	9,836,435	10,454,011	10,053,363
Shareholder's equity	2,030,184	1,840,173	1,735,248
Other			
Risk-weighted assets	10,024,168	10,904,594	10,687,034
Common equity tier 1 ratio	19.3%	15.8%	16.0%
Total capital ratio	19.3%	18.5%	19.0%
Leverage ratio	11.2%	7.2%	8.0%
Liquidity coverage ratio	178.8%	139.8%	302.7%
Net stable funding ratio	117.3%	109.0%	107.0%
Return on equity	9.4%	5.6%	-1.4%

Financial performance

General developments

Thanks to its focused strategy execution and strong relationships with its customers, the Bank is well-positioned to operate within its environment. The Bank has solidified the platform and control environment, simplified its operations and managed its overall cost base effectively, largely neutralising the impact of inflationary pressures. Combined with strong and robust top line growth, the Bank delivered record results with net profit almost doubling to EUR 192m. This is largely driven by the positive interest rate environment, further supported by the aforementioned increased product offering, optimisation of the client portfolio and well managed cost base.

Operating income

in thousands of €s	2024	2023
Interest income	568,476	262,958
Interest expense	247,466	101,504
Net interest income	321,010	161,454
Fee and commission income	84,668	73,227
Fee and commission expense	24,127	21,741
Net fee and commission income	60,541	51,486
Result on financial transactions	32,871	44,702
Other operating income	605	12,785
Total operating income	415,027	270,428

The Bank increased total operating income by € 144,599 to € 415,027 (2023: € 270,428). The result is due to an increase in net interest income by € 159,556 to € 321,010 (2023: € 161,454), mainly reflecting the positive impact of the continued increases of the key policy rates during FY22 and H1 FY23, as well as the improvement of loan margins on the back of portfolio optimisation. The interest expense increased as well on the back of the aforementioned rate environment, albeit at a slower pace, with the interest expenses increasing by € 145,962 to € 247,466 (2023: € 101,504).

The net fee and commission income increased by € 9,055 to € 60,541 (2023: € 51,486), mainly due to the expanded service offering during FY23, where the Bank acted more as an intermediary connecting clients to other banks for new (underwriting) and (refinanced) existing facilities. The fee and commission expense has also increased by € 2,386 to € 24,127 (2023: € 21,741) and relates to commission paid for guarantees and other services charged to the Bank.

The other operating income has decreased by € 12,180 to € 605 (2023: € 12,785) as in the last year the Bank recorded a one-off profit of € 12 million for the sale of an asset to a lessee as part of the liquidation of the Bank's lease entity.

Operating expenses

in thousands of €s	2024	2023
Personnel expenses	92,467	94,360
Depreciation of property and equipment	4,061	4,428
Amortisation of intangible assets	4,316	5,156
Other operating expenses	56,201	61,012
Total operating expenses	157,045	164,956

The operating expenses decreased by € 7,911 to € 157,045 (2023: € 164,956). This is mainly attributable to the decrease of personnel expenses by € 1,894 to € 92,467 (2023: € 94,360) and reduction of other operating expenses. The decrease of personnel expenses is primarily the result of the Medium Term Business Plan execution, which led to the overall reduced headcount level, as well as the strategic shift from contractors / temporary staff to local permanent staff. The aforementioned effects absorbed the inflationary pressure on the personnel expenses as well as the further investments in the capability build-up and the business growth. The decrease of other

Operating expenses

operating expenses is mainly driven by the network optimisation and regulatory costs (lower contribution to the Single Resolution Fund).

Cost to income ratio
Cost to income ratio shows the efficiency of the Bank operations and is calculated as total operating expense divided by total operating income. The ratio improved notably in the current year reaching 38% (2023: 61%), which is the combined result of the strong growth of operating income, effective cost management and strategic decisions taken, leading to more profitable and efficient operations. The cost to income ratio is expected to stabilise in the coming years in the range of 50% - 60%, on the back of the expected interest rate cuts leading to a decrease in operating income.

Impairment of financial and non-financial assets
Credit loss provision decreased by € 8,164 to € 47,383 in the current year (2023: € 55,546). The decrease is attributable to the release of specific provisioning of approximately € 7 million and the remainder to exposures subject to ECL provisioning for performing exposures subject to ECL (stage 1 & stage 2) provisioning stemming from the improvement of risk parameters. The outcome of ECL provisioning is an estimate and the result of assumptions and inputs,

Liquidity and capital adequacy

	2024	2023
Total capital ratio	19.3%	18.5%
Common equity Tier 1 ratio	19.3%	15.8%
Liquidity coverage ratio	178.8%	139.8%
Net stable funding ratio	117.3%	109.0%

The total capital ratio has remained relatively stable at 19.3% at 31 March 2024 (2023: 18.5%), although the composition of Own Funds changed and total Risk Exposure decreased primarily due to the balance sheet optimisation efforts. The amount of Own Funds[1] decreased to € 1,934,722 (2023: € 2,022,786) while the structure changed towards Common Equity Tier 1 capital. Namely, the Bank repaid its € 300,000 subordinated debt before its maturity on the back of the prior year net profit and current year interim profits being added to the equity.

Total Risk Exposure amounted to € 10,024,168 at 31 March 2024 (2023: € 10,904,594), with the decrease observed on both the on-balance and off balance sheet.

The liquidity coverage ratio (LCR) increased to 178.8% (2023: 139.8%) due to an increase in High Quality Liquid Assets ("HQLA"), whereas the Net Liquidity outflow has remained stable throughout the year. The Net Stable Funding Ratio increased to 117.3% (2023: 109.0%), mainly as a result of an increase of the deposits from non-financial corporates.

The Bank is placing funds with the Global Markets Division for EMEA of the parent bank, MUFG Bank Ltd. At 31 March 2024, the Bank placed, in thousands € 1,007,319 (2023: € 699,100) with the parent bank and related parties.

The Banks' liquidity and capital management continues to be focused on maintaining ratios in excess of externally required levels.

[1] The amounts below are specified in thousands unless stated otherwise.

Report of the Management Board

Management Board

From left to right: Hideyuki Okamoto, Deputy President & Chief Strategy and Planning Officer, Marije Elkenbracht-Huizing, Chief Risk Officer, Harm Bots, Chief Executive Officer, Mark Selles, Chief Financial Officer.

The Management Board ("MB") is responsible for the day-to-day operations of the business and for the sustainable long-term strategy. The MB also ensures that the Bank complies with relevant legislation and regulatory requirements.

The MB takes into account the Dutch Banking Code principles. It fulfils principles regarding composition and expertise requirements, lifelong learning programmes, risk management and the responsibility to ensure all stakeholders' interests are considered in everything the MB does. The gender diversity ratio per 31 March 2024 is 25%.

The members of the MB have thorough and in-depth knowledge of the financial sector and the banking sector in particular. Collectively, they have broad experience in the fields of governance, strategy, organisation, communication, products, services and markets within the Bank's scope of activities.

The MB collectively manages the Bank and is responsible for its objectives, strategy and related risk appetite, as well as the development of financial results. The MB is assisted in its duties by various committees.

Management Board

The MB is responsible for developing, communicating and enforcing standards on integrity, morals and leadership in the Bank. It stimulates a healthy culture at both the top of the bank and throughout the organisation.

A lifelong education programme for members of the MB exists. The MB participates in the Bank's e-learning sessions on topics such as risk, the code of conduct and compliance. The Chief Compliance Officer together with the Head of Financial Crime Office holds regular study sessions with the CEO and CRO. The programme is designed to keep board members' expertise up to date and aligned with regulatory developments regarding financial crime.

The MB self evaluation was well organised and constructive discussions took place providing the MB with tools for even better cooperation. In FY24 the self evaluation will be organised with an external facilitator in line with the Governance Code and regulation.

Management Board

Composition of the Management Board

Chief Executive Officer – Mr Harm Bots

Mr Bots joined the Bank on 1 October 2021 in the position of Chief Business Officer and was appointed as CEO on 1 April 2022. Before joining MUFG, Mr Bots gained extensive global markets and international banking experience. He has been in international executive roles in banking for more than 20 years. Mr. Bots has previously been the CEO of the European bank of a large international financial group.

Chief Strategy and Planning Officer – Mr Hideyuki Okamoto

Mr Okamoto has been with MUFG for over 24 years, and has worked across Japan, the United States, Indonesia and the United Kingdom in various roles, mainly in strategic planning, corporate governance, regulatory affairs and corporate finance.

Chief Financial Officer – Mr Mark Selles

Mr Selles has a wealth of experience in the banking sector, having worked at major financial institutions across Europe in roles including several executive positions as CFO and COO and non-executive director. His areas of expertise include finance, accounting, regulatory reporting and liquidity and asset and liability management. Besides his role as CFO, Mr Selles is also the Chief Data Officer of the Bank.

Chief Risk Officer - Ms Marije Elkenbracht-Huizing (appointed as at1 April 2024)

Ms Elkenbracht-Huizing joined the Management Board on 1 April 2024 as Chief Risk Officer. Ms Elkenbracht-Huizing brings more than 25 years' experience in an international financial services environment including leadership roles at NIBC, ABN AMRO and Natwest. With a background in market risk, asset liability risk, modelling and implementing change Ms Elkenbracht has previously been the CRO of the European bank of a large international financial group.

Chief Operations Officer – Ms Elena Shakhurina (resigned as at 1 March 2024)

The COO domain is currently coordinated by the CFO.

Chief Risk Officer – Ms Dragi Dimitrijevic (resigned as at 31 August 2023)

Between August 2023 and March 2024 the CRO role was coordinated by the CSPO.

Outlook

The Bank is exposed to both external and internal challenges that may impact its business performance and overall profitability. While the margins are increasing and new products are offered to clients, the economic operating environment remains fluid and may pose structural challenges for the Bank. Inflationary pressures on the personnel expenses, in addition to the further investments in the capability build-up and the business growth, geopolitical conflicts and mounting cost pressures driven by increased or stricter regulatory compliance requirements, may put further pressure on the overall profitability of the Bank going forward.

Fraud risk remains ever-present as fraud attempts evolve with technology, increase with sophistication and AI, and are compounded due to geopolitical context. The Bank remains vigilant in blocking fraud attempts with early detection and heightened internal awareness.

In FY23, the Bank's profitability was mainly driven by the positive interest rate environment and the introduction of new products, where the Bank acts as an intermediary between clients and other banks. Interest rates have been low-to-negative in recent years, which negatively impacted the Bank. The financial result is explained further in the section Financial Performance. The first results of the MTBP are recognised in the improved total operating income.

The MB is committed to improving the Bank's profitability in a controlled and sustainable manner over the next few years. To address our internal and external challenges, and to maintain the Bank on a financially sustainable and viable path, our three-year MTBP focuses on:

- Further increasing revenue by leveraging the MUFG global network and capability, expanding our product capability and strengthening the client portfolio.
- Reducing the volatility in the NII in an expected declining interest rate environment via the planned investments into longer term fixed rate government bonds.
- Further reducing costs by reducing complexity within our organisation and optimising our business model.
- Maintaining strict internal control and governance by balancing initiatives with regulatory requirements and implementing initiatives under the MTBP in a controlled manner.

For the next phase, we are developing our future strategy and plan to reform our platform to achieve sustainable growth for the whole region, aiming to enable the businesses to continue to grow and position the Bank and Securities closer together in alignment with the group strategy. In addition, we want to create a more integrated platform, making it easier for our clients to do business with us, reducing complexity, optimizing governance and improving controls to ensure greater resilience. Through simplifying and driving efficiency, we aim to establish an integrated global business model with a powerful consolidated capital base to drive growth.

Regulatory outlook

Intermediate Parent Undertaking regulation

The Capital Requirement Directive V ("CRD"), which includes Intermediate Parent Undertaking regulation (“IPU”), has been applicable since 29 December 2020. The requirement to maintain an IPU applies when two or more institutions established in the EU (being credit institutions and investment firms), have the same ultimate parent undertaking and have (balance sheet) assets of at least € 40 billion. MUFG’s EU consolidated assets remain below the € 40 billion threshold. However, in case the Bank, together with other MUFG entities in the EU, reaches the € 40 billion threshold it would have to establish an IPU in due course.

Anti-money laundering and combating the financing of terrorism

The Bank is investing significant resources in its internal control system in the areas of anti-money laundering (“AML”) and combating the financing of terrorism (“CFT”), also to keep abreast of changing regulatory requirements and market practices. On 20 July 2021, the European Commission presented its package of legislative proposals to strengthen the EU’s rules on AML and CFT. This package consists of:

- Regulation establishing a new EU anti-money laundering authority (“AMLA”) which will have powers to impose sanctions and penalties.
- Regulation recasting the regulation on transfers of funds which aims to make transfers of crypto-assets more transparent and fully traceable.

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- Regulation on anti-money-laundering requirements for the private sector.
- Directive on anti-money-laundering mechanisms.

The Bank has been closely following up development of this AML package and is assessing any need for further enhancement in its internal control system to meet the new requirements as set by the regulations.

Basel III: Finalising post-crisis reform
On 27 October 2021, the European Commission published its legislative package finalising implementation of the Basel III Reforms. This marks the start of the European implementation of the global Basel standards via the legal proposals of CRR III and CRD VI. CRR III will enter into force and will be directly applicable in all 27 Member States (expected in January 2025). CRD VI will be applicable after all 27 EU Member States have transposed the law into their national law, expected October/November 2025. The official publication of the legislation is expected in Q2 2024 and the Bank is currently working on the assessment and implementation of the CRD/CRR package.

Fundamental Review of the Trading Book
In December 2023, the European Banking Authority ("EBA") launched for consultation amendments to its Regulatory Technical Standards ("RTS") on the fundamental review of the trading book ("FRTB"), and to its RTS on the standardised approach for counterparty credit risk ("SA-CCR"). Both RTS are part of the roadmap on the Banking Package and aim to align the existing RTS with the Capital Requirements Regulation ("CRR III"). Additionally, the Implementing Technical Standards ("ITS") on specific reporting requirements for market risk that includes new FRTB templates have already been published in the Official Journal of the EU. With effect as of 2025, new FRTB regulation will trigger the need for new market risk capital requirement calculation methodologies and additional reporting, upon the Bank exceeding the FRTB thresholds incorporated in the CRR III. At 31 March 2024 the thresholds have not been exceeded but the Bank is already preparing the implementation of market risk capital requirements according to FRTB Alternative Standardised Approach ("ASA") and related reporting requirements.

PSD 3 and PSR
On the 14 of February 2024, the Economic and Monetary Affairs ("ECON") committee adopted the draft position on the Payments Services Regulation ("PSR") and Directive ("PSD3"). Agreed provisions include: free of charge verification of the unique identities for credit transfers, responsibility for covering customer losses in case payment services providers do not have in place an appropriate fraud prevention mechanism, expansion to the right to refund to cases of spoofing, increase transparency on charges and security of data and new authorisation processes to enter the EU payment services sector.

The Bank expects that inter-institutional negotiations with the Council will start after the EU elections and once the Council reaches its negotiation position. The Bank is following up on the development of PSD 3 and PSR and assessing the impact on its operations.

Financial Data Access Regulation
On 28 June 2023, the European Commission published a legislative proposal, the Financial Data Access Regulation ("FIDA") to regulate access to and use of customer data held by entities in the financial sector. This proposal aims to establish clear rights and obligations for managing the exchange of customer data in the financial sector, beyond payment accounts. The main amendments include:

- Establishment of the rules for customer data in finance that may be accessed, shared and used and new legal obligations for data holders.
- New requirements to ensure responsible data use and security including data access.
- Requirements for the creation and governance of financial data sharing schemes whose aim is to bring together data holders, data users, and consumer organisations.

The Bank currently monitors the legislative proposal.

Digital Operational Resilience Act
The Digital Operational Resilience Act ("DORA") entered into force on the 16th of January 2023, and will be directly effective from January 2025. DORA is a broad legislation and will apply to regulated financial institutions in the EU, including banks, PSPs/EMIs, investment firms, and fund managers. It aims to consolidate and upgrade ICT risk requirements in the EU to guard against cyber-attacks and ensure that

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in-scope financial entities are subject to standardised rules that mitigate ICT-related operational risks. Most significantly, it requires financial entities to:

- Have internal governance and control frameworks that ensure they manage all ICT risks effectively.
- Have a robust ICT risk management framework that enables them to address ICT risk.
- Report major ICT-related incidents to NCAs.
- Carry out digital operational resilience testing.
- Manage ICT third-party risk as an integral component of ICT risk within their ICT risk management framework.

DORA and its RTS/ITS are applicable to the Bank. As all MUFG's entities in the EU will need to comply with DORA, it was decided to collaborate across entities and establish an EMEA wide program to implement DORA requirements.

Supervisory reporting
Since the 2008 financial crisis, supervisory reporting requirements have increased significantly. The development of these reporting needs has sometimes led to some overlaps. In addition, ad-hoc requests and national requirements require significant investments in IT infrastructure to meet and maintain the supervisory standards. The Bank is investing in its system infrastructure to strengthen data availability and streamline internal and supervisory reporting processes. The Bank is cognisant of the current regulatory reporting burden and that improving the efficiency of reporting is one of the main concerns for EU legislators.

The EBA has published a feasibility report for the development of a consistent and integrated system for collecting statistical, resolution and prudential data. The report concludes that the implementation of the integrated reporting framework ("IReF") is beneficial for the financial sector and describes crucial conditions to start its implementation. The ECB announced the design phase of the IReF programme in a press release in December 2021. The programme is expected to go live in 2027.

Amendments to Markets in Financial Instruments Regulation and Markets in Financial Instruments Directive
In December 2022, the Council of the EU published the texts of its general approach on the proposed Regulation and Directive amending the Markets in Financial Instruments Regulation ("MiFIR") and Markets in Financial Instruments Directive ("MiFID II"). The texts include:

- Proposal for a Regulation amending MiFIR, as regards enhancing market data transparency, removing obstacles to the emergence of a consolidated tape and optimising trading obligations.
- Proposal for a Directive amending MiFID II on markets in financial instruments. Considering the scale of changes under MiFID III and limited MiFID products and services offered by the Bank with focus on professional clients, the Bank expects moderate impact and will take necessary steps to be compliant on time.

Instant credit transfers in euro (SEPA Instant Payment)
In February 2024, the Council of the EU adopted a regulation to make instant payments in euro available to all citizens and businesses holding a bank account in the EU and EEA countries. The regulation aims to ensure that instant payments in euro are affordable, secure and processed without hindrance across the EU. The regulation, which amends and modernises the 2012 Regulation on the Single Euro Payments Regulation, consists of four requirements regarding euro instant payments:

- Making instant euro payments universally available.
- Making instant euro payments affordable.
- Increasing trust in instant payments.
- Removing friction in the processing of instant euro payments while preserving the effectiveness of screening of persons that are subject to EU sanctions.

In order to meet global trends in the payment space, including EU SEPA Instant regulation, MUFG launched a global project to enhance its payment infrastructure.

Sustainability

The purpose of MUFG is to be, "Committed to empowering a brighter future".

As a globally operating financial institution, the Group recognises that taking actions to foster shared and sustainable growth, including protecting the environment and responding to climate change, is a responsibility the Group has to society. As a result, the Group is aiming to contribute to the realisation of a sustainable society by protecting the global environment. In order to achieve this goal, not only does the Group comply with applicable legislation and international agreements, but also responds appropriately when its operations result in environmental risks or negative impacts, by reducing the environmental impacts of its operations, as well as actively working towards finding solutions to global environmental issues through its business activities.

The Group recognises the urgency to address the risks arising from climate change. As a global financial institution, the Group needs to play an important role in the transition to a low-carbon economy. Addressing climate change does not only mean that the Group intends to mitigate the risks arising from climate change, but the Group also realises that sustainable finance poses vast business opportunities. Based on this recognition, the Group promotes the transition to a low-carbon society and reduces climate change risk through actions associated with both its operations and through the products and services the Group provides to clients. The Group has, therefore, recently revised its target to invest 35 trillion Japanese yen by 2030 into sustainable finance and is now committed to invest 100 trillion Japanese Yen by 2030 into sustainable finance, half of which would be dedicated to environmental areas and the second half to other sustainable financing.[2] The section "Sustainable Finance" specifies the Bank's financing efforts towards sustainable financing. Further, the Group declared in its Carbon Neutrality Declaration that it will achieve net-zero in its own emissions in 2030 and net-zero in 2050 for its finance portfolio. The section "Internal Efforts" specifies the Bank's own emissions. Additionally, the Group has published its first transition plan in its newly established "Climate Report". The Bank's transition plan, as required under Corporate Sustainability Reporting Directive ("CSRD") will be closely aligned with the one published by the Group and this will be a priority for the upcoming financial year.

The Group is also a signatory to the Net-Zero Banking Alliance ("NZBA"). Being an NZBA member means that banks commit to net zero financed portfolios by 2050 and members are required to set interim targets by 2030. Annually, the Group publishes its progress under the NZBA framework, setting medium term targets for 2030 or earlier using a science-based approach. To calculate financed emissions, the Group uses the PCAF[3] model. The targets are set for the following sectors: Power; Oil & Gas; Steel; Shipping; Real Estate (Commercial and Residential) and added in 2024: Autos, Aviation and Coal. As part of its CSRD preparations, the Bank will consider the adequate local adoption of these targets in line with its CSRD metric & target reporting requirements. Further specifications can be found in the CSRD readiness section.

The Bank's ESG strategy, which also includes the management of climate-related risks, is fully aligned with the Group's strategy and targets. As such, the Bank, as a subsidiary of MUFG Bank Ltd, adopted the Group's ESG goals to support and help our clients, respond to the financial needs of our customers, serving society, and fostering shared and sustainable growth for our future and a more sustainable world. This has been stipulated in the Bank's ESG Policy.

In line with the Group's Environmental and Social Policy Framework, the Bank restricts lending to certain industries and respectively applies additional criteria for industries that potentially bear both environmental and/ or social risks.[4] This Framework is updated annually and applies across the Group.

Governance

The Bank has effectively embedded ESG within its existing governance framework, and has assigned the Chief Strategy & Planning Officer ("CSPO") as the executive sponsor and responsible MB member for ESG. Further, the CSPO is supported by two ESG leads to foster the implementation of ESG within the Bank.

In FY23 the Bank set up an ESG Committee to agree on ESG action points and evaluate progress.

2 This corresponds to approx. € 600 billion (exchange rate as of 24 April 2024)
3 PCAF stands for Partnership for Carbon Accounting Financials
4 MUFG Environmental & Social Policy Framework: https://www.mufg.jp/english/csr/policy/index.html

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The ESG Committee is chaired by the CSPO and convenes monthly, comprising two more board members, relevant (senior) staff of the Bank and representatives from MUFG's EMEA offices. The Bank's ESG Committee:

- Establishes and evaluates the Bank's wider strategy for ESG & ensures implementation of relevant HO developments within the Bank
- Ensures the delivery of regulatory mandates for the Bank by:
  - identifying necessary actions to be taken
  - assigning the accountable MB member/PIC for each action
  - monitoring progress of each action/task
- Makes decisions to achieve the points mentioned above
- Reports to the EMEA Sustainability Committee to ensure alignment with EMEA and request support, where needed

Due to the increased ESG reporting requirements and to ensure the smooth operation of the Bank's CSRD project, the Bank has also established a "Design Authority" for ESG reporting. The Design Authority comprises members from cross sectional areas such as Front office, Risk, Strategy, Internal Audit and is chaired by the CFO. The Design Authority has partially delegated authority from the ESG Committee for any technical/ reporting-related decisions but strategic decisions in the area of ESG remain with the ESG Committee. In addition, within EMEA a "Sustainable Finance Escalation Forum" has been created, in which the Bank participates. In this Forum, green, social, sustainable and sustainability-linked transactions are being evaluated, which could include MBE transactions. To ensure EMEA-wide alignment on ESG disclosure topics, the Bank also participates in the EMEA ESG Disclosure Steering Committee.

The Bank also has an ESG working group that focuses on voluntary activities around ESG, such as the organisation of sustainability-related events, but also on raising awareness on ESG topics, including climate risk. This working group also serves as a forum among employees to actively exchange recent ESG development across all the Bank branches with representatives from various offices, business lines and divisions. The working group is chaired by the ESG leads.

Going forward, the Bank will continuously work to adapt its ESG governance to changing requirements, which is part of the four priority areas of its 2024 sustainability strategy.

Strategy

As a financial institution, the Group recognises that supporting the transition to a decarbonised society also represents new business opportunities. Therefore, the Group recently announced the increase of its sustainable finance target of providing a cumulative 100 trillion Japanese Yen by 2030 (previously 35 trillion Japanese Yen). The Group promotes renewable energy through project finance, issues green bonds (which ensure that the net proceeds are allocated to eligible green projects), and provides commodities and services aimed at mitigating environmental loads. By doing so, the Group supports in part the transition to a decarbonised society. Further, the Group has declared in its Carbon Neutrality Declaration that it intends to achieve net-zero greenhouse gas emissions in its financed portfolio by 2050, which is also a commitment the Group makes as an NZBA member.

In line with the Group's global framework on ESG, the Bank continuously adjusts its ESG Policy. The Bank's ESG Policy and its strategy are fully aligned with the global targets and developments around net-zero emissions. Further, the Bank has set four strategic priority areas for sustainability for the upcoming financial year:

- Strengthen the Bank's ESG governance
- Fulfil the ESG regulatory mandate
- Implement the ESG client strategy (as mostly derived from the overall Group strategy), including embedding the transition plan
- Sustainable business operations & employee engagement

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EU Taxonomy

Scope

The EU Taxonomy is a regulation published by the European Commission (EC) in the Official Journal of the European Union (Regulation (EU) 2020/852) and established as part of the European Green Deal. It serves as a common classification system for what is considered an environmentally sustainable activity.

To this end, the EU Taxonomy introduces six environmental goals:

- Climate change mitigation ("CCM")
- Climate change adaptation ("CCA")
- Sustainable use and protection of water and marine resources ("WTR")
- Transition to a circular economy ("CE")
- Pollution prevention and control ("PPC")
- Protection and restoration of biodiversity and ecosystems ("BIO")

Under Article 8 of the EU Taxonomy, entities subject to the Non-Financial Reporting Directive ("NFRD entities")[2], are required to disclose their eligible and aligned economic activities. While an economic activity is eligible if it can potentially make a substantial contribution to one or more of the six environmental objectives, to be defined as taxonomy aligned an economic activity must:

- Substantially contribute to one of the six environmental objectives in compliance with the applicable Technical Screening Criteria (TSC) outlined in the Delegated acts.
- Do no significant harm to any of the other environmental objectives in compliance with the applicable Technical Screening Criteria (TSC) outlined in the Delegated acts.
- Comply with the minimum safeguards criteria.

Therefore, the fact that an economic activity is Taxonomy-eligible does not give any indication of the environmental performance and sustainability of that activity[3].

For the previous reporting years, disclosure obligations for financial entities were limited to Taxonomy-eligible ratio with regards to the first two objectives: Climate Change Mitigation and Climate Change Adaptation. This year, the scope is extended to include disclosures over Taxonomy-aligned ratio for these two objectives and Taxonomy-eligible ratio with regards to the remaining four environmental objectives.

The Bank is required to disclose the taxonomy-aligned ratio in the form of Green Asset Ratio ("GAR") reporting the proportion of assets related to taxonomy aligned activities (the numerator) as a share of the total covered assets (the denominator).

[2] Non-Financial reporting directive 2014/95 (NFRD) entities are defined as EU public-interest companies: listed European corporation with more than 500 employees, € 40 million turnover, € 20 million balance sheet value and financial market participants, offering financial products and services within the EU, including occupational pension providers.
[3] Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets (published 02-02-2022).

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Reporting Methodology

EU Taxonomy disclosures can be both of mandatory and voluntary nature. Mandatory disclosures include exposures to NFRD entities, households and local government financing. Exposure to entities not subject to NFRD (e.g. Small and medium-sized enterprises (SMEs)[2] and companies listed outside the EU) are considered voluntary. From FY23, the EU Taxonomy requires credit institutions to disclose GAR using the official templates published by the EC in the relative Delegated Acts[3]. The official templates focus strictly on mandatory disclosures. Therefore, for the purpose of computing the GAR, only exposure to mandatory disclosures can be included in the numerator[4]. For this reason, the Bank has decided to omit any voluntary disclosures at this stage.

Given the Bank's large involvement with clients headquartered and listed outside the EU, who are, thus, themselves not in scope of the EU Taxonomy and cannot be included in mandatory disclosures, the Bank's mandatory disclosures represent a relatively small part of the overall portfolio, approximately 15% of total covered assets.

The EU Taxonomy application outlines distinct approaches for general purpose lending, i.e. loans with unknown use of proceeds; and special purpose lending i.e. loans with known use of proceeds, such as specialised lending.

For general purpose lending, the assessment is performed on an entity level: the Bank determined its eligibility and alignment ratio relying on counterparties' disclosed ratios for their turnover and capital expenditure (CapEx). The Bank gathered this data from its counterparties' annual reports by desk research. Subsequently, the Bank multiplied these ratios with its exposures to the underlying counterparties.

In line with guidance provided by the EC, a look-through approach was applied with regards to exposures to multiple entities of the same group, where the group is an NFRD entity.

Thus, the EU Taxonomy ratios of the group/ultimate parent were applied in analogy to subsidiaries. In cases where subsidiaries published their own EU Taxonomy disclosures, the respective data has been used.

For special purpose lending, the Regulation requires to apply the TSC and Minimum Safeguard principles at activity level. Within the Bank, approximately 3.5% of its exposures to NFRD entities are to specialised lending products i.e. Project Finance, around ten loans. The Bank mapped the economic activity of each loan with the list of eligible activities included in the Delegated Acts: from this exercise one loan was deemed eligible under the EU Taxonomy . To assess this loan, the Bank applied the relevant TSC for Substantial Contribution and Do no significant harm and ensured compliance with Minimum Safeguard principle. Due to lack of data related to the client's activity the Bank was not able to complete the alignment assessment and deemed this transaction as not aligned.

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2 The category of micro, small and medium-sized enterprises (SMEs) comprises enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million as defined under EU recommendation 2003/361

3 Annex VI (Templates for the KPIs of Credit Institutions) in the Delegated Act ((EU) 2021/2178) and Annex III (Template for Nuclear Energy and Fossil gas-related activities) of the Complementary Climate Delegated Act ((EU) 2022/1214).

4 Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of the GAR (Delegated Regulation (EU) 2021/2178, p.37).

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Reported Figures

The ratios reported in the tables below represent a summary of the figures reported in the official mandatory templates developed by the European Commission. The figures reported under the EU Taxonomy are reconciled with financial reporting (FinRep) disclosures, the major difference is that the EU Taxonomy figures are reported in gross carrying amounts (amortised cost of a financial asset before adjusting for any loss allowance), while FinRep figures are reported in carrying amounts.

For full reporting templates see notes 1-11 and note 12 including disclosures related to Nuclear & Fossil Gas activities' exposure.

Summary of the Main Taxonomy Metrics - based on Turnover			
in millions of €s	Gross carrying amount	Of which taxonomy eligible assets	Of which taxonomy aligned assets
Financial corporations subject to NFRD	144.4	14.5	0.3
Non-financial corporations subject to NFRD	1,331.4	223.5	40.6
Households	0.0	0.0	0.0
Total Assets in the numerator and denominator of GAR	**1,475.8**	**238.0**	**41.0**
Financial and Non-financial corporations not subject to NFRD	7,773.2		
Derivatives	0.0		
On demand interbank loans	82.0		
Other assets	118.1		
Total Assets excluded from the numerator, covered in the denominator	**7,973.3**		
Total Assets in the denominator (GAR)	**9,449.1**	238.0	41.0
Green Asset Ratio (GAR)			**0.4%**

Summary of the Main Taxonomy Metrics - based on CapEx			
in millions of €s	Gross carrying amount	Of which taxonomy eligible assets	Of which taxonomy aligned assets
Financial corporations subject to NFRD	144.4	14.2	0.4
Non-financial corporations subject to NFRD	1,331.4	345.1	94.1
Households	0.0	0.0	0.0
Total Assets in the numerator and denominator of GAR	**1,475.8**	**359.3**	**94.5**
Financial and Non-financial corporations not subject to NFRD	7,773.2		
Derivatives	0.0		
On demand interbank loans	82.0		
Other assets	118.1		
Total Assets excluded from the numerator, covered in the denominator	**7,973.3**		
Total Assets in the denominator (GAR)	**9,449.1**	359.3	94.5
Green Asset Ratio (GAR)			**1.0%**

The Bank's percentage of aligned activities is 0.4% and 1% based on Turnover and CapEx respectively. These ratios are reflective of the composition of the Bank's portfolio, its asset classes and its large exposure to clients listed outside the EU. All aforementioned factors reduce the number of assets in scope of mandatory disclosures hence, limiting the GAR reported by the Bank.

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Limitations and future considerations
While the EU Taxonomy introduces a common classification system for environmentally sustainable economic activities in the EU, its application scope is limited to specific sectors and NFRD entities. The Bank's exposures to NFRD entities accounts for approximately 15% of the total covered assets. This is due to the Bank's large exposures to clients not in scope of the Taxonomy mandatory disclosures which therefore, do not count towards the GAR percentage.

The Group has set its own targets and recently increased its commitment to contribute to a more sustainable future supporting its clients in their transition with concrete sustainability and ESG-linked products that the Bank finances which are described under section "Sustainable Finance" and differ in scope from the EU Taxonomy. Hence, while the green asset ratio (GAR) is considered an integral part of the EU regulatory and reporting framework for ESG towards a more sustainable future, the Bank's sustainable finance efforts should be considered more widely as part of the Group's global ESG efforts and contributions to a more sustainable tomorrow. The Bank will continue to engage with clients and other stakeholders to promote transparency in a manner aligned with the Taxonomy, other regulatory disclosure requirements and public expectations. The Bank is committed to continue to promote sustainability, human rights and environmental awareness among our clients, suppliers and other stakeholders, where it reasonable can.

Regulations and interpretations of the EU Taxonomy are still evolving, as additional guidance is published every year clarifying the reporting obligations. The Bank has done its best to incorporate, in its reporting methodology, the guidance published by the European Commission in December 2023 and will continue to implement this and future requirements in the coming reporting years. In addition, limitations on data availability and quality as well as discrepancies in reporting methodologies hindered the Bank's assessment on EU Taxonomy. The Bank is aware that its EU Taxonomy-related disclosures will need further enhancements in the future, once more data is available, as the scope expands to include all entities falling under the CSRD obligation. To this end, the bank will revise its reporting methodology annually.

Sustainable Finance

Credit facilities linked to sustainability
In recent years the Bank has fulfilled various roles in credit facilities linked to sustainability. The Bank could have acted amongst others, as a sustainability coordinator, arranger, coordinator and agent for these transactions.

In millions of €s	2024	2023
Total transactions	916	858
of which committed	874	468

For FY23, credit facilities linked to sustainability amounted to a total of € 916 million (of which € 874 million are committed).[2] In line with the Group's recently revised ambition of achieving 100 Trillion Yen in sustainable financing by 2030, the overall MUFG contribution to sustainable financing is expected to increase in subsequent years.[3]

Internal Efforts

The Bank recognises the importance of internal efforts to contribute to a carbon-neutral and more sustainable society – together with our employees. The Bank is fully connected on global initiatives in that respect. The first MUFG EMEA sustainability month took place in April 2021 with various events, including internal and external stakeholders, for EMEA employees to become engaged on sustainability matters, which was repeated in April 2022 and April 2023. Additional initiatives and events were organised to this end, see the Corporate Social Responsibility section for a full list.

Further, in line with the Group's global commitment to reach net-zero in financed portfolios by 2050 and own emissions by 2030, the Bank has made further efforts to achieve this goal and help contribute the global one. The steps that are either taken or will be taken are:

- In all the Bank's office locations, where the Bank controls the electricity provider, the Bank has achieved to obtain electricity from 100% renewable energy by the end of the reporting period.[4]
- Switching to electric vehicles ("EVs") for company cars by 2030.

[2] Where in line with Group definitions, these transactions are also counted towards the Group's internal sustainable financing target. These transactions related to sustainable financing follow an internal MUFG definition and the Bank makes no claims about the EU Taxonomy-alignment of these transactions.
[3] Learn more on the Bank's efforts to promote sustainable finance: www.mufg.jp/english/csr/sustainable/finance/index.html

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Item (measured in tonnes)	2024	2023	2022
Electricity consumption - Scope 2 (Location based)	191	195	212
Electricity consumption - Scope 2 (Market based)	0	-	-
Mobile combustion	23	15	19
Total	214	210	231

The Bank has measured and aggregated GHG emissions, which totalled to 214tCO2e as of 31 March 2024 (2023: 211tCO2e).

Location-Based Method: This method calculates our Scope 2 emissions Electricity consumption based on the average emissions intensity of the grids in the regions where our energy consumption occurs. This approach provides insight into the environmental impact associated with the general energy mix of the local grids.

Market-Based Method: This method reflects the emissions from the energy we contractually purchase, including renewable energy certificates (RECs) and power purchase agreements (PPAs). It highlights our efforts to procure and promote the use of renewable energy sources.

By reporting both location-based and market-based Scope 2 emissions, we aim to provide a comprehensive and transparent view of our indirect emissions from electricity consumption. This dual reporting approach aligns with the GHG Protocol and ensures consistency with international best practices, enhancing the credibility and completeness of the Bank's electricity consumption

Corporate Sustainability Reporting Directive

Background

The Bank currently reports under the Non-Financial Reporting Directive ("NFRD") reporting requirements that were adopted in 2014 by the European Union.

In June of 2023, the European Commission adopted a new set of Sector agnostic reporting standards under the Corporate Sustainability Reporting Directive ("CSRD"), which came into effect on 1st January 2024 effectively replacing NFRD. The Bank will have to report for the first time in accordance with the CSRD over financial year 2024 for the report published in 2025. CSRD is a legal EU framework that requires the issuance of a sustainability statement aligned with CSRD as part of the Annual report. In July 2023, the European Commission adopted the delegated act of the European Sustainability reporting standards ("ESRS"). There are two categories of ESRS as listed and illustrated below:

ESRS	Explanation	Standard
Cross Cutting standards	The cross-cutting standards are used to define the general requirements that apply to all the topics subject to the CSRD	ESRS 1 General requirements ESRS 2 General disclosures
Topical Standards	The topical standards provide requirements for the environmental, social and governance aspects of the CSRD	Environmental • E1 Climate Change • E2 Pollution • E3 Water and Marine resources • E4 Biodiversity and ecosystems • E5 Resource use and Circular economy
		Social • S1 Own workforce • S2 Workers in value chain • S3 Affected Communities • S4 Consumers and End users
		Governance • G1 Business conduct

[4] This includes the following Bank office locations: The Netherlands, Belgium, Austria, Germany and Spain.

Sustainability

The Bank's Double Materiality Assessment
One of the key starting points of CSRD is the double materiality assessment ("DMA") that sets the scope of reporting requirements for an entity subject to CSRD. Which for the Bank was performed on a statutory level. A sustainability matter is considered material when it meets criteria for impact materiality and/or financial materiality. The impact materiality pertains to the impact that the Bank has on the environment and people (inside-out). The financial materiality pertains to sustainability matters that financially impact the Bank (outside-in). A DMA is performed to identify material impacts, risks and opportunities ("IRO") across its value chain. A sustainability matter meets the criterion of double materiality whether it is material from the impact perspective or the financial perspective or both.

General approach and setup
To identify and assess material sustainability matters, the Bank started by creating a detailed overview of the Bank's business and activities (value chain). Then the Bank identified key stakeholders to be involved in the DMA process and validation. To conduct DMA analysis with the key stakeholders and across the identified value chain, the Bank used the sub-topics in Appendix A of ESRS 1 as the starting point for its assessment and added or renamed sub-topics if the existing list did not fit terminology used within the Bank. The stakeholders assessed the long list of sub-topics on impact and financial materiality with defined scoring and threshold to come to the DMA outcome. Each step of the DMA was discussed and aligned in the Design Authority.

The final DMA outcome was then discussed and approved by the Bank's ESG committee. The Bank also discussed the outcome and process of the DMA with its internal and external auditors to ensure proactive engagement.

Value chain
The value chain of the Bank can be broadly broken down into upstream, downstream and own operations as defined below.

- Upstream: The upstream value chain for the Bank includes the entities that provide resources, products or services to the Bank, enabling it to operate and deliver its products and services.
- Downstream: the downstream value chain consists of entities that received products and services from the Bank, including clients, subsidiaries and other banks as well as entities affected by the Bank's CSR initiatives.
- Own operations: Own activities of the Bank include its facilities and human resources across the Bank's different geographic locations.

Stakeholder identification
CSRD ESRS lists below three main groups of stakeholders:

1. Affected stakeholders: individuals or groups whose interests are affected or could be affected-positively or negatively by the Bank's activities and its direct and indirect business relationships across the value chain such as employees and other workers, suppliers, consumers, customers, end- users, local communities and persons in vulnerable situations. The extent of the value chain was decided based on the type of stakeholder. The identification was done through expert sessions conducted within the Bank.
2. Users of sustainability statements: primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements, including the undertaking's business partners, trade unions and social partners, civil society and non-governmental organisations, governments, analysts and academics.
3. Nature was considered as a silent stakeholder.

Having assessed the above requirements from CSRD, the pre-identified stakeholder group for the Bank were:

External stakeholders:

- Deposit customers, syndication lead banks
- Customers of customers
- Corporate banking clients (Japan-based and global)
- Other banks
- Regulators/Standard-setting bodies
- Rating agencies (Credit and ESG)
- Shareholders of MUFG
- Suppliers
- Nature and Climate as silent stakeholder
- Outsourced third parties

Sustainability

Internal stakeholders:

- Own employees
- MUFG Group
- MUFG EMEA
- Subsidiary (MUFG Funding (UK) Ltd)
- MUFG Securities (Europe) NV ("MUS(EU)")

The pre-identification of stakeholders was guided by a common understanding of the details of the Bank's business model (e.g. business functions, suppliers, partners, local communities and NGOs) created through desktop research. The stakeholders were included in the pre-identified list depending on their relevance to the Bank's business model and their potential to be affected by or affect the Bank's business activities.

Since this was the first year for the Bank to conduct a DMA, we have analysed and collected feedback from various stakeholders for enhancing the DMA process further and will ensure to evaluate, assess and benchmark the Bank's DMA approach. The Bank used certain internal stakeholders (such as front office) as proxy for external stakeholders (corporate banking clients) for this DMA.

The Bank conducted a workshop with internally identified subject matter experts, having ranked the stakeholder influence on the company and the impact of the bank on stakeholders, where the cut off score was kept to 5 to draw up a list of key stakeholders

- Corporate Banking Clients (Japanese-based and global)
- Out-sourced third parties
- Suppliers
- Nature and Climate as silent stakeholder
- Employees
- MUFG EMEA Office
- MUS(EU)
- Subsidiary (MUFG Funding (UK) Ltd)

Identification of the Longlist/Shortlist material topics
A longlist of potential material topics (on sub-topic level) was drawn-up to understand which sustainability matters could potentially be material and to identify the most relevant value chain steps per sustainability topic. These topics on the long list were assessed. Many topics were mapped to the CSRD ESRS Annex 1 topics while some were not deemed material based on analysis. Therefore, the list of sustainability matters as per the CSRD ESRS Annex 1 was deemed sufficient for the short list for the DMA.

Entity specific topics which were considered material across the topical standards:

Risk management
During the desk research, one of the outcomes was that risk management is included as an overarching material topic within several potential material topics assessments. Based on professional judgement and external consultation, the Bank has determined that risk management will not be included in the shortlist of potential material topics. This decision is due to the comprehensive nature of risk management, which is addressed throughout and will be specifically addressed within each material topic in the sustainability reporting.

Data Security as part of the topic "Privacy"
Another topic which was included as an overarching material topic within several potential material topics assessments, was the topic “data security”. However, the topic “privacy” is considered as a holistic view on different matters such as data security and data privacy. From that standpoint, the Bank has included data security as part of the Privacy-topic. Data security should be viewed as a material topic which affects every material topic across the topical standards to ensure secure data management.

Workshop Sustainability topics longlist to shortlist
Thereafter, a workshop was organised to present, explain and discuss the longlist-to-shortlist with key stakeholders. During the workshop the longlist of potential material topics was discussed and for each potential material topic the decision was made whether the potential material topic would be relevant for the Bank and hence added to the shortlist of potential material topics. The decision was made through brainstorming and discussion sessions with internal and external subject matter experts. The outcome of the workshop and the feedback received was a shortlist of material topics, which was used in the development of actual and potential IROs to sustainability matters.

Sustainability

Determining materiality

The bank applies a 4-step approach to assess whether a sustainability matter is material:

1. Based on the short list, the Bank prepared a list of actual and potential IROs for assessment;
2. Define time [2]horizons;
3. Assess actual and potential positive and negative impact (impact materiality and risk and opportunity (financial materiality);
4. Determine material topics by applying thresholds

Based on the identified shortlist, the Bank prepared a list of actual and potential IROs to sustainability matters. The actual and potential impact of sustainability matters were discussed in pre-meetings with a smaller group of the Bank and MUFG EMEA representatives to obtain initial feedback, which was incorporated with the scoring sheet per topical standard.

Subsequently, for each topical standard a workshop was organised with stakeholders/SMEs to discuss the actual and potential impact of sustainability matters and for scoring and substantiation, which means both the impact materiality and the financial materiality were covered during the topical standard workshops. In case of a potential human rights impact, the severity of the impact took precedence over its likelihood. This was captured in the overall impact materiality score by considering only the severity score (scale, scope and irremediable character) and leaving out the likelihood score from assessment. In terms of Financial Materiality, the mechanism used to determine the appropriate scores was SME-based and the Bank did not take the quantitative considerations into account.

After the workshop the representatives were provided scoring sheets for each sustainability matter and score of the topic. The outcome of the workshops and the feedback received was used for substantiation of all sustainability matters. It is important to note that, given their expertise, selected representatives provided scoring for specific topics. A topic was considered 'material' if its materiality threshold is 3 or over (including 2.75 rounded up).

DMA outcome

The below table provides an overview of the topics that were deemed material from the DMA linked to their materiality type and impact type. These topics were found material for the Bank specific assessment.

Materiality Type	Impact Type	Topic
Impact Materiality	Positive	Climate Change
		Own Workforce
		Business Conduct
	Negative	Climate Change
		Water and marine resources
		Biodiversity and ecosystems
		Own workforce
		Workers in the value chain
Financial Materiality	Opportunities	Climate Change
		Own Workforce
		Business Conduct
	Risk	Climate Change

Looking forward

In FY24, the Bank shall devote efforts towards the implementation of and subsequent disclosure on impacts, risks and opportunities requirements stemming from the ESRSs that were identified through the DMA process. The same applies to the Bank's material topics with regard to policies or commitments, actions taken, procedures and indicators. Based on insights from our DMA, the Bank is developing and improving policies, procedures, action plans and metrics and targets for the purpose of reporting and to provide stakeholders with relevant insights. Where applicable action plans are drafted to manage the significant efforts required for the Bank to be compliant with and to disclose on the CSRD.

[2] Time horizon: short term less than 1 year, medium term: 1-5 years and long term more than 5 years.

Sustainability

Corporate Social Responsibility

In FY23, the Bank organised seven CSR events, promoting sustainable practices and making a positive impact on the environment. Many colleagues volunteered, helped local communities and improved the local environment.

Earth Day: 20 April
Volunteers helped to maintain and prepare the farm Stadsboerderij Osdorp for the new season. This farm is a green experiment that welcomes anyone who wants to contribute. Volunteers worked in the vegetable garden and also provided necessary space for different group activities, including cooking workshops, community development and more.

Street litter clean-up: 23 June
Working together with local residents of Osdorp, volunteers rolled up their sleeves for a cleaner neighbourhood, collecting street litter. Besides the immediate impact toward tidier streets and pavements, the activity helped raise awareness of the impact of street litter on nature, animals and humans.

Fitprint for Good - Canal Clean Up: 27 June.
Volunteers armed with fishing nets and garbage bags, ventured out to make the city's iconic canals cleaner and safer for everyone. They retrieved two full bags of litter which were recycled into decorative items.

MUFG Season of Giving - Social Clean-up: 14 October
This event aimed to fight climate change and create positive community impact. Volunteers helped in Koffiehuis Amsterdam to provide support for the underprivileged. Tasks included organising the pantry and helping the sweeping team on the street to pick up litter.

Clean up Bingo: 1 December
Bank volunteers met at Stadsboerderij het Brinkie to achieve a cleaner society. They joined forces and collected sixty three kilos of waste within four hours.

Winter Fair: 14-15 December
Forty volunteers of the Bank participated in Winter Fair, an event where the Bank welcomed more than two hundred senior citizens. The volunteers helped them enjoy this festive season by helping out on the stalls, making decorations and leading activities.

Power up to work with newcomers: 15 February
Bank volunteers used their skills to help immigrants and foreign refugees improve their Dutch language skills and create a curriculum vitae. This initiative aimed to fight inequality, and addressed the difficulties of being in a new place.

Through these initiatives, the Bank supports the community by:

- Recognising the needs of underprivileged people, helping to maintain the well-being of local citizens.
- Encouraging community engagement and collaboration in creating a cleaner and more sustainable environment.
- Building trust and enhancing our reputation as a responsible corporate citizen that cares about the environment and local communities.

The Bank's CSR activities were successful in making a positive impact on the environment and local communities. We are committed to empowering a more sustainable future.

Human rights

The MUFG Way, which guides all of the Bank's activities, defines the meaning of the Bank's existence to be committed to empowering a brighter future. Under this motto, we are committed to protecting the diverse human rights of all stakeholders, including society and our customers. For the Group, the Sustainability Committee discusses measures and action points concerning the respect for human rights based on the MUFG Human Rights Policy. The MUFG Human Rights Policy is determined by the Group's Board of Directors. As such, the Group also publishes a Human Rights Report. The MUFG Code of Conduct, which also applies to the Bank specifies, in particular, the essence of an inclusive and respectful working environment, respecting human rights and diversity of all MUFG colleagues. Further, the Group established the MUFG Environmental and Social Policy Framework as the basis for the management of environmental and social issues, including human rights issues, in our financing. As such, MUFG assures respect for human rights by conducting the due diligence prescribed in the Policy Framework as necessary when making credit decisions. This Group framework that is applied by all MUFG's core subsidiaries; MUFG Bank, Mitsubishi UFJ Trust and Banking, and MUFG UFJ Securities Holdings, has also been adopted by the Bank.

Financial Crimes Compliance

The Bank understands its role as a gatekeeper to help protect the wider financial system against financial crime risks. A comprehensive Financial Crime Compliance Programme ("FCC") established as part of the Global MUFG Framework covers money laundering, financing terrorism, violating sanctions, and anti-bribery and corruption. Abiding by and consistent with laws, rules, and regulations applicable to the jurisdictions in which the Bank operates, the Bank looks to constantly improve internal policies, processes and controls to comply with regulations and minimise risk for the Bank and its stakeholders. The bank also maintains a strong framework of internal controls, including regular risk assessments as part of internal risk assessment programmes and Systematic Integrity Risk Analysis (SIRA).

Financial Crimes Compliance Policy Framework

As a wholly owned subsidiary of MUFG, the Bank adopts MUFG's Global Financial Crimes Compliance ("GFCD") Policies and Standards ("GFCD Policies and Standards") which have been defined based on international laws, regulations and best practices. Also, where appropriate the Bank incorporated additional requirements for the EU and Dutch market as well as the other EU countries in which the Bank maintains a presence. Four key pillars of the framework, with additional procedures, operating manuals and standards, include: Financial Crimes Compliance Policy, Anti-Money Laundering Policy, Sanctions Policy and Anti-Bribery and Corruption Policy. The Bank has also established a comprehensive training programme to ensure staff remain aware of financial crime risks and integrity risks, given changing international rules & regulations and external risk environment.

Due Diligence

The Bank has implemented a robust framework for due diligence (and enhanced due diligence for high-risk counterparties) of its clients and third parties to minimise the risk of being involved in financial crime activities. The framework includes ongoing monitoring of clients' activities and reporting suspicious or unusual transactions to the relevant authorities. Unacceptable risks may lead to a prospective client or third party being rejected or – in the case of existing clients – to an 'exit' from the bank.

Anti-Bribery and Corruption

The Bank is committed to keeping abreast of developments in laws and regulations of the jurisdictions in which it operates, including ABC, as well as paying attention to trends in financial crimes. The Bank maintains the Anti-Bribery and Corruption Policy, which is applicable to all its branches, consistent with the Bank's zero-tolerance approach to bribery, as established in the Principles of Ethics and Conduct. This Policy is designed to promote a corporate culture of ethical business practices and compliance with the letter and spirit of all applicable ABC laws, which are broad and prohibit offering, giving, soliciting or receiving, directly or indirectly, anything of value to or from any public official or private party in exchange for an improper business benefit or advantage.

Client tax integrity

Client tax integrity has become a more prominent topic in recent years. The Bank embedded in its due diligence processes an assessment of clients' tax integrity. These standards are based on the Dutch Central Bank expectations and global MUFG requirements.

Ukraine – Russia conflict

The Ukraine – Russia conflict is evolving continuously, with new developments taking place on a regular basis. The risk in the Bank's portfolio is actively managed. The MB is committed to maintaining a sound level of operations to support clients and managing the bank's daily processes and risks, while protecting the soundness of the Bank's capital and liquidity position. At the same time, the Bank is closely monitoring the developments of the sanctions policies imposed on Russia and Belarus from various jurisdictions and regulatory bodies. Consequently, the Bank has had to manage complex sanctions packages issued at a rapid frequency assuring compliancy throughout.

Internal Audit

The Internal Audit function forms an essential part of the control mechanism of the Bank. Internal Audit is independently positioned, reporting directly to the chairperson of the Audit, Compliance and Risk Committee and hierarchically to the CEO of the Bank.

In accordance with the Internal Audit Charter, the mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Once a year, the Chief Auditor initiates a meeting with DNB, as an opportunity to exchange views on relevant risks, assurance and supervision priorities. In addition, Internal Audit meets at least quarterly with the external auditor to share views on relevant developments and significant outcomes of respective assurance activities.

Internal Audit also contributes to, and benefits from, a group-wide strategic programme called Global Audit Transformation.

By enhancing the collaboration across the third line and operating a more consistent Internal Audit function across all parts of MUFG worldwide, Internal Audit can provide group-wide assurance more effectively and leverage subject matter expertise, global tools and practices.

In FY23, Internal Audit completed 32 individual engagements, including 16 EMEA-wide engagements where the Bank was in scope. This is higher than the previous year (23) and a reflection of the increased EMEA-wide collaboration, with more processes and controls operated centrally in London. Internal Audit actively seeks to influence the organisation towards a mature risk culture, where risks and control issues are promptly identified, reported and remediated through a management self-identified issues framework, which should help to reduce the reliance on third line assurance work.

The internal audit assurance activity covers processes and controls which support the Finance division, ultimately to help safeguard the accuracy of the Bank's financial statements and financial reporting.

Proposed profit appropriation

Proposed profit appropriation

At 31 March 2024, the Bank has made a net profit of € 191,530 (2023: € 100,447). There is no proposed dividend payment for this period. Net profit will be added to the reserves for the current year, to strengthen the capital base, increase resilience of the Bank and support future growth opportunities.

Gratitude

We wish to express our sincere gratitude to our employees, clients, business partners and our parent bank, MUFG Bank Ltd, for their continued support during FY23.

The MB declares to the best of its knowledge, that the annual report including the financial statements, provides a true and fair view of the assets and liabilities of the Bank, its financial position, net profit and the material risks to which the Bank was exposed.

Amsterdam,

18 July 2024

H.D.L. Bots

H. Okamoto

M.A.B. Selles

R.M. Elkenbracht-Huizing

Notes to the EU Taxonomy Reporting Disclosure

This section contains the mandatory templates applicable to the EU Taxonomy disclosures and published in Annex VI of Commission Delegated Regulation (EU) 2021/2178. In the templates, a blank cell implies the Bank has no exposures to that asset, while 0 indicates no eligible and/or aligned assets.

Due to format limitations the following abbreviations are included in the tables below:

- Of which Use of Proceeds ("UoP")
- Of which Transitional ("T")
- Of which Enabling ("E")

1. Summary of KPIs to be disclosed by credit institutions under article 8 Taxonomy Regulation

	in millions of €s	Total environmentally sustainable assets (Turnover)	Total environmentally sustainable assets (CapEx)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	41.0	94.5	0.4%	1.0%	77.7%	65.6%	22.3%
	in millions of €s	Total environmentally sustainable assets (Turnover)	Total environmentally sustainable assets (CapEx)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	10.2	27.2	0.4%	1.1%			
	Trading book**							
	Financial guarantees	67.8	75.1	3.5%	3.9%			
	Assets under management							
	Fees and commissions income**							

** Fees and commissions and Trading Book KPIs shall only apply starting 2026.

*** % of assets covered by the KPI over the Banks´ total assets.

**** Based on the Turnover KPI of the counterparty.

***** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

Notes to the EU Taxonomy Reporting Disclosure

2. Assets for the calculation of GAR based on Turnover

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,475.8	227.7	40.9	0.0	0.3	10.0	10.3	0.0	0.0	0.0	238.0	41.0	0.0	0.3	10.0
2	Financial undertakings	144.4	14.3	0.3	0.0	0.1	0.1	0.2	0.0	0.0	0.0	14.5	0.3	0.0	0.1	0.1
3	Credit institutions	41.9	13.0	0.3	0.0	0.1	0.1	0.2	0.0	0.0	0.0	13.2	0.3	0.0	0.1	0.1
4	Loans and advances	41.9	13.0	0.3	0.0	0.1	0.1	0.2	0.0	0.0	0.0	13.2	0.3	0.0	0.1	0.1
5	Debt securities, including UoP															
6	Equity instruments															
7	Other financial corporations	102.5	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	0.0	0.0	0.0
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															
17	Loans and advances															
18	Debt securities, including UoP															
19	Equity instruments															
20	Non-financial undertakings	1,331.4	213.4	40.6	0.0	0.2	9.9	10.1	0.0	0.0	0.0	223.5	40.6	0.0	0.2	9.9
21	Loans and advances	1,331.4	213.4	40.6	0.0	0.2	9.9	10.1	0.0	0.0	0.0	223.5	40.6	0.0	0.2	9.9
22	Debt securities, including UoP															
23	Equity instruments															

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
24	Households	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	of which loans collateralised by residential immovable property															
26	of which building renovation loans															
27	of which motor vehicle loans															
28	Local governments financing															
29	Housing financing															
30	Other local government financing															
31	Collateral obtained by taking possession: residential and commercial immovable properties															
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,973.3														
33	Financial and Non-financial undertakings	7,773.2														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,117.3														
35	Loans and advances															
36	of which loans collateralised by commercial immovable property															
37	of which building renovation loans															
38	Debt securities															
39	Equity instruments															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,655.9														
41	Loans and advances															
42	Debt securities															
43	Equity instruments															

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
44	Derivatives	0.0														
45	On demand interbank loans	82.0														
46	Cash and cash-related assets															
47	Other categories of assets (e.g. Goodwill, commodities etc.)	118.1														
48	Total GAR assets	9,449.1	227.7	40.9	0.0	0.3	10.0	10.3	0.0	0.0	0.0	238.0	41.0	0.0	0.3	10.0
49	Assets not covered for GAR calculation	2,706.7														
50	Central governments and Supranational issuers															
51	Central banks exposure	2,622.3														
52	Trading book	84.4														
53	Total assets	12,155.8	227.7	40.9	0.0	0.3	10.0	10.3	0.0	0.0	0.0	238.0	41.0	0.0	0.3	10.0
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	331.0	69.5	67.8	0.0	0.1	36.9	0.0	0.0	0.0	0.0	69.5	67.8	0.0	0.1	36.9
55	Assets under management															
56	Of which debt securities															
57	Of which equity instruments															

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
			Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,475.8	0.0	8.1	0.0	0.0	8.1
2	Financial undertakings	144.4	0.0	0.0	0.0	0.0	0.0
3	Credit institutions	41.9	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	41.9	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	102.5	0.0	0.0	0.0	0.0	0.0
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	1,331.4	0.0	8.1	0.0	0.0	8.1
21	Loans and advances	1,331.4	0.0	8.1	0.0	0.0	8.1
22	Debt securities, including UoP						
23	Equity instruments						
24	Households	0.0	0.0	0.0	0.0	0.0	0.0
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	WTR Of which towards taxonomy relevant sectors (Taxonomy eligible)	CE Of which towards taxonomy relevant sectors (Taxonomy eligible)	PPC Of which towards taxonomy relevant sectors (Taxonomy eligible)	BIO Of which towards taxonomy relevant sectors (Taxonomy eligible)	Total (WTR + CE + PPC + BIO) Of which towards taxonomy relevant sectors (Taxonomy eligible)
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,973.3					
33	Financial and Non-financial undertakings	7,773.2					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,117.3					
35	Loans and advances						
36	of which loans collateralised by commercial immovable property						
37	of which building renovation loans						
38	Debt securities						
39	Equity instruments						
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,655.9					
41	Loans and advances						
42	Debt securities						
43	Equity instruments						
44	Derivatives	0.0					
45	On demand interbank loans	82.0					
46	Cash and cash-related assets						
47	Other categories of assets (e.g. Goodwill, commodities etc.)	118.1					
48	Total GAR assets	9,449.1	0.0	8.1	0.0	0.0	8.1
49	Assets not covered for GAR calculation	2,706.7					
50	Central governments and Supranational issuers						
51	Central banks exposure	2,622.3					
52	Trading book	84.4					
53	Total assets	12,155.8	0.0	8.1	0.0	0.0	8.1
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	331.0	0.5	1.7	0.1	0.0	2.2
55	Assets under management						
56	Of which debt securities						
57	Of which equity instruments						

Notes to the EU Taxonomy Reporting Disclosure

3. Assets for the calculation of GAR based on CapEx

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,475.8	335.9	94.5	0.0	0.2	34.7	23.5	0.0	0.0	0.0	359.3	94.5	0.0	0.2	34.7
2	Financial undertakings	144.4	14.0	0.4	0.0	0.1	0.1	0.2	0.0	0.0	0.0	14.2	0.4	0.0	0.1	0.1
3	Credit institutions	41.9	13.0	0.4	0.0	0.1	0.1	0.2	0.0	0.0	0.0	13.2	0.4	0.0	0.1	0.1
4	Loans and advances	41.9	13.0	0.4	0.0	0.1	0.1	0.2	0.0	0.0	0.0	13.2	0.4	0.0	0.1	0.1
5	Debt securities, including UoP															
6	Equity instruments															
7	Other financial corporations	102.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
8	of which investment firms															
9	Loans and advances															
10	Debt securities, including UoP															
11	Equity instruments															
12	of which management companies															
13	Loans and advances															
14	Debt securities, including UoP															
15	Equity instruments															
16	of which insurance undertakings															
17	Loans and advances															
18	Debt securities, including UoP															
19	Equity instruments															
20	Non-financial undertakings	1,331.4	321.8	94.1	0.0	0.1	34.6	23.3	0.0	0.0	0.0	345.1	94.1	0.0	0.1	34.6
21	Loans and advances	1,331.4	321.8	94.1	0.0	0.1	34.6	23.3	0.0	0.0	0.0	345.1	94.1	0.0	0.1	34.6
22	Debt securities, including UoP															
23	Equity instruments															

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
24	**Households**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	of which loans collateralised by residential immovable property															
26	of which building renovation loans															
27	of which motor vehicle loans															
28	**Local governments financing**															
29	Housing financing															
30	Other local government financing															
31	**Collateral obtained by taking possession: residential and commercial immovable properties**															
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	7,973.3														
33	**Financial and Non-financial undertakings**	7,773.2														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,117.3														
35	Loans and advances															
36	of which loans collateralised by commercial immovable property															
37	of which building renovation loans															
38	Debt securities															
39	Equity instruments															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,655.9														
41	Loans and advances															
42	Debt securities															
43	Equity instruments															

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					UoP	T	E			UoP	E			UoP	T	E
44	Derivatives															
45	On demand interbank loans	82.0														
46	Cash and cash-related assets															
47	Other categories of assets (e.g. Goodwill, commodities etc.)	118.1														
48	Total GAR assets	9,449.1	335.9	94.5	0.0	0.2	34.7	23.5	0.0	0.0	0.0	359.3	94.5	0.0	0.2	34.7
49	Assets not covered for GAR calculation	2,706.7														
50	Central governments and Supranational issuers															
51	Central banks exposure	2,622.3														
52	Trading book	84.4														
53	Total assets	12,155.8	335.9	94.5	0.0	0.2	34.7	23.5	0.0	0.0	0.0	359.3	94.5	0.0	0.2	34.7
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	331.0	93.9	75.1	0.0	0.7	35.7	2.5	0.0	0.0	0.0	96.4	75.1	0.0	0.7	35.7
55	Assets under management															
56	Of which debt securities															
57	Of which equity instruments															

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
			Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)	Of which towards taxonomy relevant sectors (Taxonomy eligible)
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,475.8	0.0	13.7	0.0	0.0	13.7
2	Financial undertakings	144.4	0.0	2.9	0.0	0.0	2.9
3	Credit institutions	41.9	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	41.9	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	102.5	0.0	2.9	0.0	0.0	2.9
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	1,331.4	0.0	10.8	0.0	0.0	10.8
21	Loans and advances	1,331.4	0.0	10.8	0.0	0.0	10.8
22	Debt securities, including UoP						
23	Equity instruments						
24	Households	0.0	0.0	0.0	0.0	0.0	0.0
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						

Notes to the EU Taxonomy Reporting Disclosure

	in millions of €s	Total gross carrying amount	WTR Of which towards taxonomy relevant sectors (Taxonomy eligible)	CE Of which towards taxonomy relevant sectors (Taxonomy eligible)	PPC Of which towards taxonomy relevant sectors (Taxonomy eligible)	BIO Of which towards taxonomy relevant sectors (Taxonomy eligible)	Total (WTR + CE + PPC + BIO) Of which towards taxonomy relevant sectors (Taxonomy eligible)
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	7,973.3					
33	Financial and Non-financial undertakings	7,773.2					
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,117.3					
35	Loans and advances						
36	of which loans collateralised by commercial immovable property						
37	of which building renovation loans						
38	Debt securities						
39	Equity instruments						
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,655.9					
41	Loans and advances						
42	Debt securities						
43	Equity instruments						
44	Derivatives	0.0					
45	On demand interbank loans	82.0					
46	Cash and cash-related assets						
47	Other categories of assets (e.g. Goodwill, commodities etc.)	118.1					
48	Total GAR assets	9,449.1	0.0	13.7	0.0	0.0	13.7
49	Assets not covered for GAR calculation	2,706.7					
50	Central governments and Supranational issuers						
51	Central banks exposure	2,622.3					
52	Trading book	84.4					
53	Total assets	12,155.8	0.0	13.7	0.0	0.0	13.7
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations						
54	Financial guarantees	331.0	0.0	0.1	0.1	0.0	0.2
55	Assets under management						
56	Of which debt securities						
57	Of which equity instruments						

Notes to the EU Taxonomy Reporting Disclosure

4. GAR - Sector information based on Turnover

Breakdown by sector - NACE 4 digits level	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn of €s	Of which env.* sustainable (CCM)	Mn of €s	Of which env.* sustainable (CCM)	Mn of €s	Of which env.* sustainable (CCA)	Mn of €s	Of which env.* sustainable (CCA)	Mn of €s	Of which env.* sustainable (CCM + CCA)	Mn of €s	Of which env.* sustainable (CCM + CCA)
10.81	54.4	2.4							54.4	2.4		
20.15	38.8	0.0							38.8	0.0		
28.91	81.6	0.0							81.6	0.0		
28.99	39.7	0.0							39.7	0.0		
29.3	9.9	8.6							9.9	8.6		
30.10	9.4	0.0							9.4	0.0		
35.1	53.1	6.7							53.1	6.7		
42.99	95.3	0.1							95.3	0.1		
52.29	124.5	0.0							124.5	0.0		
61	100.9	0.2							100.9	0.2		
61.1	17.4	3.3							17.4	3.3		
61.9	217.0	1.1							217.0	1.1		
68.31	102.4	12.6							102.4	12.6		
82.99	58.9	4.6			58.9	0.0			58.9	4.7		

* Environmentally

Notes to the EU Taxonomy Reporting Disclosure

5. GAR - Sector information based on CapEx

Breakdown by sector - NACE 4 digits level	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mn of €s	Of which env.* sustainable (CCM)	Mn EUR	Of which env.* sustainable (CCM)	Mn of €s	Of which env.* sustainable (CCA)	Mn of €s	Of which env.* sustainable (CCA)	Mn of €s	Of which env.* sustainable (CCM + CCA)	Mn of €s	Of which env.* sustainable (CCM + CCA)
10.81	54.4	19.0							54.4	19.0		
20.15	38.8	0.0							38.8	0.0		
28.91	81.6	0.0							81.6	0.0		
28.99	39.7	0.0							39.7	0.0		
29.30	9.9	8.7							9.9	8.7		
30.1	9.4	0.0							9.4	0.0		
35.10	53.1	6.9							53.1	6.9		
42.99	95.3	0.0							95.3	0.0		
46.75	16.6	0.0							16.6	0.0		
52.29	124.5	6.4							124.5	6.4		
61	100.9	0.0							100.9	0.0		
61.1	17.4	12.4							17.4	12.4		
61.9	217.0	26.7							217.0	26.7		
68.31	102.4	10.1							102.4	10.1		
82.99	58.9	3.8							58.9	3.8		

* Environmentally

Notes to the EU Taxonomy Reporting Disclosure

6. GAR - KPI Stock based on Turnover

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.4%	0.4%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	2.5%	0.4%	0.0%	0.0%	0.1%
2	Financial undertakings	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP														
6	Equity instruments														
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including UoP														
15	Equity instruments														
16	of which insurance undertakings														
17	Loans and advances														
18	Debt securities, including UoP														
19	Equity instruments														

Notes to the EU Taxonomy Reporting Disclosure

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
20	**Non-financial undertakings**	2.3%	0.4%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	2.4%	0.4%	0.0%	0.0%	0.1%
21	Loans and advances	2.3%	0.4%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	2.4%	0.4%	0.0%	0.0%	0.1%
22	Debt securities, including UoP														
23	Equity instruments														
24	**Households**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property														
26	of which building renovation loans														
27	of which motor vehicle loans														
28	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing														
30	Other local government financing														
31	**Collateral obtained by taking possession: residential and commercial immovable properties**														
32	**Total GAR assets**	2.4%	0.4%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	2.5%	0.4%	0.0%	0.0%	0.1%

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

% (compared to total covered assets in the denominator)		WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0%	0.1%	0.0%	0.0%	0.1%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	Non-financial undertakings	0.0%	0.1%	0.0%	0.0%	0.1%
21	Loans and advances	0.0%	0.1%	0.0%	0.0%	0.1%
22	Debt securities, including UoP					
23	Equity instruments					
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing					
30	Other local government financing					
31	Collateral obtained by taking possession: residential and commercial immovable properties					
32	Total GAR assets	0.0%	0.1%	0.0%	0.0%	0.1%

Notes to the EU Taxonomy Reporting Disclosure

7. GAR - KPI Stock based on CapEx

% (compared to total covered assets in the denominator)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3.6%	1.0%	0.0%	0.0%	0.4%	0.2%	0.0%	0.0%	0.0%	3.8%	1.0%	0.0%	0.0%	0.4%
2	Financial undertakings	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP														
6	Equity instruments														
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including UoP														
15	Equity instruments														
16	of which insurance undertakings														
17	Loans and advances														
18	Debt securities, including UoP														
19	Equity instruments														

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

% (compared to total covered assets in the denominator)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
20	Non-financial undertakings	3.4%	1.0%	0.0%	0.0%	0.4%	0.2%	0.0%	0.0%	0.0%	3.7%	1.0%	0.0%	0.0%	0.4%
21	Loans and advances	3.4%	1.0%	0.0%	0.0%	0.4%	0.2%	0.0%	0.0%	0.0%	3.7%	1.0%	0.0%	0.0%	0.4%
22	Debt securities, including UoP														
23	Equity instruments														
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property														
26	of which building renovation loans														
27	of which motor vehicle loans														
28	Local governments financing														
29	Housing financing														
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total GAR assets	3.6%	1.0%	0.0%	0.0%	0.4%	0.2%	0.0%	0.0%	0.0%	3.8%	1.0%	0.0%	0.0%	0.4%

Notes to the EU Taxonomy Reporting Disclosure

	% (compared to total covered assets in the denominator)	WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0%	0.1%	0.0%	0.0%	0.1%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	Non-financial undertakings	0.0%	0.1%	0.0%	0.0%	0.1%
21	Loans and advances	0.0%	0.1%	0.0%	0.0%	0.1%
22	Debt securities, including UoP					
23	Equity instruments					
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	Local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%
29	Housing financing					
30	Other local government financing					
31	Collateral obtained by taking possession: residential and commercial immovable properties					
32	Total GAR assets	0.0%	0.1%	0.0%	0.0%	0.1%

Report of the Management Board

Notes to the EU Taxonomy Reporting Disclosure

8. GAR - KPI Flow based on Turnover

	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.3%	0.4%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	2.7%	0.4%	0.0%	0.0%	0.2%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP														
6	Equity instruments														
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including UoP														
15	Equity instruments														
16	of which insurance undertakings														
17	Loans and advances														
18	Debt securities, including UoP														
19	Equity instruments														

Notes to the EU Taxonomy Reporting Disclosure

	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
20	Non-financial undertakings	2.3%	0.4%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	2.7%	0.4%	0.0%	0.0%	0.2%
21	Loans and advances	2.3%	0.4%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	2.7%	0.4%	0.0%	0.0%	0.2%
22	Debt securities, including UoP														
23	Equity instruments														
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property														
26	of which building renovation loans														
27	of which motor vehicle loans														
28	Local governments financing														
29	Housing financing														
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total GAR assets	2.3%	0.4%	0.0%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	2.7%	0.4%	0.0%	0.0%	0.2%

Notes to the EU Taxonomy Reporting Disclosure

	% (compared to flow of total eligible assets)	WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0%	0.0%	0.0%	0.0%	0.0%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	Non-financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP					
23	Equity instruments					
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	Local governments financing					
29	Housing financing					
30	Other local government financing					
31	Collateral obtained by taking possession: residential and commercial immovable properties					
32	Total GAR assets	0.0%	0.0%	0.0%	0.0%	0.0%

Notes to the EU Taxonomy Reporting Disclosure

9. GAR - KPI Flow based on CapEx

% (compared to flow of total eligible assets)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.1%	1.1%	0.0%	0.0%	0.2%	0.7%	0.0%	0.0%	0.0%	4.9%	1.1%	0.0%	0.0%	0.2%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP														
6	Equity instruments														
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including UoP														
15	Equity instruments														
16	of which insurance undertakings														
17	Loans and advances														
18	Debt securities, including UoP														
19	Equity instruments														

Notes to the EU Taxonomy Reporting Disclosure

% (compared to flow of total eligible assets)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				UoP	T	E			UoP	E			UoP	T	E
20	Non-financial undertakings	4.1%	1.1%	0.0%	0.0%	0.2%	0.7%	0.0%	0.0%	0.0%	4.9%	1.1%	0.0%	0.0%	0.2%
21	Loans and advances	4.1%	1.1%	0.0%	0.0%	0.2%	0.7%	0.0%	0.0%	0.0%	4.9%	1.1%	0.0%	0.0%	0.2%
22	Debt securities, including UoP														
23	Equity instruments														
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property														
26	of which building renovation loans														
27	of which motor vehicle loans														
28	Local governments financing														
29	Housing financing														
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total GAR assets	4.1%	1.1%	0.0%	0.0%	0.2%	0.7%	0.0%	0.0%	0.0%	4.9%	1.1%	0.0%	0.0%	0.2%

Notes to the EU Taxonomy Reporting Disclosure

	% (compared to flow of total eligible assets)	WTR	CE	PPC	BIO	Total (WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.0%	0.1%	0.0%	0.0%	0.1%
2	Financial undertakings	0.0%	0.0%	0.0%	0.0%	0.0%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms					
9	Loans and advances					
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings					
17	Loans and advances					
18	Debt securities, including UoP					
19	Equity instruments					
20	Non-financial undertakings	0.0%	0.1%	0.0%	0.0%	0.1%
21	Loans and advances	0.0%	0.1%	0.0%	0.0%	0.1%
22	Debt securities, including UoP					
23	Equity instruments					
24	Households	0.0%	0.0%	0.0%	0.0%	0.0%
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	Local governments financing					
29	Housing financing					
30	Other local government financing					
31	Collateral obtained by taking possession: residential and commercial immovable properties					
32	Total GAR assets	0.0%	0.1%	0.0%	0.0%	0.1%

Notes to the EU Taxonomy Reporting Disclosure

10. KPI off-balance sheet exposures based on Turnover

	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					WTR	CE	PPC	BIO
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
				UoP	T	E			UoP	E			UoP	T	E				
1	Financial guarantees (KPI)	3.6%	3.5%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	3.6%	3.5%	0.0%	0.0%	1.9%	0.0%	0.1%	0.0%	0.0%
2	Assets under management (KPI)																		

11. KPI off-balance sheet exposures based on CapEx

	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					WTR	CE	PPC	BIO
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
				UoP	T	E			UoP	E			UoP	T	E				
1	Financial guarantees (KPI)	4.9%	3.9%	0.0%	0.0%	1.9%	0.1%	0.0%	0.0%	0.0%	5.0%	3.9%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%
2	Assets under management (KPI)																		

Notes to the EU Taxonomy Reporting Disclosure

12. Templates for Nuclear Energy and Fossil Gas related activities

Template 1 Nuclear and fossil gas related activities

Template 1 Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Notes to the EU Taxonomy Reporting Disclosure

Template 2 Taxonomy-aligned economic activities (denominator) - Turnover

Template 2 Taxonomy-aligned economic activities (denominator) - Based on Turnover							
	Economic activities (amounts in millions	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	of €s)	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0107	0.0001%	0.0107	0.0001%		
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41.28	0.44%	41.26	0.44%	0.02	
8	Total applicable KPI	0.01	0.00%	0.01	0.00%		

Notes to the EU Taxonomy Reporting Disclosure

Template 2 Taxonomy-aligned economic activities (denominator) - CapEx

Template 2 Taxonomy-aligned economic activities (denominator) - Based on CapEx							
	Economic activities (amounts in millions of €s)	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0080	0.0001%	0.0080	0.0001%		
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0053	0.0001%	0.0053	0.0001%		
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	95.51	1.01%	95.51	1.01%	0.00	
8	Total applicable KPI	0.01		0.01			

Notes to the EU Taxonomy Reporting Disclosure

Template 3 Taxonomy-aligned economic activities (numerator) - Turnover

Template 3 Taxonomy-aligned economic activities (numerator) - Based on Turnover							
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities (amounts in millions of €s)	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2.9852	0.0315%	2.9852	0.0315%		
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	38.30	93%	38.28	93%	0.02	100%
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	41.29	100%	41.27	100%	0.02	

Notes to the EU Taxonomy Reporting Disclosure

Template 3 Taxonomy-aligned economic activities (numerator) - CapEx

Template 3 Taxonomy-aligned economic activities (numerator) - Based on CapEx							
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities (amounts in millions of €s)	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.5917	0.0063%	0.5917	0.0063%		
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1.6099	0.0170%	1.6099	0.0170%		
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	Amount and proportion of other taxonomy- aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	39.09	95%	39.07	95%	0.02	100%
8	Total amount and proportion of taxonomy- aligned economic activities in the numerator of the applicable KPI	41.29	100%	41.27	100%	0.02	

Notes to the EU Taxonomy Reporting Disclosure

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities - Based on Turnover							
Row	Economic activities (amounts in millions of €s)	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.3289	0.0669%	6.3289	0.0669%		
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7.4216	0.0784%	7.4216	0.0784%		
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0007	0.0000%	0.0007	0.0000%		
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	183.97	1.9%	173.59	1.8%	10.37	0.1%
8	Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	197.72	2.1%	187.34	2.0%	10.37	0.1%

Notes to the EU Taxonomy Reporting Disclosure

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities - CapEx

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities - Based on CapEx							
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities (amounts in millions of €s)	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%	0.0000	0.0000%		
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.8410	0.0406%	3.8410	0.0406%		
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.2482	0.0132%	1.2482	0.0132%		
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0007	0.0000%	0.0007	0.0000%		
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	260.86	2.76%	237.20	2.51%	23.66	0.25%
8	Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	265.95	2.81%	242.29	2.56%	23.66	0.25%

Notes to the EU Taxonomy Reporting Disclosure

Template 5 Taxonomy non-eligible economic activities - Turnover

Row	Economic activities (amounts in millions of €s)	Amount	%
	Template 5 Taxonomy non-eligible economic activities - Based on Turnover		
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0042	0.0000%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	9,234.86	97.58%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI'	9,234.87	97.58%

Notes to the EU Taxonomy Reporting Disclosure

Template 5 Taxonomy non-eligible economic activities - CapEx

Template 5 Taxonomy non-eligible economic activities - Based on CapEx			
Row	Economic activities (amounts in millions of €s)	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0042	0.0000%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0000	0.0000%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	9,125.64	96.43%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI’	9,125.65	96.43%

Report of the Supervisory Board

Supervisory Board

The SB supervises, advises and challenges the MB in the exercise of its duties, and is responsible for the general course of business of the Bank and its related companies, pursuant to the Bank's articles of association, the SB by-laws, MUFG's Principles of Ethics and Conduct and prevailing legal and regulatory requirements, including the Dutch Banking Code. The SB approves the risk profile and control framework of the Bank.

The role of the SB, as laid down in the Bank's articles of association and SB by-laws, lies with the SB collectively. The SB has established an Audit, Compliance and Risk Management Committee ("ACRMC"). Taking into consideration the characteristics of the Bank and its position within the broader financial group, as well as the size of the SB, we have decided not to establish separate committees for remuneration or nomination, instead this role is fulfilled by the SB itself and at least two SB Remuneration meetings are held annually.

As well as holding regular meetings, the SB has frequent direct contact with MB members and with senior leaders. The MB consults with the SB on a regular basis outside of the ACRMC Committee and SB meetings. If and when required, it also keeps the SB informed of important developments within the Bank.

SB members participate in a lifelong learning programme. In FY23, training was offered on Data Management and ESG.

Composition of the Supervisory Board

Composition of the Supervisory Board

The SB has drawn up a profile to be used as a basis for its composition. As of 31 March 2024, the SB consists of four members. Two members of the SB are employed by the Bank's parent, MUFG Bank. The Chairperson is an independent member.

The SB members have extensive knowledge in fields such as banking and finance, corporate governance and risk management.

Chairperson – Mr Wietze Reehoorn

Mr Reehoorn joined the SB on 3 June 2020. Mr Reehoorn is a highly experienced figure in the Dutch banking sector. He spent 30 years at ABN AMRO, where he worked in a variety of roles including Head of Corporate Banking, Head of Financial Restructuring and Recovery, Group Strategist and Chief of Risk and Strategy. He was a member of ABN AMRO's MB for eight years, concluding his tenure in 2017. Mr Reehoorn is also a board member at the National Bank of Greece and holds several non-executive positions, amongst them Chairperson of the SB of MUFG Securities (Europe) N.V., member of the SB of Anthos Private Wealth Management B.V., member of the Board of Trustees of Frans Hals Museum and Chairperson of the Topsport Community Foundation. Mr Reehoorn is also member of the Bank's ACRMC. Mr Reehoorn will be reappointed for another four year term.

Vice Chairperson - Mr Hidefumi Yamamura

Mr. Yamamura joined the SB of the Bank on 20 July 2022. Mr. Yamamura is currently MUFG's Regional Executive for EMEA. He has a long track record at MUFG, where he has worked for more than 30 years in a variety of roles and locations, including Japan, the UK and the US. He moved to the UK in 2017 and assumed the role of Chief Operating Officer for EMEA for MUFG Bank in 2018 and then Deputy RE.

Member – Mr Kerry Peacock

Mr Peacock joined the SB in September 2016 as Vice Chairperson. Mr Peacock began his second term in September 2020. He has more than 30 years of experience in the banking sector and specific knowledge of MUFG, as he has led the EMEA Operations division for MUFG Bank since 2008. Mr Peacock has been a member of several committees within MUFG, which gives him a broad and in-depth understanding of internal codes and procedures in MUFG. Mr Peacock's second term will end in September 2024.

Member – Ms Gisella van Vollenhoven-Eikelenboom

Ms van Vollenhoven-Eikelenboom became a member of the SB and Chairperson of the Bank's ACRMC on 31 March 2020. Ms van Vollenhoven-Eikelenboom holds several non-executive positions, including with ASR, Waarborgfonds Sociale Woningbouw, MUFG Securities (Europe) N.V. and bunq B.V. Ms van Vollenhoven-Eikelenboom will be reappointed for another four year term.

Meetings of the Supervisory Board

The SB held six formal meetings during the year including two meetings on remuneration. Furthermore, multiple topics were separately discussed outside the formal meetings. Amongst others, this pertained to discussions on strategy and lifelong learning sessions. All members were either physically present at these meetings, or else were represented or attended via video conference.

The SB meeting in October 2023 took place at the Düsseldorf office, as part of a visit to the German Branch by both the SB and MB. During this Branch visit, the German employees were able to meet with the SB and interact in an informal and open atmosphere. The SB really appreciated the participation of the German staff and their engagement. Building on the success of this Branch visit, the SB has the intention to have more interaction with Branch staff in the future.

The SB discussed many subjects with the MB, including risk management, credit provisioning, integrity, remuneration, corporate governance, business development, ESG and the Dutch Banking Code, in order to assure itself, through its own examination of the adequate management of risk and the control framework of the Bank.

The Chairperson of the SB also discussed relevant topics with the MB related to the Dutch Banking Code, Basel IV, the ICAAP/ILAAP process and IT.

Members of the SB consulted with, among others, the external auditor Deloitte, the head of the Internal Audit division, division heads in charge of Risk Management and Compliance, the head of Finance and representatives of the Dutch Works Council.

In its role as provider of overall governance for reward at the Bank, the SB reviewed the Bank's reward policy, individual remuneration for the MB and all other staff identified as material risk takers ("MRTs") and approved these.

The SB and/or its Chairperson had meetings with representatives of DNB on issues such as capitalisation and liquidity, risk assessment, outsourcing, governance, asset & liability management and KYC.

During the year, the SB focused on the following areas and activities:

- The Bank's business development, strategy, financial position and results as they relate to the MTBP
- Internal projects relating to the restructuring of branches within existing the Bank structures
- The Bank's compliance with legislation, codes and regulations
- The Bank's risk appetite, risk framework and strategy, as well as its governance
- The changes in the SB and MB
- Its own functioning

Several actions were taken to enhance the Bank's proxy framework, governance and internal control framework, including the implementation of new policies and procedures.

Audit, Compliance and Risk Management Committee

The ACRMC assembles on a quarterly basis. The committee is composed of the independent SB members and chaired by Gisella van Vollenhoven-Eikelenboom.

The ACRMC advises the SB by ensuring that matters affecting the Bank's internal control framework are adequately discussed and challenged. This is achieved by holding regular meetings with Internal Audit, Compliance, Risk Management and relevant MB members, as well as with the external auditors of the Bank. The activities of the ACRMC do not impair the collective responsibility of the SB itself.

Topics discussed in the ACRMC include:

- The annual report. Based on the work performed by the Bank's external auditors, the ACRMC Committee discussed and challenged the underlying content, paying specific attention to related disclosures, as well as the way the Bank aims to address financial results in its future strategy. The overall audit process, as well as the division of roles and responsibilities, was also discussed, to ensure that potential improvements are duly noted for future cycles.
- Increased regulatory requirements. The ACRMC was regularly informed about the regulatory horizon, on-site visits planned by DNB, and progress made on remediation activities related to regulatory findings. As regards the Supervisory Review and Evaluation Process ("SREP"), a dedicated ACRMC session was organised to ensure that the content was duly discussed and challenged. A similar session was organised for the Systematic Integrity Risk Analysis, to ensure that Dutch regulatory requirements were met. Additionally, the ACRMC challenged the Bank's position on emerging regulatory focus areas such as diversity and climate risk, in order to ensure sufficient efforts are made to address such topics.
- Annual plan of key functions. To make sure the bank has a robust second LoD in place, the annual compliance plan was thoroughly discussed within the ACRMC. The internal audit plan was also discussed, to ensure that an adequate level of assurance is provided from a third LoD perspective in key areas of risk for the Bank.
- Emerging risks. One of the topics addressed by the ACRMC was ESG Risk, discussed with Management, as well as the Bank's external auditors. The ACRMC focused on the organisation's efforts to ensure compliance with current regulations, as well as to anticipate upcoming regulatory expectations.
- Another key area discussed within the ACRMC was the conflict between Ukraine and Russia, particularly how the organisation can implement the sanctions imposed at European level, as well as adapt in due time to the rapidly-changing context.
- Data Management. Considering the inherent risks associated with data, limitations in the current infrastructure and architecture, plans have been discussed in the ACRMC to develop a new enterprise data warehouse. These solutions are designed to meet the guiding principles of the Basel Committee on Banking Supervision's standard number 239 ("BCBS 239"), recognizing data as a necessary business asset and allowing a culture where data can be easily found, understood, trusted and used.

Remuneration Report

The Remuneration Report describes the philosophy, governance and elements of the reward policy within the Bank. It also gives an overview of the payment of (variable) remuneration in 2023, as well as the actual remuneration of the members of the MB, SB and Material Risk Takers in 2023. The data presented is based on policies and processes applicable to 2023 and relates to performance year 2023.

Remuneration Philosophy

The Bank seeks to maintain a fair and transparent approach to remuneration. It is MUFG's goal to use reward, together with other Bank policies and processes, to align the career aspirations of employees with the long-term business goals of MUFG. Our remuneration approach is to:

- Attract and retain high-performing individuals in a manner that supports robust governance in line with the Company's risk appetite
- Promote sound and effective risk management
- Is aligned with regulatory requirements relevant to the Bank and does not encourage excessive risk-taking
- Is aligned with the Company's financial results, business strategy, objectives, values and long-term interests
- Ensure the franchise is sustainable and that the Bank's financial resources are aligned to principles of safety and soundness
- Encourage an inclusive and diverse workplace through fair and sound remuneration practices, and equality of opportunity, applicable to all staff, irrespective of and not limited to gender, race, disability or sexual orientation, or any other personally differentiating factor

The Bank assesses the remuneration of all its employees on an annual basis against a peer group predominantly consisting of financial companies both in the Netherlands and Europe. The peer group consists of companies comparable either in market, size or profile to the Bank. Any scenario analysis carried out is presented to the SB for independent review and approval.

All compensation at the Bank is set with reference to the Business Plan. The strategic plans of the Bank are measured through key performance indicators which are monitored at both Bank and business unit level (where applicable).

Reward Policy

The Reward Policy is the cornerstone of the Bank'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 the Bank's and MUFG's strategic objectives and core values with the reward for employee performance, whilst ensuring compliance with regulatory requirements. The Reward Policy allows the Bank 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.

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. The Policy is maintained by the Head of HR who makes sure it aligns with relevant laws and regulations and safeguards continuing effectiveness.

The policy is 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: the Capital Requirements Directive, MiFID II, the 'Act on Remuneration Policies of Financial Undertakings' included in the Dutch Financial Supervision Act ("Wet op het financieel toezicht"), the 'Guidelines on sound remuneration policies' as issued by the European Banking Authority ("EBA"), and the 'Regulation on Sound Remuneration Policies under WFT 2021 as issued by the DNB, collectively referred to hereafter as 'The Remuneration Code'.

Remuneration Report

In establishing the Bank's reward policy, the following MUFG guiding principles were taken into account:

- The policy shall have a clear link between performance and reward
- It shall support the Bank's and MUFG's high standards of business ethics
- It shall embed effective risk and compliance disciplines and be in accordance with a prudent risk management system
- It shall ensure overall competitiveness such that the bank can attract, retain and reward employees across its markets
- It shall comply with all applicable regulatory and legal requirements, including suitable employment, tax and equality legislation, and European and local country remuneration regulation. It shall be transparent, easy to understand and clearly communicated to all employees

Governance

The Bank's remuneration governance arrangements provide robust oversight and effective management of any potential conflicts of interest and ensure that remuneration decision processes are consistent with the Bank's risk appetite. Transparent and robust evidence of effective remuneration governance processes and practices enable the Bank to meet the expectations of its internal and external stakeholders, including regulatory authorities.

The objective of the of the SB is to act as an independent oversight body for the purposes of considering, supporting and approving remuneration matters and remuneration policies for the Bank (and where applicable its branches) in order to meet applicable legal and regulatory requirements related to remuneration.

The SB is responsible for approving the Bank's Reward Policy whilst the MB is responsible for implementing activities in accordance with the Reward Policy. Governance for reward is secured through the SB. For locally hired staff, the SB monitors and authorises the level of remuneration through the Bank's approved policies and processes, with MB responsible for execution and management of the agreed processes. For expatriates, the SB reviews and approves reward proposals with Head Office in Tokyo, via HR, prior to making a final determination.

Each year, the Bank's Internal Audit function also conduct 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 SB, an additional two meetings were scheduled around the end of the performance year to specifically review and approve the annual compensation review for the Bank. The SB meetings act in a 'pseudo Remuneration Committee' capacity, as the size of the Bank does not warrant a separate formal Remuneration Committee at this time.

Material Risk Takers

The Bank's Material Risk Takers ("MRTs") are identified through an annual identification process based on the original Regulatory Technical Standards ("RTS") developed by the European Banking Authority in 2014 and more recently in June 2020 under CRDV.

The MRTs identification process consists of qualitative and quantitative criteria to identify employees whose professional activities have a material impact on an institution's risk profile which are defined in the Delegated Regulation on criteria to identify MRTs. As part of the annual review, the Bank carefully considers how to apply these criteria for the applicable year and, based on this, identifies roles and individuals that qualify as MRTs. Furthermore, periodic checks and consideration of any new joiners / role changes throughout the year, are reviewed to ensure an up-to-date list of MRTs is maintained.

The SB can identify any other employee in addition to employees who perform senior management functions, to have a material impact on the Bank's risk profile in their opinion.

All MRTs receive individual communication notifying them that they have been identified as a MRT and the impact on their compensation.

Remuneration Report

Elements of the Reward Policy
Total remuneration consists of three key components:

- Fixed remuneration
- Variable remuneration
- Benefits, such as pension

Remuneration consists broadly of fixed compensation (including salary and fixed allowances), variable remuneration in the form of a performance related bonus (a portion of which may be deferred on a mandatory basis) and benefits such as non-discretionary pension benefits and standard benefits.

Fixed remuneration
Fixed remuneration is intended to remunerate employees for their skills and experience, taking into account local market practices. Fixed remuneration is reviewed on an annual basis in line with the performance review process. This ensures that performance from the previous performance year can also be taken into consideration when reviewing individual remuneration.

Variable remuneration
Variable remuneration is a discretionary component of total compensation and does not constitute a contractual entitlement to the individual at any time.

The Bank's bonus pool is determined as a result of an interative process. For front office bonus pools are driven by the performance of the relevant business areas and for support functions, the pools are broadly flat in line with market practice.

Bonuses are allocated from the Bank's bonus pool to employees based on individual performance, taking into account the overall performance rating related to their objectives (which shall for at least 50% be based on non-financial/qualitative performance criteria) and, where available, 360˚ feedback.

Performance management
In regard to the evaluation of individual performance, the Bank operates a robust performance management process that includes objective setting, formal evaluation against objectives, mid-year and year-end performance reviews, and the allocation of an overall performance rating. Non-financial performance criteria make up a significant portion of an individual's assessment.

MUFG's Global Performance Management Framework focuses on two main area of assessment:

- "What" gets accomplished, measured against specific performance objectives (50%)
- "How" results are achieved (50%), measured against expectations on risk, compliance, and internal controls (25%) and demonstration of behaviours against the five MUFG Culture Principles (25%)

The Performance Management Framework sets out the high-performance behaviours and values that the Bank expects employees to demonstrate at each corporate level. It should be referred to as part of the performance review process to add further granularity about each of the values and to assist the self-assessment and performance discussions.

Bonus cap
The Bank applies the following maximum of variable remuneration:

- Variable remuneration cannot exceed 20% of fixed remuneration for anyone who works 50% or more of their time in the Netherlands
- For the branches and subsidiaries the Bank operates in the EU, the ratio between variable remuneration and fixed remuneration is at maximum 100%

Deferred awards
The Bank operates two mandatory deferral plans in relation to variable remuneration rewards:

- A general deferral plan for employees who have not been identified as MRTs
- A material risk taker deferral plan for employees who have been identified as MRTs.

In line with regulatory requirements and to promote the Bank's long-term interests, the Bank applies deferral arrangements to variable remuneration for a MRT. All deferred awards granted to a MRT are governed under the rules of the Material Risk Takers Deferral Plan.

Where the variable remuneration awarded to a MRT is less than € 50,000, the MRT's deferral plan will not apply and the employee will be subject to the general deferral plan.

Remuneration Report

Under the rules of the general deferral plan, the deferred award is granted as 100% cash and vests on a pro-rated annual basis over three years. The deferral is calculated on a table using various variable remuneration thresholds starting at 10% of any bonus over € 50,000.

Under the rules of the MRT's deferral plan, a deferral rate of 40% is applied to variable remuneration awards of up to € 499,999 and a deferral rate of 60% is applied for variable remuneration awards above € 500,000, with the deferral vesting on a pro-rata basis for four years. Half of the total award (non-deferred and deferred) is granted as cash with the remaining half granted as a share price linked award which is subject to one year retention.

Performance adjustment and clawback
The Bank has the authority to adjust or reclaim variable remuneration in exceptional circumstances (clawback) for MRTs, including MB members, for four years from the date of award. In addition to clawback, the SB may also make use of malus. This is an arrangement that permits the Bank to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance.

Individual adjustment of all or part of the variable remuneration, including deferred awards, can be done with the full discretion of SB generally, but not exclusively, along the following guidelines:

- There is a material downturn in the financial performance of the bank and it is not sustainable / justified according to the financial situation to pay vested awards
- The Bank's risk related policies or limits have been breached
- A compliance failure has been committed
- A regulatory breach has taken place
- Actions or behaviours which have damaged the Bank's reputation
- Where an award is inconsistent with the Bank's long-term risk or compliance interests
- Where vesting of a variable pay award is inconsistent with the Bank's long-term risk or compliance interests
- Any incident which the Supervisory Board, in its sole discretion, determines to warrant an adjustment

Overview Remuneration FY23

Variable remuneration
In 2024, a total amount of € 7,422 was unconditionally awarded to 562 employees as variable remuneration over performance year 2023.

In 2023, the Bank did not use the right to apply a hold back and clawback.

Pay Gap
At the Bank jobs are weighted regardless of gender. Men and women with comparable work experience, achievements and job level are given equal pay. See also our Reward Policy Principles.

Remuneration of the Management Board

The MB members' remuneration consists of a fixed annual income, pension contribution and fringe benefits, such as the salary supplement as compensation for the loss of pension accrual and car allowance.

Fixed annual income
The fixed pay of the MB members is set according to their skills and experience, taking into account local market practice.

For the fixed pay rates of the expatriate MB member the Bank follows the conditions as provided by the Bank's shareholder. Both the SB and MB understand that the shareholder in principle applies to its staff, principles of sound remunerations based on CRDIV and V.

Benchmarking
For the local MB members' fixed pay, the Bank aligns with prevailing market conditions and best practices, to be agreed upon individually; for secondary labour conditions the bank applies the Dutch banking industry collective labour agreement ("CAO").

Performance objectives
Each year, the SB agrees the performance objectives with the MB, which are derived from the MUFG Group (long-term) strategic objectives. In setting these objectives, the desired risk profile and the sustainability of the Bank are taken into account. These two themes are included in the objectives every year. Moreover, the SB takes into account the interests of all stakeholders of the Bank.

Remuneration Report

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

Pension

The local MB members participate in the same pension scheme as all other staff of the Bank. This is a percentage of the income based on salary and age. Additional pension supplement may be granted to compensate over this salary.

Other

- The fringe benefits provided to the MB 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 the Bank, MB members are entitled to compensation with a maximum of one year's fixed annual income
- 50% of identified staff's variable pay is paid in share price linked awards ("SPL") which consists of a number of units linked to MUFG shares
- There was no performance adjustment made to Identified staff in the previous financial year
- The Bank 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

Remuneration of the Supervisory Board

The remuneration for SB members encourages the adequate performance of the position and does not depend on the results of the Bank. SB members are not eligible for variable compensation.

In February 2024, the remuneration of the SB was reviewed to address concerns over inflation and increased time commitments. Comparable companies in the financial services sector either in market, size of profile to the Bank were selected for an external comparison to ensure that the remuneration of the SB is aligned to market.

Remuneration of Material Risk Takers (MRTs)

The Bank ensures that MRTs are rewarded adequately to avoid excess risk-related behaviour. The variable remuneration awarded is subject to MRT deferral plan in line with regulations.

Financial Statements

In accordance with article 15 of the Bank's articles of association, we hereby submit to the shareholder the Annual Report for the financial year 1 April 2023 to 31 March 2024, which includes among others the report of the MB and the Financial Statements drawn up by the MB, examined by the SB and audited by Deloitte Accountants B.V.

We propose that the shareholder approve the Annual Report including the Financial Statements as submitted by the MB and to discharge the members of the MB and the SB for their management and supervisory duties respectively during the year ended 31 March 2024. We endorse the proposal by the MB to have no dividend payment.

Information, consultation and conclusion

All important matters addressed in the Banking Code and similar rules and regulations were discussed in the meetings, including risk management, especially credit risk and provisioning, compliance, audit and internal control framework, remuneration and the new product approval process.

Contact between the SB and the Dutch Works Council took place in a constructive and professional atmosphere.

The relationship between the MB and the SB is well-established and the SB holds the MB accountable for its actions. The SB explicitly discussed the conduct and effectiveness of each of its members. It concluded that the SB as a whole and each of its members function properly.

The SB acknowledges that the MB duly provided adequate and up-to-date information and consulted the SB on the Bank's policy and controls where needed, enabling the SB to perform its supervisory tasks adequately. The SB approves the Financial Statements of the Bank as presented by the MB.

Amsterdam, 18 July 2024

W. Reehoorn, Chairperson

H. Yamamura

K.W. Peacock

G. van Vollenhoven-Eikelenboom

Consolidated Financial Statements

Consolidated Statement of Financial Position

As at 31 March

in thousands of €s	Notes	2024	2023
ASSETS			
Cash and balances with central banks	1	2,622,278	3,093,030
Loans and advances to banks	2	1,601,915	1,348,856
Loans and advances to customers	3	7,424,523	7,829,488
Derivatives	4	84,454	116,325
Financial investments	5	259,065	308,294
Property and equipment	6	9,319	12,297
Intangible assets	7	9,295	10,519
Current tax assets	21	30,455	52,894
Deferred tax assets	21	34,326	55,033
Retirement benefit asset	12	4,253	5,134
Other assets	8	30,524	25,264
Total assets		12,110,407	12,857,134
LIABILITIES			
Due to banks	9	4,405,232	4,944,905
Due to customers	10	5,431,203	5,509,107
Derivatives	4	82,868	113,351
Current tax liabilities	21	57,835	9,854
Subordinated debt	11	-	300,369
Provisions	12	21,558	22,901
Other liabilities	13	81,495	116,029
Total liabilities		10,080,191	11,016,516
EQUITY			
Issued capital	14	100,003	100,003
Share premium	14	1,334,304	1,334,304
Retained earnings	14	604,398	412,863
Fair value reserve: financial instruments measured at FVOCI	14	143	170
Foreign currency translation reserve	14	316	137
Actuarial reserve	14	(8,980)	(7,306)
Shareholder's equity		2,030,184	1,840,173
Non-controlling interest	14	32	446
Total equity		2,030,216	1,840,619
Total liabilities and equity		12,110,407	12,857,134

Consolidated Statement of Profit or Loss

For the year ended 31 March

in thousands of €s	Notes	2024	2023
Interest income		568,476	262,958
Interest expense		247,466	101,504
Net interest income	15	321,010	161,454
Fee and commission income		84,668	73,227
Fee and commission expense		24,127	21,741
Net fee and commission income	16	60,541	51,486
Result on financial transactions	17	32,871	44,702
Other operating income	18	605	12,785
Total operating income		415,027	270,428
Personnel expenses	19	92,467	94,360
Depreciation of property and equipment	6	4,061	4,428
Amortisation of intangible assets	7	4,316	5,156
Other operating expenses	20	56,201	61,012
Total operating expenses		157,045	164,956
Credit loss expenses (recovery)	28	(8,165)	81
Profit (loss) before tax		266,147	105,391
Income tax expense/(benefit)	21	74,617	4,944
Net result continued operations		191,530	100,447
Attributable to:			
Equity holders of the parent		191,552	100,043
Non-controlling interest		(22)	404

Consolidated Statement of Comprehensive Income

For the year ended 31 March

in thousands of €s	Notes	2024	2023
Result for the year		191,530	100,447
Items which will not be reclassified to the statement of profit or loss			
Remeasurement of the net defined benefit asset/liability	22	(150)	(2,811)
Items which may be reclassified to the statement of profit or loss in a subsequent period			
Gain / (loss) on foreign currency translation reserve	22	180	(246)
Gain / (loss) on financial instruments measured at FVOCI	22	(39)	76
Income tax relating to components of other comprehensive income	22	(1,513)	7,860
Other comprehensive income for the year, net of tax		(1,522)	4,879
Total comprehensive income, net of tax		190,008	105,326
Attributable to:			
Owners of the Bank (equity attributed to the shareholder of MUFG Bank (Europe) N.V.)		190,030	104,922
Non-controlling interest		(22)	404

Consolidated Statement of Changes in Equity

For the year ended 31 March

in thousands of €s	Issued capital	Share premium	Retained earnings	Reserves			Non-controlling interest	Total equity
				Fair value	Foreign currency translation	Actuarial revaluation		
At 31 March 2022	100,003	1,334,304	312,820	156	383	(12,417)	41	1,735,290
Profit for the year	-	-	100,043	-	-	-	404	100,447
Other comprehensive income	-	-	-	14	(246)	5,111	-	4,879
At 31 March 2023	100,003	1,334,304	412,863	170	137	(7,306)	445	1,840,619
Opening balance adjustment	-	-	(17)	-	-	-	-	(17)
Profit for the year	-	-	191,552	-	-	-	(22)	191,530
Dividend	-	-	-	-	-	-	(392)	(392)
Other comprehensive income	-	-	-	(27)	180	(1,674)	-	(1,521)
At 31 March 2024	100,003	1,334,304	604,398	143	316	(8,980)	32	2,030,216

Consolidated Statement of Cash Flows

For the year ended 31 March, based on the indirect method,

in thousands of €s	Notes	2024	2023
Operating activities			
Profit before tax for the year		266,147	105,391
Income tax expense	21	(74,617)	(4,944)
Profit after tax for the year		191,530	100,447
Adjustments on non-cash items			
Unrealised revaluations	4	38	786
Depreciation, amortisation and impairment of assets	6, 7	8,377	9,584
Impairment charges on financial instruments	28	(8,164)	80
Loss on sale of assets	17	4,058	(706)
Tax movements other than taxes paid & income taxes	21	20,707	(18,801)
Changes in provisions	12	(1,253)	(816)
Total adjustment non-cash items		23,763	(9,874)
Changes in operating assets and liabilities			
Loans and advances to banks, not available on demand	2	(334,167)	(342,049)
Loans and advances to customers	3	408,763	(243,322)
Other assets	8	(5,260)	3,366
Financial investments	5	49,089	24,572
Due to banks	9	(539,673)	147,838
Due to customers	10	(77,904)	252,811
Provisions	12	(281)	(5,340)
Other liabilities	13	(31,364)	24,803
Income tax paid	21	70,420	6,356
Net cash flow from (used in) operating activities		(245,083)	(40,391)
Investing activities			
Purchase of property and equipment	6	(978)	(744)
Proceeds from sale of property and equipment	6	-	196
Purchase of intangible assets	7	(3,142)	(2,081)
Net cash flow from (used in) investing activities		(4,120)	(2,629)
Financing activities			
Repayments of principal portion of lease liabilities	13	(3,170)	(2,255)
Repayment of subordinated debt	11	(300,369)	-
Net cash flow from (used in) financing activities		(303,539)	(2,255)
Net cash		(552,742)	(45,275)
Effect of exchange rate changes on cash and cash equivalents		908	4,447
Cash and cash equivalents as at 1 April		3,256,130	3,296,958
Cash and cash equivalents as at 31 March		2,704,296	3,256,130

Consolidated Statement of Cash Flows

Cash and cash equivalents comprise:	Notes	2024	2023
Cash and balances with central banks	1	2,622,278	3,093,030
Due from banks, net balances on demand	2	82,018	163,100
Cash and cash equivalents as at 31 March		2,704,296	3,256,130

Interest received and paid		2024	2023
Interest received		555,661	234,867
Interest paid		225,556	89,637

Notes to the Consolidated Financial Statements

Accounting Policies

Authorisation of the Consolidated Financial Statements
These Consolidated Financial Statements of MUFG Bank (Europe) N.V. (the Bank) for the year ended 31 March 2024 have been issued by the Management Board (MB), examined by the Supervisory Board (SB), accompanied by the SB's recommendation and adopted by the General Shareholder's Meeting on 18 July 2024.

Summary of material accounting policies
The notes to the Consolidated Financial Statements, including the audited information in the Risk Management section, are an integral part of these Consolidated Financial Statements. This section describes the Bank's material accounting policies and critical accounting estimates or judgements to the Consolidated Financial Statements. If an accounting policy or a critical accounting estimate relates to a specific note, it is included in the relevant note.

The material accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements, unless otherwise indicated.

Statement of compliance
The Consolidated Financial Statements of the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code.

Basis of preparation
The Consolidated Financial Statements of the Bank have been prepared on a going concern basis and there are no significant doubts about the ability of the Bank to continue as a going concern.

The Bank's management has assessed the Bank's ability to continue as a going concern, considering macro-economic and geopolitical unrest. The management is not aware of any material uncertainties that may cast significant doubt upon its ability to continue as a going concern. Furthermore, a letter of intent is issued by MUFG Bank Limited stating that support will be provided if needed to the Bank to comply with its regulatory capital requirements and liquidity requirements imposed by Dutch Central Bank.

The consolidated Financial Statements of the Bank have been prepared on a historical cost basis, except for:

- Financial assets which are not measured at historical cost basis, these include derivative measured at fair value
- Financial liabilities measured at fair value

The carrying values of recognised assets and liabilities that are hedged items in fair value hedge accounting relationships, and otherwise carried at Amortised Cost ("AC"), are adjusted to record changes in fair value attributable to the risks that are being hedged.

The preparation of Consolidated Financial Statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where

Accounting Policies

assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in the relevant explanatory notes.

The Consolidated Financial Statements are presented in Euros (€) and all values are rounded to the nearest € thousands, except when otherwise indicated. Amounts may not add up due to rounding.

Changes in accounting policies for 2024
Changes in International Financial Reporting Standards
New standards and amendments to standards become effective at the date specified by IFRS-EU, but may allow companies to opt for an earlier application date. The following standards or amendments to existing standards issued by International Accounting Standards Board ("IASB") became effective or will become active in reporting period beginning on or after 1 January 2024 and are relevant for the Bank.

Accounting standard/ Amendment/Interpretation	IASB effective date	Early adoption	Impact for the Bank
IAS 1 Classification of liabilities as current and non-current	January 2024	No	The amendments provide additional guidance relating to: • Right to defer settlement exists where it is subject to conditions that the entity complies with at the end of the reporting period; • Classification is not impacted by the managements' intention to settle; • In convertible debt instruments, where a conversion option is classified as a liability, transfer of equity instruments would constitute settlement. No significant impact.
IFRS 16 Lease Liability in a Sale and Leaseback	January 2024	No	The amendment specifies the method a seller-lessee uses in initially measuring the right-of-use asset and lease liability arising in a sale and leaseback transaction and how the seller-lessee subsequently measures that liability. No significant impact.
IAS 7 / IFRS 7 Supplier Finance Arrangements	January 2024	No	The amendments to IAS 7 and IFRS 7 include new disclosures requirements to enhance the transparency and the usefulness of the information provided by entities about supplier finance arrangement. The new requirements to provide users of financial statements with information to enable them: • To assess how supplier finance arrangements, affect an entity's liabilities and cash flows; and • To understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. No significant impact.

Accounting Policies

Basis of consolidation
Subsidiaries are fully consolidated from the date on which control is acquired by the Bank and deconsolidated from the date control ceases. Control is achieved when the Bank 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. This implies that control is achieved through situations including, but not limited to:

- Ownership, directly or indirectly, of more than half of the voting power
- Ability to appoint or remove the majority of the board of directors
- Power to govern operating and financial policies under statute or agreement
- Power over more than half of the voting rights through an agreement with other investors

The results of the operations and the net assets of subsidiaries are included in the statement of profit or loss and the statement of financial position from the date control is obtained until the date control is lost. On disposal, the difference between the sales proceeds, net of directly attributable transaction costs, and the net assets is included in net result.

The Consolidated Financial Statements for the year ended 31 March 2024 comprise the Bank and the subsidiaries in the following table:

Name of the subsidiary	Country of incorporation	Place	% equity interest 2024	% equity interest 2023
MUFG Europe Lease (Deutschland) GmbH i.L.	Germany	Düsseldorf	95	95
MUFG Funding (UK) Limited	United Kingdom	London	100	100

The preparation for the liquidation of MUFG Europe Lease (Deutschland) GmbH i.L. is in progress and expected to be finalised in FY24.

The financial year of the Bank's subsidiaries is aligned to the reporting period of the Bank, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Foreign currency translation
Functional and presentation currency
Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in EUR, the functional currency and presentation currency of the Bank.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange ("FX") gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

FX translation differences are recognised in the income statement and other changes in the carry amount are recognised in other comprehensive income ("OCI"). Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the spot rate of exchange at the date of the Statement of Financial Position.

FX translation differences on non-monetary assets and liabilities that are stated at FVPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items classified at FVOCI are included in the

Accounting Policies

revaluation reserve in OCI. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group companies
As at the reporting date, the assets and liabilities of subsidiaries and foreign branches are translated into the Bank's presentation currency if these are denominated in a currency other than the presentation currency at the rate of exchange as at the date of the Statement of Financial Position. Results of the foreign branches and subsidiaries are translated at the weighted average rates over the period in which the results are recognised. All resulting exchange rate differences are recognised in a separate component of equity.

Financial instruments
Recognition and classification and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Bank obtains an asset or delivers an asset to a (third) party. When not fulfilling the criteria of a regular way purchase or sale, trade accounting is applied.

All financial instruments are initially measured at fair value. In the case of financial instruments subsequently measured at AC the initial fair value is adjusted for directly attributable transaction cost.

A debt instrument is measured at AC if it meets both the following conditions:

- It is held within a business model that has an objective to hold financial assets to collect contractual cash flows
- The contractual terms of the financial asset results in cash flows that are *Solely Payments of Principal and Interest* ("SPPI") on the principal amount outstanding

A debt instrument is measured at FVOCI if it meets both of the following conditions:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial assets result in cash flows that are SPPI

Equity instruments are accounted for at FVPL.

Financial assets are mandatorily measured at fair value through profit or loss where they do not meet the criteria to be carried under a different classification. The Bank may irrevocably designate a financial asset as held at FVPL upon initial recognition, where doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from carrying financial assets or financial liabilities on different bases.

Forward purchases and sales other than those requiring delivery within the time frame established by regulation or market convention are treated as derivative forward contracts.

Business model assessment
The Bank determines the nature of the business model, for example if the objective is to hold the financial assets and collect the contractual cash flows, by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management.

The Bank has mainly originated loans in a held to collect business portfolio. Exceptions include loans which at origination are intended to be sold onwards, in an underwriting transaction or via sub-participation and classified in a business model held for sale and assets which might be held to maturity or might be sold in a business model held to collect and sell. Reference is made to Note 5 Financial Investments.

Accounting Policies

The Bank determines its business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Therefore, the business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolio based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's senior management
- The risks that affect the performance of the business model and the financial assets held within it. In particular, the way those risks are managed
- How the Bank’s management is compensated, i.e. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

Contractual cash flow characteristics

In assessing whether the contractual cash flows are SPPI, the Bank considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument, which could affect whether the instrument is considered to meet the SPPI criteria.

The contractual provision will pass the SPPI test as long as the interest/provisions reflect consideration for the time value of money, for the credit risk associated with the instrument during the term of the instrument and for other basic lending risks and costs, as well as profit.

After initial recognition, the Bank classifies, measures and presents its financial assets and liabilities in accordance with IFRS 9 as described in the table below:

Financial asset classification	Significant items included	Measurement and presentation
Measured at AC	This classification includes: • cash and balances at central banks; • due from other banks; • corporate loans	Measured at AC using the effective interest rate ("EIR") method less allowances for expected credit losses ("ECL"). The following items are recognised in the income statement: • Interest income. • ECL and reversals. • Foreign exchange translation gains and losses. Upfront fees and direct costs relating to loan origination, refinancing, restructuring or loan commitments - when it is probable that the Bank will enter into a specific lending relationship - are deferred and amortised over the life of the loan using EIR method. When the financial asset at AC is derecognised, the gain or loss is recognised in the income statement, under line item 'Result on financial transactions'.

Notes to the Consolidated Financial Statements

Accounting Policies

<table>
<tr><th colspan="2">Financial asset classification</th><th>Significant items included</th><th>Measurement and presentation</th></tr>
<tr><td colspan="2">Measured at FVOCI</td><td>This classification includes financial assets which are held to collect and sell.</td><td>Measured at fair value with unrealised gains and losses reported in OCI, net of applicable income taxes, until such investments are derecognised (when sold, collected or otherwise disposed).

Upon derecognition, any accumulated balances in OCI are reclassified to the income statement and reported within Investment income.

The following items are recognised in the income statement:

• Interest income.
• ECL and reversals.
• Foreign exchange translation gains and losses.

The amounts recognised in the income statement are determined on the same basis as for financial assets measured at AC.</td></tr>
<tr><td>Measured at FVPL</td><td>Held for sale / derivatives</td><td>Financial assets held for sale include:

• all derivatives with a positive replacement value;
• other financial assets acquired principally for the purpose of selling or repurchasing in the near term, or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.</td><td>Measured at fair value with changes recognised in profit or loss.</td></tr>
<tr><td>Measured at FVPL</td><td>Mandatorily measured at FVPL - Other</td><td>A financial asset is mandatorily measured at FVPL if:

• it is not held in a business model whose objective is to hold assets to collect contractual cash flows or to hold them to collect contractual cash flows and sell, and/or:
• the contractual terms give rise to cash flows that are not SPPI; and/or:
• it is not held for trading.</td><td>Financial assets held for trading and other financial assets mandatory measured at FVPL are presented under financial assets at FVPL.</td></tr>
</table>

Accounting Policies

Financial liabilities classification	Significant items included	Measurement and presentation
Measured at AC	The main classes of financial liabilities at AC include: • due to other banks; • deposits from customers; • debt securities • loan commitments and guarantees (letters of credit)	Measured at AC using the EIR method. Loan commitments and guarantees (including letters of credit) are in scope of IFRS 9 ECL. The ECL is reported separately under Provisions.

Derecognition, restructured and modified financial assets
The Bank derecognises a financial asset, such as a loan to a customer, when:

- Contractual rights to the cash flows from the financial assets expire; or
- The financial asset is modified so that it results in extinguishment of the asset and recognition of a new financial asset; or
- The reporting entity retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to another entity in an arrangement that meets the pass-through criteria.

When a counterparty is in financial difficulties or where default has already occurred, the Bank may restructure financial assets by providing concessions that would otherwise not be considered and that are outside the Bank's normal risk appetite, such as preferential interest rates, extension of maturity and subordination.

Concessions granted when there is no evidence of financial difficulties, or where changes to terms and conditions are within the Bank's usual risk appetite, are not to be considered to be credit restructuring.

Modifications represent contract amendments that result in an alteration of future contractual cash flows and that can occur within the Bank's normal risk appetite or as part of a credit restructuring where a counterparty is in financial difficulties.

Derecognition of financial liabilities
Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Fair value estimation
In accordance with IFRS 13, the estimated fair values represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a market-based measurement, which is based on assumptions that market participants would use and considers the characteristics of the asset or liability that market participants would consider when pricing the asset or liability.

The Bank has categorised its financial instruments that are either measured in the Statement of Financial Position at fair value or of which the fair value is disclosed, into a three-level hierarchy based on the observability of the valuation inputs from (unadjusted) quoted prices. The highest priority is retained to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques supported by unobservable inputs. Transfers into and transfers out of fair value hierarchy levels are made on a quarterly basis at the end of the reporting period. The three levels are defined as:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer markets, brokered markets, or principal to principal markets. Those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. For financial instruments that do not have a reference price available, fair value is determined using a valuation technique (e.g. a model), where inputs in the model are taken from an active market or are observable, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Unobservable inputs are inputs which are based on the Bank's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the market.

Determination of fair value of financial instruments
The fair value of financial instrument is the price that would be received to sell or paid to transfer a particular asset or liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The Bank determines fair value either by reference to quoted market prices or dealer price quotation without adjustment for transaction costs for those financial instruments that are currently traded in an active market. These financial instruments are reported as level 1 in the fair value hierarchy.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of financial instruments not quoted in an active market is determined using appropriate valuation techniques. These valuation techniques are applied using, where possible, relevant market observable inputs (level 2) or unobservable inputs (level 3). Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant models.

The level within the fair value hierarchy at which an instrument measured at fair value is categorised is determined on the basis of the lowest level input that is significant to the measurement of fair value in its entirety.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. Credit valuation adjustments ("CVAs") are incorporated in the derivative valuation.

We refer to Note Fair value measurement for an analysis of the fair values of financial instruments and further details as to how they are measured.

Recognition of day one profit or loss
The Bank has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. Such financial instruments are initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may

Accounting Policies

differ. Significant differences between the transaction price and the model value, commonly referred to as day one profit or loss, are not recognised immediately in the income statement.

Deferred day one profit or losses are amortised to income over the life until maturity, settlement or until they become observable, which could be through passage of time. The financial instrument is subsequently measured at fair value as determined by the relevant model adjusted for any deferred day one profit or loss.

Single unit of account
The Bank applies the 'single unit of account' principle to all clients with notional pooling contracts that meet the following criteria:

- All accounts are included in one notional pooling and interest allocation contract
- All accounts involved are owned by the same legal entity
- All accounts within one contract are in the same currency
- Interest is calculated on the net balance of the accounts in scope

If all these criteria are met the related assets of clients such as current accounts and liabilities such as deposits are presented as being one single unit of account on a net basis in the Statement of Financial Position.

Collateral
The Bank enters into master agreements and Credit Support Annexes ("CSA") with counterparties whenever possible and when appropriate. Master agreements provide that, if the master agreement is being terminated as a consequence of an event of default or termination event, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. In the case of a CSA with counterparties, the group has the right to obtain collateral for the net counterparty exposure.

The Bank obtains collateral in respect of counterparty liabilities when this is considered appropriate. The collateral normally takes the form of a pledge over the counter party's assets, cash collateral or in the form of securities and gives the Bank a claim on these assets for both existing and future liabilities. Collateral paid or received in the form of cash or securities is recorded on the balance sheet at fair value. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

Derivative financial instruments
The Bank uses derivative financial instruments to hedge its exposure to interest rate risk.

Derivative financial instruments are initially measured, and are subsequently re-measured, at fair value. The fair value of exchange-traded derivatives is obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

Derivatives designated as hedges, the Bank classifies them as either: (ii) fair value hedge of interest rate risk or FX risk (micro fair value hedges), (ii) a cash flow hedge of the variability of highly probable cash flows (cash flow hedges). Hedge accounting is applied to derivatives designated as hedging instruments, provided certain criteria are met.

Hedge accounting
The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. When a hedging relationship meets the specified hedge accounting criteria set out in IAS 39, the Bank applies fair value hedge accounting or cash flow hedge accounting as appropriate to the risk being hedged.

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At the inception of a hedging relationship, the Bank documents the relationship between the hedging instrument and hedged item, its risk management objective and its strategy for undertaking the hedge. The Bank also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting changes attributable to the hedged risk in the fair value or cash flows of the hedged items. A hedge is considered to be highly effective if the change in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%. Interest on designated qualifying hedges is included in net interest income.

The Bank discontinues hedge accounting prospectively when:

- it is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- the derivative expires, or is sold, terminated, or exercised;
- the hedged item matures, or is sold or repaid; or
- it voluntarily decides to discontinue the hedge relationship.

Fair value hedge accounting

The Bank applies micro fair value hedge accounting. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement together with changes in the fair value of the hedged items attributable to the hedged risk.

If a hedge relationship no longer meets the criteria for hedge accounting, the cumulative fair value adjustment to the carrying amount of the hedged item is amortised to the income statement over the remaining period to maturity using the effective interest rate method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement in the income statement.

Hedge effectiveness testing
To qualify for hedge accounting, the Bank requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness). Actual effectiveness (retrospective effectiveness) must also be demonstrated on an ongoing basis.

The documentation of each hedging relationship describes how effectiveness will be assessed. For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the bandwidth of 80% - 125% for the hedge to be deemed effective.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments;
- Different interest rate curves applied to discount the hedged items and hedging instruments;
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation;
- The effect of changes in counterparties' credit risk on the fair values of hedging instrument or hedged items.

Hedge ineffectiveness is recognised in the income statement.

IBOR transition
As of 1 September 2023, the formal EMEA IBOR Programme closed, with the remediation of the remaining USD LIBOR scope, as well as any future reforming benchmark activity now being overseen by the EMEA Reforming Benchmarks Committee ("RBOC"), with any day-to-day activities being run out of the GCIB and Global Markets Business Management teams and COO functions. With the full remediation of all USD LIBOR bilateral exposure,

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the focus now remains on the population of syndicated USD LIBOR and CDOR loans prior to their cessation dates this year.

All client facing staff of the Bank have been informed on the remediation activities and have been trained accordingly. All clients have been informed on the remediation as well and have been contacted by their relationship manager. The biggest risks identified relate to client risk and legal risk. Client risk is mitigated by timely client communication and improvements in IT infrastructure, legal risk is managed by the involvement of legal advisors in the transition process.

As at 31 March 2024 the following loans and loan commitments are to transition to alternative benchmark rates, summarised by significant benchmark rate. The Bank uses for most loans and loan commitments the EURIBOR rate and the EURIBOR rate is not subject for transition. The table presents the nominal exposure of each benchmark rate in two maturity buckets.

By benchmark rate in thousands of €s	Maturity between 2025-2027	Matures after 2027
USD Libor	1,412	-
WIBOR	-	17,142
CDOR	328,000	95,000
Total	329,412	112,142

Expected credit losses
The Bank recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVPL:

- Cash with central banks.
- Financial assets that are debt instruments and measured at AC or FVOCI.
- Financial guarantee contracts issued.
- Loan commitments issued.

Recognition of Expected Credit Loss
ECL represents the difference between contractual cash flows and the actual cash flows the Bank expects to receive, discounted at the Effective Interest Rate ("EIR"). For loan commitments and other credit facilities in scope of ECL, expected cash shortfalls are determined by considering expected future drawdowns during the contractual life of the instruments.

The Bank applies the low credit risk exemption for all debt investments that are considered to have very low credit risk.

ECL changes are recognised in profit or loss with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at AC on the balance sheet. For financial assets measured at FVOCI, the carrying value is not reduced, but an accumulated amount is recognised in OCI. See also Section Financial Instruments.

For off-balance sheet financial instruments and other credit lines not recognised (i.e. related to undrawn positions such as loan commitments or financial guarantees), provisions for ECLs are reported in Provisions. ECL changes are recognised within the income statement in Credit loss expenses (recovery).

Measurement of Expected Credit Loss
The Bank calculates ECL based on three probability-weighted scenarios (baseline, upturn and downturn) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the

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difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. The ECL estimates are unbiased and include reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. These economic forecast scenarios include macroeconomic variables that have historically been correlated with historical credit losses. The variable used is the gross domestic product in the EURO region. The macroeconomic variables in multiple economic forecast scenarios and weightings given to each scenario depend on a variety of factors including recent economic conditions and views of internal as well as third-party economists.

The 12m ECL and the Lifetime ECL represent the ECL that results from all possible default events over the next 12 months and the expected remaining life of the instrument respectively. The 12m ECL and Lifetime ECL are calculated as a probability-weighted average over the three scenarios and are based on the unbiased and Point-in-Time ("PiT") estimates of Probability of Default ("PD"), Loss given Default ("LGD") and Exposure at Default ("EAD").

Credit losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

ECL	Measurement
Stage 1	The 12m ECL is calculated as the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months or a shorter period if applicable after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a significant increase in credit risk ('SICR') since origination, the Bank records an allowance for the lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but ECL calculations are summed over the remaining lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR. This rate is fixed to discount the cash-flows over the remaining life of the loan until its expected maturity. This rate applies to all financial instruments, including undrawn loan commitments and financial guarantees.
Stage 3	For loans considered credit-impaired, the Bank recognises the Lifetime ECL, based on facility level individual cash flow estimates determined by the department Special Credits Team (SCT). SCT applies at least three scenarios (unless it is 100% impaired) and assigns probabilities to each of these scenarios. Focus is on recovery of the client, while in parallel an enforcement strategy, a loan trade or sale of the company are considered as alternative scenarios. The method is conceptually similar to that for Stage 2 assets, but requires an individual assessment. For the purpose of impairment calculation, the EIR is approximated by the sum of the applicable swap curve plus the original contractual margin.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.
Financial guarantee contracts	The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

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ECL	Measurement
Loan commitments and letters of credit	When estimating Lifetime ECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its contractual life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments relating to revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For fully undrawn loan commitments and letters of credit, the ECL is recognised within Provisions. The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

Movements of the financial instruments between the different stages due to changed credit risk profiles are disclosed in the movement schedules in the notes to these consolidated financial statements. Movements between stages of credit loss allowances, caused by eventual changes in the models or in the input parameters used, are disclosed as separate items in these movement schedules.

Refer to Note Risk Management for full disclosure on scenarios and scenario weights as well as used macro-economic and other factors.

Forbearance

The exposures are governed by the Bank's Forbearance Policy. The Bank classifies exposures as forborne, if:

- the obligor is in financial difficulties or is about to face financial difficulties, and
- the Bank grants a concession to the obligor.

The exposure can be classified as performing forborne exposure (if the client did not trigger an unlikely to pay trigger, see also section Default and credit impairment below). If the client has triggered an unlikely to pay trigger, then the exposure is considered a forborne non-performing exposure. Performing forborne exposures are transitioned to Stage 2, whereas non-performing forborne exposures are transitioned to Stage 3.

Financial difficulties are defined as client facing or about to face difficulties meeting financial obligations. Concessions refers to one of the following (per facility):

- Modification of terms or conditions of a troubled facility to allow sufficient debt service capacity (that would not be granted if the obligor were not in financial difficulties);
- Refinancing (or partial refinancing) of a troubled facility (that would not be granted without financial difficulties).

In such cases, the net present value of the postponement, reduction of loan principal and/or interest payments is taken into account in the determination of the appropriate level of ECL. If the forbearance results in a substantial modification of the terms of the loan, the original loan is derecognised and a new loan is recognised at fair value at the modification date. In the event of a modification the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The Bank determines whether there has been a substantial modification using both quantitative and qualitative factors.

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Forborne exposure is either classified as stage 2 or stage 3, depending on its circumstances. We also refer to Section Derecognition, Restructured and modified financial assets.

Default and credit impairment
The Bank has fully aligned the implementation of the prudential definition of default, the supervisory definition of Non-performing exposures and the accounting definition of credit-impaired exposures in the Bank's definition of default, process, monitoring and reporting.

An obligor or credit facility is considered to be in default when either one or both events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Bank in full, without recourse by the Bank to actions such as seizing collateral
- The obligor/facility is past due more than 90 days on any material credit obligation to the Bank

An instrument is classified as credit-impaired when one of more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- Significant financial difficulty of the issuer or the client
- A breach of contract, such as a default or past due event
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the client a concession(s) that the Bank would not otherwise consider
- It is becoming probable that the client will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

Once a financial asset is classified as defaulted / credit impaired (with the exception of POCIs), it remains as such unless the client has a decrease in the credit rating. Financial assets which are classified as defaulted / credit-impaired that have a forborne measure are reported defaulted or credit-impaired at least one year. For defaulted / credit-impaired assets that do not have a forborne measure are reported defaulted or credit-impaired for at least three months.

Interest income on financial assets that are not credit impaired (i.e. in stages 1 and 2) is calculated by applying the effective interest rate to the gross carrying amount of the asset. Once a financial asset is credit-impaired, interest income is calculated by applying the effective interest rate on the net carrying amount of a financial asset (gross carrying amount less the ECL). If a financial asset cures, i.e. when the financial asset transfers back to stage 2, interest income is again recognised based on the gross carrying amount. The adjustment required to bring the loss allowance to the amount required is presented as Credit loss recovery in the consolidated income statement instead of Net interest income.

Write-off
Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written-off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there are not sufficient resources available to satisfy the unsecured creditors; or

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- There is an external evidence (for example, via third-party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery; or
- Individually assessed loans that are secured, are generally written-off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.

Financial instruments in scope of ECL are written off, either partially or in full, when there is no realistic prospect of recovery.

Expected Credit Loss measurement period
The maximum period for which the ECL is determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. For revolving facilities, the ECL is measured over the period the Bank is exposed to credit risk.

Significant Increase of Credit Risk
In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk ("SICR") since initial recognition.

The Bank established a framework, incorporating quantitative and qualitative indicators, to identify and assess SICR. The criteria considered when assessing if an instrument has experienced a significant increase in credit risk include quantitative, qualitative or backstop trigger.

SICR trigger	Description of trigger	Indicator trigger
Significant change in PD since initial recognition	Threshold is a number of notches downgrade (between 1 and 3 notches downgrade depending on the rating at initial recognition). And, if the change in lifetime probability of default at reporting date exceeds set threshold as compared to the probability of default at origination date.	Quantitative trigger
Facility is forborne	If the facility is considered forborne.	Qualitative trigger
Facilities that are monitored via the early warning list	If the facility is under intensive care management (if the asset is put on the early warning list or close watch).	Qualitative trigger
Facility is 30 days past due (unless rebutted)	If the facility has more than 30 days past due.	Quantitative trigger

The following table discloses the SICR trigger following significant change in Probability of Default ("PD"). The PD ratings are scaled over 10 notches.

PD rating	SICR trigger determined by number of notches downgrade
1 to 5-2	-3
6-1 and 6-2	-2
7 to 8-2	-1
8-2	Not applicable, a downgrade will lead to a default rating and per definition to stage 3.
8-3 to 10	Not applicable, rating 8-3 and above are per definition stage 3.

As soon as the payment in arrears has been resolved or settled and no other impairment trigger is applicable, the borrower can become performing again after a probation period of at least three months in case all arrears have been cured by payments. However, if the defaults are resolved by agreeing an amendment (restructuring) a longer probation period applies of at least one year. If a forbearance measure is applied and the client is deemed non-performing, the probation period for the client to become performing again is two years.

Intangible assets
An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. The Bank's intangible assets consist of self-developed software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year-end. The amortisation expense on intangible assets is recognised in the statement of profit or loss in the expense category 'Amortisation of intangible assets'. Amortisation is calculated using the straight-line method to their residual values over their estimated useful lives, being 1-5 years.

Impairment of intangible assets
At each reporting date, the Bank assesses whether there is any indication that an asset may be impaired or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Tangible assets
Property, equipment and right-of-use assets
Property and equipment are measured at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Type of asset	Depreciation
Operations equipment	3-5 years
Leasehold improvements	2-16 years
Right-of-use assets: Offices	5-10 years[1]

1 Depending on the contractual terms, the Bank has multiple office locations with varying contract terms.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Leases
A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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For contracts that contain both lease components and non-lease components, such as maintenance services, the Bank allocates the consideration payable on the basis of the relative stand-alone prices, which are estimated if observable prices are not readily available.

The Bank is the lessee
Upon lease commencement the Bank recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, comprising:

- The amount of the initial measurement of the lease liability;
- Lease payments made at or before the commencement date of the lease contract, less lease incentives received;
- Initial direct costs; and
- An estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and condition of the lease. The Bank incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The Bank classifies the right-of-use assets as part of Property and Equipment, and subsequently applies:

- The impairment requirements from IAS 36, and;
- The depreciation requirements from IAS 16.

The lease liability is subsequently remeasured to reflect changes in:

- The lease term (using a revised discount rate);
- The assessment of a purchase option (using a revised discount rate);
- The amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- Future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

The right-of-use assets are presented within the Note Property and equipment, and the lease liabilities are presented within the Note Other liabilities.

The Bank applies the following practical expedients:

- Short-term leases (no right-of-use assets and lease liabilities are recognised for lease terms of 12 months or less at commencement date);
- Low value assets (this includes, leases for which the underlying assets have a value lower or equal to € 500; leases leading to recognition of a Right-of-Use asset ("RoU") lower or equal to € 30,000; leases of similar underlying assets (like e.g. printers) leading to a total Right-of-Use asset of lower or equal to € 30,000, or leases of group assets whereby the costs and benefits of RoU asset recognition do not justify the reporting requirement).

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Lease payments for assets falling under these practical expedients are recognised directly in operating expenses.

The Bank is the lessor
The Bank classifies each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

When assets are held subject to an operating lease, the assets are included in assets held under operating leases under property and equipment.

Financial guarantees
The Bank issues financial guarantees consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised under other liabilities at fair value, being the premium received and subsequently measured at the higher of the amount of the loss allowance; and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Any increase in the liability relating to financial guarantees is recorded in the income statement in credit loss expenses. The premium received is recognised in the income statement in fee and commission income on a straight-line basis over the life of the guarantee.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks and the net credit balances on current accounts with other banks.

Cash balances are measured at face value.

Provisions
Provision contains:

- ECL allowances for off-balance sheet financial instruments;
- Restructuring and/or reorganisation provisions;
- Employee benefits and pensions;
- Other provisions.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be remote.

Provisions are measured at the present value of the expected required expenditure to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Provisions are presented under other liabilities.

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Contingent liabilities, if applicable, are not recognised on the balance sheet but are disclosed separately, unless they are remote.

Restructuring and/or reorganisation provisions
Provision for restructuring costs and legal claims are recognised when:

- The Bank has a present legal or constructive obligation as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation;
- The amount has been reliably estimated.

A constructive obligation to restructure arises only when the Bank has a detailed formal plan for the restructuring identifying at least:

- The business or part of a business concerned;
- The principal locations affected;
- The location, function, and approximate number of employees who will be compensated for terminating their services;
- The expenditure that will be undertaken;
- When the plan will be implemented; and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The Bank has recognised a restructuring provision as part of the Medium Term Business Plan, see also Section Medium Term Business Plan FY21 - FY23.

Employee benefits
Pension benefits
The Bank operates two post-employment schemes, including both defined benefit and defined contribution pension plans for the Netherlands and Germany. On 31 December 2020 the defined pension benefit plan implemented in the Netherlands was closed for new participants. The existing rights remain in the defined benefit plan. From 1 January 2021, the Netherlands operated a defined contribution plan.

The net defined benefit asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the fair value of the plan assets less the present value of the defined benefit obligation at the balance sheet date.

Plan assets are measured at fair value at the balance sheet date. For determining the pension expense, the return on plan assets is determined using a high quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

The defined benefit obligation is calculated by external independent qualified actuaries through actuarial models and calculations using the projected unit credit method. This method considers expected future payments required to settle the obligation resulting from employee service in the current and prior periods, discounted using a high quality corporate bond rate. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, consumer price index and the expected level of indexation. The assumptions are based on available market data as well as management expectations and are updated regularly. The actuarial assumptions may differ significantly from the actual results due to changes in market conditions, economic and mortality trends, and other assumptions. Actuarial gains and losses arising from events and/or changes in actuarial assumptions are recognised in the statement of comprehensive income.

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Pension plan The Netherlands
The net defined benefit pension asset/liability represents the difference between the fair value of the plan asset and the present value of the defined benefit obligation at the reporting date.

Pension plan Germany
The pension obligations of the Bank's Germany Branch comprise the pension obligations of the Bank's Germany Branch as well as the pension obligations towards company pensions (Betriebsrentner) and former employees with accrued non-forfeitable pension rights pertaining (Arbeitnehmer mit unverfallbaren Rentenanwartschaften) to former German Branches of MUFG Bank.

By way of cumulative assumption of liability (Schuldbeitritt), the Bank assumes liability for the performance of all obligations arising under or relating to these pension obligations. According to German law, the Bank and MUFG Bank are jointly and severally liable by virtue of the cumulative assumption of liability. Furthermore MUFG Bank and the Bank have agreed that the Bank alone shall be responsible for the performance of these pension obligations towards pension beneficiaries. The Bank shall fulfil any obligations arising from or in relation to these pension obligations in due time as they fall due.

Termination benefits
The Bank recognises termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based compensation
The Bank operates a cash-settled share-based compensation plan.

Cash-settled transactions
For the cash-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of share-based compensation is recognised as a liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in the income statement in personnel expenses.

Accruals, deferred income and other liabilities
Trade payables are recognised initially at fair value and subsequently measured at AC using the effective interest method.

Income tax
Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholder's equity (OCI).

Current tax
Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates (and laws) enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Bank intends to settle on a net basis and a legal right of offset exists.

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Deferred tax
Deferred income tax is provided for in full, using the balance sheet approach, on temporary differences between the tax bases of assets and liabilities and their carrying amount in the Consolidated Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised when it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Bank's principal temporary differences arise from the revaluation of certain financial assets and liabilities, including financial assets measured at FVOCI, lease liabilities, depreciation of property, pension liability and tax losses carried forward.

The tax effect of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which of these losses can be utilised. We also refer to Note Income Tax.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to fair value remeasurement of debt instruments at fair value through OCI and foreign exchange differences, which are charged or credited to OCI.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at statement of financial position date. Current tax and deferred tax relating to items recognised in other comprehensive income are also recognised in other comprehensive income.

The Bank has applied the temporary exception to deferred tax accounting in accordance with paragraphs 4A and 88A of IAS12.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertain tax positions
Uncertain tax positions are assessed continually by the Bank and in case it is probable that there will be a cash flow, a current tax asset or liability is recognised.

Equity
Share capital
Shares are classified as equity when there is not a contractual obligation to transfer cash or other financial assets.

Equity reserves
The reserves recorded in equity on the Bank’s statement of financial position include:

- Revaluation reserve of financial investments; which comprises changes in fair value of financial investments recognised at fair value through other comprehensive income;

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- Foreign currency translation reserve; which comprises changes in the Euro equivalents of different presentation currencies of branches and subsidiaries; and
- Revaluation actuarial defined benefit reserve; which comprises the actuarial gains and losses of the defined benefit obligations of the Netherlands and Germany.

Dividends on ordinary shares
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholder. Dividends for the year that are approved after the balance sheet date are disclosed as an event after statement of financial position date.

Revenue recognition
Net interest income
Interest income and expenses from financial instruments measured at AC and FVOCI are recognised in the income statement applying the EIR method. In determining interest income and expense, the EIR is applied to the gross carrying amount of the financial asset (unless the asset is credit-impaired) or the AC of a financial liability, based on estimated future cash flows that take into account all contractual cash flows. However, when a financial asset becomes credit-impaired after initial recognition, interest income is determined by applying EIR to the net carry amount of the instrument. Furthermore, for financial assets that were credit-impaired on initial recognition, interest is determined by applying a credit-adjusted EIR to the AC of the instrument.

For POCI assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI asset. Penalty interest is directly recognised under interest income in case of early repayment (partial derecogntion of the related financial instrument). Penalty interest is directly recognised under interest income in case of an interest reset.

Negative interest from liabilities are recognised as interest income, and negative interest from financial assets are recognised as interest expense.

Net fee and commission income
The Bank recognises revenue in relation to fee income and other operating income, in accordance with IFRS 15 Revenue from Contracts with Customers, when (or as) a performance obligation is satisfied by transferred a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Bank's activities. Revenue is shown net of value added tax and discounts.

The Bank earns fee income from a diverse range of services it provides to its clients. Fee income can be divided into two categories:

- Fees earned from services that are provided for a certain period of time, such as to originate an asset
- Fees earned from point in time services such as structuring and advisory fees

Services
Fees earned from services that are provided over a certain period of time are recognised rateably over the service period, provided the fees are not contingent on successfully meeting specified performance criteria that are beyond the Bank's control.

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Costs to fulfil over time services are recorded in the income statement immediately because such services are considered to be a series of services that are substantially the same from day to day and have the same pattern of transfer.

Measurement
Fee income is measured based on consideration specified in a legally enforceable contract with a customer. Consideration can include both fixed and variable amounts. Variable consideration includes discounts, performance bonuses and other amounts that are contingent on the occurrence or non-occurrence of a future event.

Variable consideration that is contingent on an uncertain event can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue for a contract will not occur.

In the following table the recognition of revenue under IFRS 15 per main fee revenue earned by the Bank is listed:

Fee revenue	Timing of satisfaction of performance obligation	Measuring progress towards complete satisfaction of a performance obligation
Underwriting fees - loan syndication fee	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Brokerage and advisory fees	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Structuring fees not IFRS 9 related such as setting up or advising in SPV structures	If the performance obligation is satisfied over time, the fees are recognises over time. If the performance obligation is not satisfied over time, the fees are recognised when the service has been completed.	Depends on the type of performance obligation.
Commission on guarantees	Performance obligation is satisfied overtime. The customer simultaneously receives and consumes the benefits proved by the Bank's performance as it performs.	Straight line over time as the service is provided.
Commission on corporate management services	Performance obligation is satisfied overtime. The customer simultaneously receives and consumes the benefits proved by the Bank's performance as it performs.	Straight line over time as the service is provided.

Presentation of fee income and expense
Fee income and expense are presented as gross on the face of the income statement.

Statement of cash flows
The statement of cash flows, prepared based on the indirect method of calculation, gives details of the source of cash and cash equivalents that became available during the year, and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, investment and financing activities.

Movements in loans and receivables and deposits and sales and redemptions in respect of financial investments, are included in cash flows from operating activities.

Investment activities comprise property and equipment and intangible assets. The issuing of shares, dividends and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to

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currency translation differences and the effects of the consolidation of business acquisitions, where of material significance, are eliminated from the cash flow figures.

The difference between the net cash flow in accordance with the statement of cash flows and the change between the opening and closing balance of cash and cash equivalents in the statement of financial position is due to exchange rate differences and is presented separately in the cash flow statement.

During the year, no dividends have been paid.

Significant accounting judgements, estimates and assumptions

In the process of applying the accounting policies, management has exercised assumptions, judgements and estimates in determining the amounts recognised in the Consolidated Financial Statements. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. The most significant uses of judgement and estimates are as follows:

Estimates and judgements are principally made in the following areas:

- Fair value of certain financial instruments;
- ECL of financial instruments not measured at FVPL;
- Net defined benefit pension asset/liability; and
- Income tax and the related deferred tax asset.

Fair value of financial instruments
We measure certain financial assets and liabilities at fair value. The majority of such assets and liabilities are measured at fair value on a recurring basis, including trading securities and derivatives.

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. We have an established and documented process for determining fair value in accordance with the guidance. To determine the fair value, we use quoted prices which include those provided from pricing vendors, where available. We generally obtain one price or quote per instrument and do not adjust it to determine the fair value of the instrument. We perform internal price verification procedures to ensure that the prices and quotes provided from the independent pricing vendors are reasonable. Such verification procedures include a comparison of pricing sources and analysis of variances among pricing sources. These verification procedures are periodically performed by independent risk management departments.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets (e.g. level 2 and 3 valuations), they are determined using a valuation technique that includes the use of mathematical models. The models range from discounted cash flow models to various valuation models with the market price of underlying reference instruments, market parameters (e.g. volatilities and credit ratings), and customer behaviour are taken as inputs. The inputs to these models are derived from observable and non-observable market data. Unobservable inputs are estimated using a combination of management judgement, historical data, market practice and benchmarking to other relevant observable market data.

The Bank maximises the use of market observable inputs and minimises the use of unobservable inputs in determining the fair value. To include credit risk in fair value, the Bank applies Credit Valuation Adjustments (CVA). All input data that is used in the determination of the CVA is based on market implied data.

Reference is made to section Determination of fair value and note Fair value measurement.

Deferred tax assets
Deferred tax assets are recognised in respect of temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

Significant accounting judgements, estimates and assumptions

Reference is made to section Income Taxes within this note and Note Income tax.

Expected credit losses on financial assets
The allowance for credit losses represents an estimate of the credit losses that are expected over the life of the financial instrument or exposure and has three components: the allowance for loans measured on a collective basis, when similar risk characteristics exist, the allowance for loans measured on an individual basis, for loans that do not share similar risk characteristics, and the allowance for losses on unfunded credit commitments, which is included in other liabilities.

The methodology for estimating credit losses uses relevant available information relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made over a forecast period to account for differences between current and expected future conditions and those reflected in historical loss information. Beyond the forecast period, estimated expected credit losses revert to average historical loss experience. The estimation of the allowance for credit losses involves significant judgement on a number of assumptions including the assessment of risk characteristics, assignment of a borrowers internal credit rating, valuation of collateral, expectations of future economic conditions, the development of qualitative adjustments and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors and changes, which can result in different levels of expected credit losses.

The Bank's ECL calculations are outputs of models based on certain assumptions. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns credit grades to the customers;
- The Bank's criteria for assessing if there has been a significant increase in credit risk;
- The ECL models, including the various formulas and the choice of inputs;
- The selected forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models; and
- The associations between macroeconomic scenarios on GDP and the effect on PD, EAD and LGD model.

Net defined benefit pension asset/liability
The net defined benefit pension asset/liability represents the difference between the fair value of the plan asset and the present value of the defined benefit obligation at the reporting date.

In determining the present value of the defined benefit obligation, the bank applies actuarial valuation techniques using the projected unit credit method. This method requires making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty and are sensitive to changes in assumptions used. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds denominated in EUR with at least an 'AA' rating, set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the country. Future salary increases and pension increases are based on expected future inflation rates for the country.

Reference is made to section Employee benefits Pension benefits plan within this note and Note Provisions – Pension expenses and plan assets.

Significant accounting judgements, estimates and assumptions

Assets

1. Cash and balances with central banks

Cash and balances with central banks	2024	2023
Balances with central banks	2,622,278	3,093,030
Cash and balances with central banks	2,622,278	3,093,030

The account 'Balances with central banks' is part of the cash and cash equivalents in the Consolidated Statement of Cash Flows. The Bank does not hold any cash at hand.

Within the balances with central banks, mandatory reserve deposits are included for the amount of € 112,636 at 31 March 2024 (2023: € 313,061). The reserve deposits with central banks are not immediately available for the Bank's day-to-day operations.

Balances held with central banks, above the mandatory reserve amount, are interest-bearing on which the Bank earns the prevailing deposit facility rate as a return.

2. Loans and advances to banks

Loans and advances to banks	2024	2023
Placements with banks - on demand	82,018	163,100
Placement with banks - term deposits	987,813	611,829
Loans and advances	532,112	573,929
	1,601,942	1,348,858
Allowance for expected credit losses	(27)	(2)
Loan and advances to banks	1,601,915	1,348,856

The account 'Placement with banks - on demand' is part of the cash and cash equivalents in the Consolidated Statement of Cash Flows.

The amount placed with MUFG Bank London branch in aggregate has increased by € 308,219 to € 1,007,319 at 31 March 2024 (2023: € 699,100). The increase of amount placed with MUFG Bank London Bank is due to more intergroup activities.

3. Loans and advances to customers

This item includes amounts receivable in connection with commercial loans and advances (such as loans, overdrafts in current account, bills discounted), due from counterparties other than banks.

Loans and advances to customers – by class	2024	2023
Corporate current accounts	244,129	259,153
Corporate term loans	6,064,473	6,092,788
Bills of exchange	1,115,097	1,447,029
Finance lease receivables	-	933
Participation loans	46,331	82,910
	7,470,030	7,882,813
Allowance for expected credit losses	(45,507)	(53,324)
Loans and advances to customers by class	7,424,523	7,829,488

The gross carrying amount of loans and advances to customers has decreased by € 412,783 to € 7,470,030 at 31 March 2024 (2023: € 7,882,813). The decrease is mainly attributable to the decrease in bills of exchange of € 331,932 to € 1,115,097 (2023: € 1,447,029). The finance lease receivables have decreased to nil at 31 March 2024 due to the ongoing liquidation of MUFG Europe Lease Deutschland (2023: € 933).

Assets

The participation loans have decreased to € 46,331 at 31 March 2024 (2023: € 82,910).

The allowance for expected credit loss has decreased by € 7,817 to € 45,507 at 31 March 2024 (2023: € 53,324). The major driver of the decrease of the expected credit loss provisioning is due to releases in Stage 3 provisioning. Other drivers of the decrease are linked to the decrease in loans and advances to customers as observed above and, the improvement of the underlying risk parameters which also resulted in a partial release of the ECL overlay.

For further details on the overlay and expected credit losses, we refer to Risk Management.

4. Derivatives

The table below shows the fair values of derivatives, recorded as assets or liabilities, together with their notional amounts. The notional amount is the amount of a derivatives underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of client transactions outstanding at year-end.

in thousands of €s	2024			
Derivatives	Assets	Liabilities	Notional amounts (assets)	Notional amounts (liabilities)
Interest rate swaps	17	44	1,172	3,001
Derivatives used as fair value hedge	**17**	**44**	**1,172**	**3,001**
Forward foreign exchange contract	59,674	57,796	4,773,397	4,623,226
Loan commitment derivatives	24,763	25,028	59,675	2,224,813
Derivatives other	**84,436**	**82,824**	**4,833,073**	**6,848,039**
Derivative financial instruments	**84,454**	**82,868**	**4,834,245**	**6,851,040**

in thousands of €s	2023			
Derivatives	Assets	Liabilities	Notional amounts (assets)	Notional amounts (liabilities)
Interest rate swaps	327	82	20,051	5,028
Derivatives used as fair value hedge	**327**	**82**	**20,051**	**5,028**
Forward foreign exchange contract	97,816	95,086	4,893,143	4,756,578
Loan commitment derivatives	18,183	18,183	2,184,860	2,184,860
Derivatives other	**115,999**	**113,269**	**7,078,003**	**6,941,438**
Derivative financial instruments	**116,325**	**113,351**	**7,098,054**	**6,946,466**

The total notional amount of the derivative financial instruments have decreased to € 4,834,245 (2023: € 7,098,054). The fair values linked to the instruments have also decreased to € 84,454 (2023: € 116,325), as a result of decrease in underlying contracts and to market movements. In addition, no new contracts have been brought into hedging relationships. The remaining hedging contracts are expected to mature in the coming five years.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or both.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Foreign exchange contracts
Foreign exchange contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. The Bank has a credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and are, therefore, considered to bear liquidity risk. Forward contracts also result in market risk exposure.

Currency swaps relate to contracts taken out by the Bank with other parties. The Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are settled in gross amounts.

Derivatives used as fair value hedge
As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to reduce its exposure to market risks. This is achieved by hedging specific financial instruments and forecast transactions as well as strategic hedging against overall financial position exposures.

Fair value hedges are used by the Bank to protect it against changes in the fair value of financial assets and financial liabilities due to movements in exchange rates and interest rates. The Bank uses currency swaps to hedge against specifically identified currency risks, and interest rate swaps to hedge interest rate risk.

All interest rate swap contracts are designated as fair value hedges to reduce the Bank's exposure resulting from variable interest rates on borrowings.

Derivatives used as fair value hedge

Hedging instruments	Notional principal amount		Carrying amount of the hedging instrument		Change in fair value used for recognising hedge ineffectiveness		Average contracted fixed interest rate (in %)	
in thousands of €s	2024	2023	2024	2023	2024	2023	2024	2023
Derivatives	3,001	5,028	44	82	-	-	-	-

Hedged item	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Change in fair value used for recognising hedge ineffectiveness		Accumulated amount of fair value hedge adjustments in SOFP for hedged items that have ceased to be adjusted for hedging gains and losses	
	2024	2023	2024	2023	2024	2023	2024	2023
Loans to customers	3,001	5,028	44	82	-	-	-	-

The portfolio is in run-off, which means that the Bank will not originate new hedging instruments.

Loan commitment derivatives
The loan commitment derivatives are related to commitments that have been issued and which are sub-participated to other parties or intended to be sold. Hence, when the loan commitment is drawn, the resulting loan is immediately transferred to other parties. In the valuation of these derivatives it is assumed that the value of these commitments is generated by a divergence of the credit spread for a specific credit rating compared to the fixed margin of the credit rating in the contract.

Assets

Given the nature of the commitment, the loan commitment derivatives are valued using an interest rate option pricing model, for credit spreads. The significant unobservable inputs used in the fair value measurement is the volatility of the credit spread. Significant increases (decreases) of this input in isolation would result in a significantly higher (lower) fair value measurement.

There is a change in the fair value of the loan commitment derivatives as compared to last financial year. Refer to Section Fair value measurement for more details on the fair value movement of these instruments.

The notional amount of the loan commitment derivatives at 31 March 2024 amounted to € 59,675 (2023: € 2,184,860).

5. Financial investments

Financial investments	2024	2023
Investments resulting from supply chain finance transactions	248,553	308,294
Loans FVPL	10,512	-
Financial investments	259,065	308,294

The financial investments have decreased by € 49,229 to € 259,065 at 31 March 2024 (2023: € 308,294). The investments relate to transactions originated as part of the supply chain finance program.

Loans FVPL are originated with a purpose to distribute as the cash flows are collected via a sale. As such the measurement is at fair value through profit and loss. At 31 March 2024, the loans held by the bank with the intention of sale amounted to €10,512 (2023: nil) which were part of the underwriting deals.

6. Property and equipment

	2024					
	Owned			Right-of-use assets		
Property and equipment	Operations equipment	Leasehold improvements	Total	Operations equipment	Buildings	Total
Opening balance	2,586	1,883	4,469	-	7,828	7,828
Additions	522	15	537	-	441	441
Disposals	(31)	-	(31)	-	(163)	(163)
Depreciation	(781)	(390)	(1,171)	-	(2,890)	(2,890)
Other changes	164	(76)	88	-	307	307
Closing balance	2,460	1,432	3,892	-	5,523	5,523
Accumulated cost	12,010	7,967	19,977	186	20,152	20,338
Accumulated depreciation	(9,646)	(6,535)	(16,181)	(186)	(14,629)	(14,815)
Property and equipment	2,364	1,432	3,796	-	5,523	5,523

Assets

Property and equipment	2023					
	Owned			Right-of-use assets		
	Operations equipment	Leasehold improvements	Total	Operations equipment	Buildings	Total
Opening balance	3,048	2,197	5,245	48	9,660	9,708
Additions	547	197	744	-	965	965
Disposals	(28)	(19)	(47)	-	(149)	(149)
Depreciation	(982)	(416)	(1,398)	(49)	(2,980)	(3,029)
Other changes	1	(76)	(75)	1	332	333
Closing balance	2,586	1,883	4,469	-	7,828	7,828
Accumulated cost	11,595	8,092	19,687	186	19,584	19,770
Accumulated depreciation	(9,009)	(6,209)	(15,218)	(186)	(11,756)	(11,942)
Property and equipment	2,586	1,883	4,469	-	7,828	7,828

The property and equipment relates to small office equipment and improvements to offices (leasehold improvements). The depreciation period is dependent on the type of asset, for more details see Section Tangible assets.

7. Intangible assets

Intangible assets	2024	2023
Opening balance	10,519	12,761
Additions	154	221
Disposals	(965)	(50)
Amortisation	(4,316)	(5,155)
Under development	2,988	1,860
Impairment (loss)	(183)	-
Other changes	1,099	882
Closing balance	9,295	10,519
Accumulated cost	43,004	40,281
Accumulated amortisation and impairment (loss)	(33,709)	(29,762)
Closing balance	9,295	10,519

The intangible assets consist of software and licenses.

8. Other assets

Other assets	2024	2023
Accounts receivable	299	336
Prepayments	2,934	3,408
Collateral posted	7,042	2,573
Other	20,248	18,946
Other assets	30,524	25,264

The other assets have increased by €5,260 to € 30,524 at 31 March 2024 (2023: € 25,264). The increase is mainly due to the increase in the collateral posted for derivatives of € 4,469 to € 7,042 at 31 March 2024 (2023: € 2,573).

The account 'Other' has increased by € 1,302 to € 20,248 at 31 March 2024 (2023: € 18,946). The account consists of amounts held in the Single Resolution Fund of € 8,551 (2023: € 7,022) and accounts paid (and in suspense) of € 3,209 (2023: € 2,757).

Liabilities

9. Due to banks
This item comprises debts to credit institutions and central banks.

Due to banks	2024	2023
Nostro accounts	7,215	37,144
Term deposits	4,398,017	4,907,761
Due to banks	**4,405,232**	**4,944,905**

Term deposits decreased by € 509,744 to € 4,398,017 at 31 March 2024 (2023: € 4,907,761). The total amount owed to MUFG Bank, including pledged deposits is € 2,047,139 (2023: € 4,647,012) reflecting the intragroup funding relationship.

10. Due to customers

Due to customers	2024	2023
Term deposits	2,066,481	1,497,921
Current accounts	3,364,722	4,011,186
Due to customers	**5,431,203**	**5,509,107**

The amount due to customers has decreased by € 77,904 to €5,431,203 at 31 March 2024 (2023: € 5,509,107). Due to the positive interest rate environment, the Bank continues to observe a shift from current accounts to term deposits, where the current account decreased to € 3,364,722 at 31 March 2024 (2023: € 4,011,186) and term deposits have increased to € 2,066,481 at 31 March 2024 (2023: € 1,497,921).

11. Subordinated debt

Subordinated debt	2024	2023
Subordinated debt	-	300,369

In FY23, the Bank fully repaid the subordinated debt.

12. Provisions
The provisions consist of the following:

Provisions	Notes	2024	2023
Expected credit losses on off-balance facilities	28	1,849	2,220
Pension liability	12.1, 12.2	9,204	10,358
Restructuring provision	12.3	5,072	4,791
Provision for holiday allowance		2,858	3,663
Other provisions		2,576	1,870
Provisions		**21,558**	**22,901**

The provisions have decreased to € 21,558 at 31 March 2024 (2023: € 22,901). The decrease in provisions is mainly due to decrease in the pension liability for the defined benefit plan in the Netherlands by € 1,464 to € 8,894 at 31 March 2024 (2023: € 10,358). For further details on the defined benefit plans, we refer to section 12.1 and 12.2 for respectively the Netherlands and Germany.

12.1. Defined benefit plan – Netherlands

The defined benefit plan of the Netherlands exists for former employees and current employees that joined before the plan was closed. New employees enter into a defined contribution plan.

Liabilities

Defined benefit plan – the Netherlands	2024	2023
Present value of defined benefit obligation	46,460	47,984
Fair value of plan assets	(37,567)	(37,626)
Retirement benefit liability / (asset)	8,894	10,358

The Dutch defined benefit plan is a defined benefit obligation pension plan for Netherlands based staff. The pension age is 66 and 7 months as of 31 March 2024. The benefits are based on a career average system. There is also a legacy plan for 8 staff members, which is based on a final pay system. This plan is closed.

The reduction of the present value of the defined benefit obligation reflects both the changes in the interest and indexation assumptions, whilst the reduction of fair value of plan assets is a consequence of the increased interest rate.

Changes in the present value of the defined benefit obligation are as follows:

Present value of the defined benefit obligation	2024	2023
Opening defined benefit obligation	47,983	52,195
Current service cost	-	-
Interest cost	1,464	773
Contributions by employees	-	-
Benefits paid	(1,495)	(1,416)
Actuarial (gains)/losses on obligations	(1,493)	(3,568)
Past service costs	-	-
Closing defined benefit obligation	46,460	47,983

Changes in the fair value of plan assets are as follows:

Plan assets - Movement	2024	2023
Opening fair value of plan assets	(37,626)	(50,260)
Actual return on plan assets	-	
Administrative expenses	-	-
Contributions by employer	(484)	-
Contributions by employees	-	-
Benefits paid	1,495	1,416
Actual expenses, taxes and premiums paid	40	-
Interest income on plan assets	(1,151)	(743)
Return on plan assets excluding amounts included in Interest income	160	11,961
Closing fair value of plan assets	(37,567)	(37,626)

Retirement benefit costs

The assets of the retirement benefit plan consist of insurance contracts used for indexation of pensions paid.

Plan assets	2024	2023
Insurance contracts with subsequent profit sharing clause	100%	100%

The overall expected rate of return on assets is calculated based on three elements:

- The rate of return on the insurance contract which is effectively the discount rate;
- Surcharges on contribution by the Bank which can be attributed to the year and which are caused by differences between market yields and yields used by the insurer;
- Execution costs.

Liabilities

The principal assumptions used in determining pension obligations for the Bank's plan are shown below:

Defined benefit plan – the Netherlands - assumptions	2024	2023
Discount rate	3.10%	3.10%
Expected inflation rate	2.20%	2.50%
Expected pension increases (plan A)	1.10%	1.25%
Expected pension increases (plan B)	2.20%	2.50%

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank at 31 March 2024. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method.

Sensitivity information – the Netherlands

The following table illustrates the sensitivity in the defined benefit obligation as in the projected IAS 19 expense to different discount rates. The sensitivity analysis calculates the financial impact on the defined benefit obligation if the discount rate would increase or decrease and all other assumptions were held constant. In practice the discount rate is seen as the assumption which would have the most significant impact on the defined benefit obligation.

Discount rate sensitivity information	Adjusted Assumption	2024
Discount rate	3.10%	47,983
Discount rate -0.5%	2.60%	52,649
Discount rate +0.5%	3.60%	43,932

Expected pension increase sensitivity information	Adjusted Assumption	2024
Expected pension increases	1.10% / 2.20%	46,490
Expected pension increases -0.5%	0.60% / 1.70%	42,576
Expected pension increases +0.5%	1.60% / 2.70%	50,884

Changes in Life expectancy	Increase by 1 year	Decrease by 1 year
Life expectancy	DBO +4,34%	DBO -4,44%

12.2. Defined benefit plan – Germany

The defined benefit plan of Germany exists for current and former employees. New employees enter into a defined contribution plan.

Defined benefit plan – Germany	2024	2023
Present value of defined benefit obligation	15,997	14,550
Fair value of plan assets	(20,250)	(19,684)
Retirement benefit liability (asset)	(4,253)	(5,134)

For financial year 2023, the Bank has recognised a retirement benefit asset of € 4,253 at 31 March 2024 (2023: € 5,134). The pension obligation has decreased due to changes in the indexation assumption and the interest rate used in determining the pension obligation and the fair value of plan assets are relatively stable as the insurance contracts have a guaranteed component.

The asset ceiling is not applicable to both pension plans, given that the Bank has a right of a refund or a reduction in future contributions in accordance with the terms and conditions of the plan and the statutory requirements in Germany.

Liabilities

Changes in the present value of the defined benefit obligation are as follows:

Present value of the defined benefit obligation	2024	2023
Opening defined benefit obligation	14,550	19,729
Current service cost	401	401
Interest cost	381	381
Contributions by employer	-	-
Benefits paid	(284)	(546)
Actuarial gain / (loss) on obligations	949	(5,415)
Past service costs	-	-
Closing defined benefit obligation	15,997	14,550

One insurance policy has been acquired for the plan assets of two (closed) pension schemes. Changes in the fair value of plan assets are as follows:

Plan assets - Movement	2024	2023
Opening fair value of plan assets	(19,684)	(19,729)
Actual return on plan assets	-	
Administrative expenses	-	
Contributions by employer	(502)	-
Contributions by employees	-	-
Benefits paid	284	546
Actual expenses, taxes and premiums paid	-	-
Interest income on plan assets	(391)	(391)
Return on plan assets excluding amounts included in Interest income	43	(111)
Closing fair value of plan assets	(20,250)	(19,684)

Retirement benefit costs

The assets of the retirement benefit plan consist of insurance contracts used for indexation of pensions paid.

Plan assets	2024	2023
Insurance contracts with subsequent profit sharing clause	100%	100%

The overall expected rate of return on assets is calculated based on three elements:

- The rate of return on the insurance contract which is effectively the discount rate;
- Surcharges on contribution by the Bank which can be attributed to the year and which are caused by differences between market yields and yields used by the insurer;
- Execution costs.

The principal assumptions used in determining pension obligations for the Bank's plan are shown below:

Liabilities

Defined benefit plan – Germany - assumptions	2024		2023	
	Bank of Tokyo Mitsubishi UFJ	MUFG Bank (Europe) N.V. Germany Branch	Bank of Tokyo Mitsubishi UFJ	MUFG Bank (Europe) N.V. Germany Branch
Discount rate (defined benefit obligation)	3.73%	3.83%	4.31%	4.42%
Discount rate (plan assets)	3.73%	3.83%	1.78%	2.05%
Expected rate of salary increases	0.00%	3.00%	0%	3.0%
Expected rate of pension increases	2.25%	2.25%	2.25%	2.25%
Exp. rate of pension increases former participants (indexation)	2.00%	2.00%	2%	2%
Mortality	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G
Disability	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G
Marriage	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G	Richttafeln Heubeck 2018G
Retirement age	62 or 63 (with expectations)	62 or 63 (with expectations)	62 or 63	62 or 63
Withdrawal rate	RT Heubeck	RT Heubeck	Mercer specific tables	Mercer Specific tables

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank at 31 March 2024. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method. The pension obligations are secured against insolvency by BVV Versicherungsverein des Bankgewerbes.

The return on plan assets is measured using the interest rates of corporate bonds denominated in Euro's with at least an 'AA' rating, the same one which is used to discount the defined benefit obligation. The current and past service costs as well as interest expense attributable to the defined benefit obligation are recognised as personnel expenses in the statement of profit or loss. Changes due to remeasurement of plan assets and defined benefit obligation (actuarial gains and losses) are accounted for in 'Other comprehensive income' and not recycled through the statement of profit or loss. Upon occurrence, any gains and losses on curtailments and settlements are recognised in the statement of profit or loss as past service costs. Amounts that are recognised in other comprehensive income shall not be reclassified to profit or loss upon settlement, but shall be transferred within equity.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly, less actuarial losses not yet recognised. The value of any asset is restricted to the sum of any actuarial losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

A defined contribution plan is a post–employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Sensitivity information – Germany

The following table illustrates the sensitivity in the pension liability - Germany as in the projected IAS 19 expense to different discount rates. The sensitivity analysis calculates the financial impact on the defined benefit obligation if the discount rate would increase or decrease and all other assumptions were held constant. In practice the discount rate is seen as the assumption that would have the most significant impact on the defined benefit obligation.

Discount rate sensitivity information	Adjusted assumption		2024		2023	
Assumption	Current employees	Former employees	Current employees	Former employees	Current employees	Former employees
Discount rate	3.83%	3.73%	10,773	5,224	9,217	5,333
Discount rate +0.5%	4.33%	4.23%	9,905	4,982	10,050	5,597
Discount rate -0.5%	3.33%	3.23%	11,753	265	8,480	5,088

Changes in Life expectancy	Increase by 1 year	Decrease by 1 year
Life expectancy	DBO +5.09%	DBO -5.19%

12.3. Restructuring provision

Restructuring provision	2024	2023
Opening balance	4,791	11,605
Additions	1,450	-
Releases	-	(1,474)
Payments made	(1,194)	(5,340)
Other movements	25	-
Closing balance	5,072	4,791

The restructuring provision has increased by € 281 to € 5,072 at 31 March 2024 (2023: € 4,791).

13. Other liabilities

Other liabilities	2024	2023
Accrued expenses	39,910	51,941
Accounts payable	12,352	11,240
Lease liabilities	5,991	9,161
Collateral received	-	793
Other	23,242	42,893
Other liabilities	81,495	116,029

The accrued expenses have decreased by € 12,031 to € 39,910 at 31 March 2024 (2023: € 51,941). These expenses relate to various intragroup expenses.

The accounts payable increased by € 1,112 to € 12,352 at 31 March 2024 (2023: € 11,240).

The account 'Other' consists of amongst others cash receipts held in suspense (at 31 March 2024 amounted to € 21,494). The account has decreased by € 19,651 to € 23,242 at 31 March 2024 (2023: € 42,893).

Equity

14. Issued capital and reserves

The authorised capital amounts to € 136.2 as at 31 March 2024 (2023 € 136.2) and consists of 300,000 ordinary shares of € 454 each (unit: one €). The number of issued and fully paid-up amounts to € 220,270 at 31 March 2024 (2023: € 220,270). Issued and fully-paid capital amounts to € 100,003 at 31 March 2024 (2023: € 100,003). All shares issued are held by MUFG Bank, a wholly-owned subsidiary of MUFG.

in thousands of €s	Issued capital	Share premium	Retained earnings	Reserves			Non-controlling interest	Total equity
				Fair value	Foreign currency translation	Actuarial revaluation		
At 31 March 2022	100,003	1,334,304	312,820	156	383	(12,417)	41	1,735,290
Profit for the year	-	-	100,043	-	-	-	404	100,447
Other comprehensive income	-	-	-	14	(246)	5,111	-	4,879
At 31 March 2023	100,003	1,334,304	412,863	170	137	(7,306)	445	1,840,619
Opening balance adjustment	-	-	(17)	-	-	-	-	(17)
Profit for the year	-	-	191,552	-	-	-	(22)	191,530
Dividend	-	-	-	-	-	-	(392)	(392)
Other comprehensive income	-	-	-	(27)	180	(1,674)	-	(1,521)
At 31 March 2024	100,003	1,334,304	604,398	143	316	(8,980)	32	2,030,216

Restrictions with respect to dividend and repayment of capital

Pursuant to statutory provisions the Bank 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 the Bank's articles of association. By virtue of a resolution of the general meeting of the shareholder the Bank may acquire fully paid-up shares in the authorised capital of the Bank 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 the Bank in its capital does not amount to more than one/tenth of the issued capital.

Dividend payment

No dividend is proposed for the year ended 31 March 2024 (2023: € nil)

Profit or loss

15. Net interest income

Net interest income	2024	2023
Interest income from cash and balances with central banks	120,017	28,559
Interest income from loan and advances to banks	24,290	12,929
Interest income from loans and advances to customers	423,409	218,962
Interest income from interest rate swaps	251	1,133
Interest income from others	509	261
Interest income from liabilities	-	1,113
Interest income	568,476	262,958
Interest expense from due to banks	174,546	76,270
Interest expense from due to customers	72,460	23,685
Interest expense from interest rate swaps	251	1,135
Interest expense from others	210	181
Interest expense from assets	-	233
Interest expense	247,466	101,504
Net interest income	321,010	161,454

The interest income has increased by € 305,518 to € 568,476 in FY23 (FY22: € 262,958) mainly due to the positive interest environment for the Euro, US Dollar and British Pound.

The interest income from loans and advances to customers also consists of interest income derived from financial investments such as SCF investments. The interest income from lease assets has decreased, as all contracts have been annulled in preparation of the liquidation of MUFG Europe Lease.

The interest expense also increased by € 145,962 to € 247,466 in FY23 (FY22: € 101,504) due to the positive interest environment. It is mostly attributable to interest paid to banks amounting to a total of € 174,546 in FY23 (FY22: € 76,270) and interest expense paid for customers for deposits held with the Bank amounting to a total of € 72,460 in FY23 (FY22: € 23,685).

16. Net fee and commission income

Net fee and commission income	2024	2023
Commission on funds transfer and letters of credit	11,123	11,282
Commission on guarantees	9,024	9,204
Commission on corporate term loans	30,590	14,206
Commitment fees on loans	19,079	20,363
Other fee and commission income	14,852	18,172
Fee and commission income	84,668	73,227
Commission on (credit replacing) guarantees	10,284	8,023
Commission on funds transfer and letters of credit	937	1,210
Other fee commission expenses	12,905	12,507
Fee and commission expense	24,127	21,741
Net fee and commission income	60,541	51,486

The fee and commission income has increased by € 11,441 to € 84,668 in FY23 (FY22: € 73,227), mainly driven by the refinancing in the loan book, new products and business activities including syndication and fees for origination of loans.

Profit or loss

The fee expense increased by € 2,386 to € 24,127 in FY23 (FY22: € 21,741). The increase in the other fees and commission expense is due to the fees related to the origination of facilities, where the intragroup support has been provided.

17. Result on financial transactions

Result on financial transactions	2024	2023
Result on foreign currency transactions	38,390	42,683
Result on financial transactions	(5,201)	2,019
Result on other transactions	(318)	-
Result on financial transactions	32,871	44,702

The result from financial transactions has decreased by € 11,831 to € 32,871 in FY23 (FY22: € 44,702). The decrease is attributable to the results on foreign currency transactions which have decreased by € 4,293 to € 38,390 in FY23 (FY22: €42,683), and the decrease in results on financial transactions by € 7,220 due to loss on sale of loans and commitments.

18. Other operating income

Other operating income	2024	2023
Other operating income	605	12,785

The other operating income has decreased by € 12,180 to € 605 in FY23 (FY22: € 12,785). In the previous year the Bank recorded a one-off profit within other operating income of € 12 million for sale of an asset to a lessee as part of the ongoing liquidation of MUFG Europe Lease (Deutschland) GmbH i.L.

19. Personnel expenses

Personnel expenses	2024	2023
Wages and salaries	67,667	69,517
Social securities costs	7,761	7,302
Pension costs	9,439	8,259
Restructuring expenses	(39)	(479)
Other staff costs	7,639	9,762
Personnel expenses	92,467	94,360

The wages and salaries have decreased by € 1,849 to € 67,667 in FY23 (FY22: € 69,517). The pension cost increased by € 1,180 to € 9,439 in FY23 (FY22: € 8,259) due to an indexation of the existing pension plans in the Netherlands.

The number of employees at 31 March 2024 is 626 (FY22: 613).

Other staff costs include mainly the costs related to contracted employees and/or agency employees. The number of contractors at 31 March 2024 is 29 (FY22: 35).

Employees in the Netherlands are eligible for variable remuneration. It never amounts to more than an average of 20% of the fixed income. Outside the Netherlands, any variable remuneration never amounts to more than 100% of the fixed income. Insofar as staff are eligible for variable remuneration, it is awarded for periods in which the risks associated with the underlying business activities are adequately taken into account.

The total variable remuneration in the current year for all employees employed by the Bank amounted to € 7,422 in FY23 (FY22: € 6.560).

Profit or loss

Refer to Note Key Management Remuneration for disclosure of remuneration paid to key management personnel.

In the last year, provisions have been released due to the closure of branches in Czech Republic and Poland. No additional provisions had been recognised for expected expenses arising from the MTBP restructuring plan. Please refer to Note Restructuring Provision for more details.

20. Other operating expenses

Other operating expenses	2024	2023
Occupancy expenses	4,863	5,904
Office expenses	17,251	13,494
Professional fees	7,178	8,045
Business promotion expenses	5,473	4,969
VAT and sundry taxes	13,148	14,560
Regulatory expenses	7,158	10,900
Other	1,129	3,139
Other operating expenses	56,201	61,012

The regulatory expenses have decreased by € 2,010 to € 7,158 in FY23 (FY22: € 10,900). The regulatory expenses relates mainly to contributions to the Single Resolution Fund (SRF) in the amount of € 3,556 (FY22: € 7.428).

Professional fees include fees charged by audit organisations and auditors, as defined in Article 382a, Part 9 of the Dutch Civil Code, Book 2, which can be specified as follows:

	2024		
Fees charged by external auditor	Netherlands	Other offices	Total
Audit of financial statements	1,267	515	1,782
Other assurance services	123	-	123
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Fees charged by external auditor	1,390	515	1,905
	2023		
	Netherlands	Other offices	Total
Audit of financial statements	1,213	630	1,843
Other assurance services	119	-	119
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Fees charged by external auditor	1,332	630	1,962

This summary reflects fees charged by the Bank's external auditors in respect of audit services and other assurance services provided. Fees in the Netherlands amounted to € 1,390 (FY22: € 1,332) relate to Deloitte Accountants B.V. There were no fees paid for tax advisory and non-audit services.

Profit or loss

21. Income tax

The net tax position is analysed in the following table:

Income tax position	2024	2023
Current tax assets	30,455	52,894
Deferred tax assets	34,326	55,033
Tax assets	64,781	107,927
Current tax liabilities	57,835	9,854
Deferred tax liabilities	-	-
Tax liabilities	57,835	9,854
Net tax position	6,946	98,073

Current tax assets and liabilities relate to amounts receivable and payable in relation to pending tax declarations. Movements on the current tax asset mainly relate to corporate income tax repayments in Germany for the years up to FY20. An amount of € 14,100 was received in FY22, but was still accounted for as current tax asset at 31 March 2023. This movement is taken into account in FY23.

The components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:

Income tax expense	2024	2023
Current income tax	55,563	15,875
Tax adjustments previous years	(109)	(22)
Total current tax paid (received)	55,454	15,853
Utilisation of assessed loss	21,964	14,996
Initial recognition Dutch deferred tax asset	-	(28,796)
True-up of German tax loss carry forward balance	(3,592)	-
Restructuring and pension provisions	(943)	4,409
Allowance for expected credit losses	2,212	1,289
Amortised fees	(741)	(265)
Other	263	(2,542)
Total deferred tax expense (benefit)	19,163	(10,909)
Income tax expense (benefit)	74,617	4,944

The reconciliation between the tax expense and the accounting profit multiplied by the Bank's domestic tax rate is as follows:

Numerical reconciliation of income tax expense	2024	2023
Profit (loss) before income tax expense	266,152	105,391
Tax at statutory rate	68,667	27,191
Effect of different tax rates in other countries	6,716	3,575
Unused tax losses	2	398
True-up of German tax loss carry forward balance	(3,592)	-
Initial recognition Dutch deferred tax asset	-	(28,796)
Adjustment for current tax of prior periods	(109)	(22)
Other (permanent) differences	2,933	2,597
Income tax expense (benefit) reported	74,617	4,944

Profit or loss

For the period ended 31 March 2024, the effective income tax rate is 28.0% (FY22: 4.7%). The amount of € 2,933 in 'Other (permanent) differences' includes non-deductible expenses and tax-exempt income (FY22: € 2,597).

A major component lowering the effective income tax rate in FY22 was the recognition of a deferred tax asset in the Netherlands for the Dutch tax losses. These losses, for a total amount of € 119.4 million, had not been recognised in prior years. Based on the projected profit forecast, the Bank considered it probable that it could utilise the Dutch losses in full.

Since 1 January 2023 the lower corporate income tax rate in the Netherlands is 19% (FY22: 15%). The tax bracket of the lower rate is € 200. The general rate in corporate income tax is 25.8% for taxable profits in excess of € 200 (FY22: € 395).

Deferred tax assets and deferred tax liabilities

The following table shows deferred tax recorded on the statement of financial position in Deferred tax asset and Deferred tax liabilities and changes recorded in the income tax expense:

2024 Changes in deferred tax	Net liability (-) Net asset (+) Opening balance	Change through profit and loss	Change through equity	Other	Net liability (-) Net asset (+) Ending balance
Tax loss carry forward	26,540	18,372	-	-	**8,168**
Pensions	5,592	(943)	1,524	-	**5,011**
Restructuring provision	461	-	-	-	**461**
Allowance for expected credit losses	15,648	2,212	-	20	**13,416**
Revaluation of financial investments	(61)	-	(11)	-	**(50)**
Tangible and intangible assets	354	153	-	-	**202**
Amortised fees	3,605	(741)	-	-	**4,346**
Leases	174	53	-	-	**121**
Other temporary differences	2,720	57	-	12	**2,651**
Total	55,033	19,163	1,513	32	34,326

Notes to the Consolidated Financial Statements

Profit or loss

2023 Changes in deferred tax	Net liability (-) Net asset (+) Opening balance	Change through profit and loss	Change through equity	Other	Net liability (-) Net asset (+) Ending balance
Tax loss carry forward	10,516	(16,024)	-	-	26,540
Pensions	2,950	4,409	(7,922)	-	6,463
Restructuring provision	461	-	-	-	461
Allowance for expected credit losses	16,938	1,289	-	-	15,648
Revaluation of financial investments	1	-	62	-	(61)
Tangible and intangible assets	10	(344)	-	-	354
Amortised fees	2,484	(265)	-	-	2,749
Lease	-	(174)	-	-	174
Other temporary differences	2,872	200	-	(32)	2,705
Total	36,232	(10,909)	(7,860)	(32)	55,033

Unused tax losses in Belgium amount to € 11,300 in total for which no deferred tax asset has been recognised. The Bank does not recognise a deferred tax asset for the tax losses incurred in Belgium as it does not meet the IFRS recognition criteria in connection to historic losses.

The Bank has applied the temporary exception to deferred tax accounting in accordance with paragraph 4A and 88A of IAS12.

The Bank, as a fully owned subsidiary of MUFG Bank Ltd, is subject to Pillar 2 legislation as of 1 April 2024. All jurisdictions where the Bank is located, except Spain, have enacted Pillar 2 rules in their domestic legislation as well (with part of the rules applying retrospectively from 1 January 2024).

All countries where the Bank is located have statutory tax rates that are 23% (Austria) or 25% and above. Since the Bank has been loss making in the Netherlands in a period until FY21, and recognised prior unrecognised losses in FY22, its prior year's effective tax rate is not a reliable measure to assess potential tax exposure related to Pillar 2 taxes. FY23's effective tax rates are expected to be representative for future years. Given the high statutory tax rate in each jurisdiction and the relatively limited adjustments to the IFRS figures for tax, we expect no exposure to Pillar 2 taxes in any of the Bank jurisdictions. The Bank will apply for the temporary country by country reporting ("CbCr") safe harbour in FY24 - FY26 where appropriate.

22. Components of comprehensive income
The following table includes the movement in reserves and the related tax impact included in other comprehensive income.

Profit or loss

Other comprehensive income	2024	2023
Financial Instruments at FVOCI		
Fair value gain/(loss) arising during the period	(39)	76
Income tax relating to fair value gain/(loss) arising during the period	11	(62)
As at 31 March	(28)	14
Foreign currency translation		
Foreign currency translation movements	180	(246)
Income tax relating to fair value gain/(loss) arising during the period	-	-
As at 31 March	180	(246)
Post employment plan		
Remeasurement of the net defined asset/liability	(150)	(2,811)
Income tax relating to fair value gain/(loss) arising during the period	(1,524)	7,922
As at 31 March	(1,674)	5,111

Additional notes to the Consolidated Financial Statements

23. Fair value measurement

The technique that is being used for the derivative financial instruments under Level 2 is the Discounted Cash Flow ("DCF") model for instruments without optionality and option pricing techniques of Black-Scholes type, for instruments with optionality.

For derivative instruments, valuation adjustments are an integral part of the fair value. They are included as part of the fair value to provide better estimation of market exit value on measurement date. Currently, the Bank considers one valuation adjustment to arrive at the fair value which is the Credit Valuation Adjustment ("CVA"). CVA is the adjustment on the fair value of a derivative trade to account for the possibility that a counterparty can go into default. In other words, it is the market value of counterparty credit risk.

The calculation of CVA is based on the estimation of the expected exposure, the counterparties' risk of default, and taking into account the pledged collateral and the legal right of offset with the counterparty. The counterparties' risk of default is measured by probability of default and expected loss given default, which is based on market information including credit default swap ("CDS") spread. Where counterparty CDS spreads are not available, relevant proxy spreads are used. The fair value of financial instruments carried in the Consolidated Statement of Financial Position are:

Fair value of financial instruments	2024				2023			
Financial assets	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate swaps	-	17	-	17	-	327	-	327
Loan commitment derivatives	-	-	24,763	24,763	-	-	18,183	18,183
Forward foreign exchange contract	-	59,674	-	59,674	-	97,816	-	97,816
Derivatives	-	59,691	24,763	84,453	-	98,143	18,183	116,326
Investments from resulting supply chain finance transactions	-	-	248,553	248,553	-	-	308,294	308,294
Loans FVPL	-	-	10,512	10,512	-	-	-	-
Financial investments	-	-	259,065	259,065	-	-	308,294	308,294
Financial assets	-	59,691	283,828	343,519	-	98,143	326,477	424,620

Derivatives

Derivatives contracts are over-the-counter ("OTC") derivative instruments. Derivatives include interest rate derivatives, FX derivatives & derivatives arising out of loan commitments. The valuation techniques and inputs depend on the type of derivatives and the nature of the underlying instruments. The principal techniques used to value these instruments are based on (amongst others) DCF & option pricing models. These valuation models calculate the present value of expected future cash flows, based on 'no-arbitrage' principles. The models are commonly used in the financial industry and inputs to the validation models are determined from observable market data where possible. Certain inputs may not be observable in the market, but can be determined from observable prices via valuation model calibration procedures. These inputs include prices available from exchanges, dealers, brokers or providers of pricing, yield curves, volatility of underlying interest rates, and foreign currency exchange rates.

Additional notes to the Consolidated Financial Statements

For uncollateralised OTC derivatives, the Bank applies CVA to correctly reflect the counterparty credit risk in the valuation. The majority of the derivatives are priced using observable inputs and are classified as Level 2. Derivatives for which the input cannot be implied from observable market data are classified as Level 3.

Interest rate swaps

For interest rate swap contracts, the Bank uses the DCF method to calculate for the fair value. The interest rate used to discount future cash flows is the defined reference rate in the market for the contract for the applicable period (where needed interpolation is done to obtain the proper interest rate).

Foreign exchange contracts

For foreign exchange contracts the calculation of the fair value is done by adding the spot rate and applicable forward points (depending on valuation currency). The result of the valuation is discounted by the applicable interest rate and if needed interpolation is done to obtain the proper forward points.

Financial investments

Financial Investments include government bonds, investments resulting from supply chain finance transactions & loans. Where available, fair values for financial investments are generally based on quoted market prices. Quoted market prices are obtained from an exchange market, dealer, broker, industry group, pricing service, or regulatory service. The quoted prices from non-exchange sources are reviewed on their tradability of market prices. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which includes consensus prices obtained from one or more pricing services.

Furthermore, fair values are determined by valuation techniques discounting expected future cash flows using a market interest rate curves, referenced credit spreads, maturity of the investment, and estimated prepayment rates where applicable. Government bonds are generally traded in active markets, where quoted prices are readily and regularly available and are hence, classified as Level 1. The remaining positions are classified as Level 3.

Fair value of financial instruments	2024				2023			
Financial liabilities	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate swaps	-	44	-	44	-	82	-	82
Loan commitment derivatives	-	-	25,028	25,028	-	-	18,183	18,183
Forward foreign exchange contract	-	57,796	-	57,796	-	95,086	-	95,086
Financial liabilities	-	57,840	25,028	82,868	-	95,168	18,183	113,351

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the Financial Statements, separately for assets and liabilities. This table does not include the fair values of non-financial assets and non-financial liabilities. There have been no transfers of financial instruments between levels.

Notes to the Consolidated Financial Statements

Additional notes to the Consolidated Financial Statements

Fair value of financial instruments	2024				
Financial assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Cash balances with central banks	2,622,278	2,622,278	2,622,278	-	-
Placement with banks - on demand	82,018	82,018	82,018	-	-
Placement with banks - term deposits	987,813	993,994	-	-	993,994
Loans and advances	532,112	499,095	-	-	499,095
Loans and advances to banks	1,601,942	1,575,106	82,018	-	1,493,088
Corporate current accounts	244,129	243,812	-	-	243,812
Corporate term loans	6,064,473	5,747,058	-	-	5,747,058
Bills of exchange	1,115,097	1,148,410	-	-	1,148,410
Finance lease receivables	-	-	-	-	-
Participation loans	46,331	-	-	-	-
Loans and advances to customers	7,470,030	7,139,279	-	-	7,139,279
Other financial assets	-	-	-	-	-
Financial assets	11,694,250	11,336,663	2,704,296	-	8,632,368

Fair value of financial instruments	2023				
Financial assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Cash balances with central banks	3,093,030	3,093,030	3,093,030	-	-
Placement with banks - on demand	163,100	162,943	162,943	-	-
Placement with banks - term deposits	611,829	642,126	-	-	642,126
Loans and advances	573,929	523,069	-	-	523,069
Loans and advances to banks	1,348,858	1,328,138	162,943	-	1,165,195
Corporate current accounts	259,153	259,153	-	-	259,153
Corporate term loans	6,092,788	6,175,185	-	-	6,175,185
Bills of exchange	1,447,029	1,452,555	-	-	1,452,555
Finance lease receivables	933	933	-	-	933
Participation loans	82,910	82,946	-	-	82,946
Loans and advances to customers	7,882,813	7,970,772	-	-	7,970,772
Other financial assets	38,083	38,083	38,083	-	-
Financial assets	12,362,784	12,430,023	3,294,056	-	9,135,967

Additional notes to the Consolidated Financial Statements

Fair value of financial instruments	2024				
Financial liabilities	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Due to banks	4,405,232	4,550,196	-	-	4,550,196
Due to customers	5,431,203	5,417,754	-	-	5,417,754
Other financial liabilities	9,204	9,204	-	-	9,204
Subordinated debt	-	-	-	-	-
Financial liabilities	9,845,639	9,977,154	-	-	9,977,154

Fair value of financial instruments	2023				
Financial liabilities	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Due to banks	4,944,905	4,871,309	-	-	4,871,309
Due to customers	5,509,107	5,504,659	-	-	5,504,659
Other financial liabilities	10,358	10,358	-	-	10,358
Subordinated debt	300,369	319,462	-	-	319,462
Financial liabilities	10,764,739	10,705,788	-	-	10,705,788

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and saving accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For other variable rate instruments an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

Additional notes to the Consolidated Financial Statements

24. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

As at 31 March 2024 Assets	Within 12 months	After 12 months	Total
In thousands of €s			
Cash and balances with central banks	2,622,278	-	2,622,278
Loans and advances to banks	1,208,139	393,803	1,601,942
Loans and advances to customers	3,056,348	4,413,682	7,470,030
Derivatives (assets)	49,479	34,975	84,454
Financial investments	248,553	10,512	259,065
Property and equipment	9,319	-	9,319
Intangible assets	9,295	-	9,295
Current tax assets	30,455	-	30,455
Deferred tax assets	34,326	-	34,326
Retirement benefit assets	4,253	-	4,253
Other assets	26,407	4,117	30,524
Total assets	7,298,853	4,857,088	12,155,941

As at 31 March 2024 Liabilities	Within 12 months	After 12 months	Total
In thousands of €s			
Due to banks	1,483,624	2,921,608	4,405,232
Due to customers	5,393,552	37,650	5,431,203
Subordinated debt	-	-	-
Derivatives (liabilities)	47,719	35,149	82,868
Current tax liabilities	57,835	-	57,835
Deferred tax liabilities	-	-	-
Provisions	21,558	-	21,558
Other liabilities	80,533	962	81,495
Total liabilities	7,084,823	2,995,368	10,080,191
Net	214,030	1,861,720	2,075,750

Additional notes to the Consolidated Financial Statements

As at 31 March 2023 Assets	Within 12 months	After 12 months	Total
In thousands of €s			
Cash and balances with central banks	3,093,030	-	3,093,030
Loans and advances to banks	856,356	492,500	1,348,856
Loans and advances to customers	3,538,239	4,291,249	7,829,488
Derivatives (assets)	81,582	34,743	116,325
Financial investments	308,294	-	308,294
Property and equipment	-	12,297	12,297
Intangible assets	-	10,519	10,519
Current tax assets	52,894	-	52,894
Deferred tax assets	55,033	-	55,033
Retirement benefit assets	-	5,134	5,134
Other assets	21,414	3,850	25,264
Total assets	8,006,842	4,850,292	12,857,134

As at 31 March 2023 Liabilities	Within 12 months	After 12 months	Total
In thousands of €s			
Due to banks	2,288,390	2,656,515	4,944,905
Due to customers	5,461,211	47,896	5,509,107
Subordinated debt	369	300,000	300,369
Derivatives (liabilities)	78,685	34,666	113,351
Current tax liabilities	9,854	-	9,854
Deferred tax liabilities	-	-	-
Provisions	22,901	-	22,901
Other liabilities	113,599	2,430	116,029
Total liabilities	7,975,009	3,041,507	11,016,516
Net	31,833	1,808,785	1,840,618

Additional notes to the Consolidated Financial Statements

25. Financial guarantees and commitments

To meet the financial needs of customers the Bank issues various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Even though these guarantees and commitments may not be recognised on the balance sheet, they do contain credit risk.

Contingent liabilities and commitments	2024	2023
Letters of credit and financial guarantees	1,974,414	1,822,222
Undrawn commitments to lend	6,562,414	8,311,683
Other uncommitted facilities	6,147,585	4,246,636
Contingent liabilities and commitments	14,684,412	14,380,541

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers that fail to perform under the terms of the contract, generally related to the export or import of goods. Guarantees carry the same credit risk as loans.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. In general commitments have fixed expiration dates or termination clauses. The Bank is potentially exposed to losses to a maximum amount of the total unused commitments.

Other uncommitted facilities includes loan commitments to our client that are revocable.

26. Related party transactions

26.1. Transactions with key management

At 31 March 2024 no loans were outstanding to members of the SB and / or MB (2023: € 0). Loans, if granted, are at the Bank's standard terms of staff loans. Interest on staff loans is set at 3% per annum to be paid monthly. The amount is capped at 1.2 times monthly salary in the case of service up to one year, to be repaid in one year by equal monthly instalments, or 3.6 times monthly salary in the case of services in excess of one year to be repaid in 3 years by equal monthly instalments. No other transactions or arrangements have been entered into with key management.

26.2. Transactions with related parties

In the normal course of business, the Bank enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. All transactions with related parties took place at conditions customary in the market.

The following table shows the amounts receivable and payable as at the end of the financial year and the corresponding interest amounts during the financial year in connection with transactions with group companies:

Additional notes to the Consolidated Financial Statements

In thousands of €s	2024	2023
Loans and advances to banks	1,008,689	714,086
Derivatives	49,312	66,608
Other assets	8,205	2,900
Assets	1,066,206	783,594
Due to banks	4,318,507	4,921,214
Subordinated debt	-	300,369
Derivatives	31,271	44,270
Other liabilities	20,586	16,751
Liabilities	4,370,364	5,282,604
Interest income	25,000	11,090
Interest expense	174,324	73,711
Net interest income	(149,325)	(62,621)
Fee and commission income	5,059	4,422
Fee and commission expense	21,431	20,688
Net commission income	(16,372)	(16,266)
Result on financial transactions	2,300	6,901
Total operating income	(163,397)	(71,986)
Personnel expenses	-	-
Other operating expenses	722	1,049
Total operating expenses	722	1,049
Net result	(164,119)	(73,035)
Commitments and contingent liabilities	69,069	114,649

Interest income and interest expense relate to amounts due from/due to the Bank. Interest expense mainly relates to pledge deposits and guarantees for loans and advances to our clients provided for the Bank, detailed in section Loans and advances to customers. Please also refer to section Credit Risk for cash collateral received from the Bank for loans and advances to our clients. Administrative expenses relate to IT services provided by the Bank. There are no administrative services provided by the ultimate parent company.

Loan commitment derivatives for a notional amount of € 59,675 at 31 March 2024 (2023: € 2,184,860) are with the Group and the fair values is included in the derivatives.

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest charged to and by related parties is at normal commercial rates. There is a minimal allowance for expected credit losses € 4 relating to amounts owed by related parties.

Additional notes to the Consolidated Financial Statements

27. Key management remuneration

This section sets out the remuneration of the SB, MB and Material Risk Takers (MRTs). Key management is defined as those persons being members of the SB or the MB of the Bank. For details on the Bank's remuneration policy and processes, please see the Reward Policy section.

Remuneration

The following table shows the compensation paid to key management personnel. Compensation includes salaries, non-cash benefits and contributions to post-employment defined benefit plans.

Key management remuneration	Senior management	
in thousands of €s	2024	2023
Short-term employee benefits	2,840	3,022
Post-employment benefits	85	121
Long-term benefits	147	165
Termination benefits	514	-
Share-based payments	92	75
Total	3,680	3,383

Included in the short-term employee benefits is the total remuneration of the SB for FY23 amounted to € 225 (2023: € 285).

Fixed remuneration

Fixed remuneration is intended to remunerate employees for their skills and experience, taking into account local market practices. Fixed remuneration is reviewed on an annual basis in line with the performance review process. This ensures that performance from the previous performance year can also be taken into consideration when reviewing individual remuneration.

Variable remuneration

Variable remuneration rewards employees for their performance and the delivery of financial and non-financial targets, values and behaviours, whilst reflecting performance, affordability and the financial situation of relevant Global Business Functions where appropriate, and the Bank. Individual performance is evaluated through MUFG's Performance Management process, and there is to be a direct correlation between remuneration outcomes and performance ratings.

Bonus cap

The Bank applies the following maximum of variable remuneration:

- Variable remuneration cannot exceed 20% of fixed remuneration for anyone who works 50% or more of their time in the Netherlands.
- For the branches and subsidiaries which the bank operates in the EU, the ratio between variable remuneration and fixed remuneration is at maximum 100%.

Deferred awards

The Bank operates two mandatory deferral plans in relation to variable remuneration rewards:

- A General Deferral Plan for employees who have not been identified as MRTs; and
- A Material Risk Taker Deferral Plan for employees who have been identified as a MRT.

In line with regulatory requirements and to promote the Bank's long-term interests, the Bank applies deferral arrangements to variable remuneration for an MRT. All deferred awards granted to an MRT are governed under the rules of the Material Risk Takers Deferral Plan. The amounts below are depicted in thousands of €'s.

Additional notes to the Consolidated Financial Statements

Under the rules of the General Deferral Plan, the deferred award is granted as 100% cash and vests on a pro-rated annual basis over three years. The deferral is calculated on a table using various variable remuneration thresholds starting at 10% of any bonus over € 50.

Under the rules of the Material Risk Taker Deferral Plan, a deferral rate of 40% is applied to variable remuneration awards of up to € 499 and a deferral rate of 60% is applied for variable remuneration awards above € 500, with the deferral vesting on a pro-rata basis for four years. Half of the total award (non-deferred and deferred) is granted as cash with the remaining half granted as a share price linked award which is subject to one year retention. Where the Variable Pay awarded to a MRT does not exceed € 500 and 10% of total remuneration, then no MRT deferral is applied.

Performance adjustment and clawback
The SB has the authority to adjust or reclaim variable remuneration in exceptional circumstances ('clawback') for MRTs, including MB members, for four years from the date of award. In addition to clawback, the SB may also make use of malus. This is an arrangement that permits the Bank to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance.

Individual adjustment of all or part of the variable remuneration, including deferred awards, can be done with the full discretion of the SB generally, but not exclusively, along the following guidelines:

- There is a material downturn in the financial performance of the bank and it is not sustainable / justified according to the financial situation to pay vested awards
- The Bank's risk related policies or limits have been breached
- A compliance failure has been committed
- A regulatory breach has taken place
- Actions or behaviours which have damaged the Bank's reputation
- Where an award is inconsistent with the Bank's long-term risk or compliance interests
- Where vesting of a variable pay award is inconsistent with the Bank's long-term risk or compliance interests
- Any incident which the SB, in its sole discretion, determines to warrant an adjustment

In regard to the evaluation of individual performance, the Bank operates a robust performance management process which includes objective setting, formal evaluation against objectives, mid-year and year-end performance reviews, and the allocation of an overall performance rating. Non-financial performance criteria make up a significant portion of an individual's assessment.

The Bank also assesses individuals on core competencies which are aligned to MUFG's values. Variable remuneration awards are allocated to employees taking into account performance against these aspects.

The Bank does not award retention nor predefined severance pay to MB members and MRTs.

Remuneration governance
Governance for reward is secured through the SB. For locally hired staff, the SB monitors and authorises the level of remuneration through the Bank's approved policies and processes, with MB responsible for execution and management of the agreed processes. For expatriates, the SB reviews and approves reward proposals with Head Office in Tokyo, via HR, prior to making a final determination.

The SB is responsible for approving the Bank's Reward Policy, overall remuneration process and MRT recommendations. The MB is responsible for implementing activities in accordance with this Reward Policy.

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Quantitative remuneration information

The following table discloses remuneration awards as required by EBA guidelines made to the Bank's MRTs for the performance year 2023, split between Senior Management (Supervisory and MB) and all other MRTs.

The fixed pay of Senior Management (SB and MB members) for the period amounts to € 2,619 (2023: € 2,767). Total variable pay (bonus) for Senior Management and MRTs amounts to € 1,205 (2023: € 1,201). Fixed Pay for the other MRTs staff (17 FTE) is € 3,721 (2023: € 3,278). This does not include remuneration awarded to expatriates from Tokyo who are remunerated via their home plan.

	31 March 2024		
	All Senior Management	All other MRTs	Total
No of employees	10	17	27
Fixed remuneration (1)	2,619	3,721	6,340
Variable remuneration (total) (2)	369	837	1,205
of which is cash	184	426	611
of which is share linked	184	410	595
of which is deferred	147	328	476
Outstanding deferred remuneration (vested) (3)	65	85	150
Outstanding deferred remuneration (all unvested) (3)	233	338	571
Deferred remuneration paid out in the 2023 performance year (3)	92	100	192

	31 March 2023		
	All Senior Management	All other MRTs	Total
No of employees	10	15	25
Fixed remuneration (1)	2,767	3,278	6,045
Variable remuneration (total) (2)	412	789	1,201
of which is cash	206	442	648
of which is share linked	206	347	553
of which is deferred	165	157	322
Outstanding deferred remuneration (vested) (3)	51	39	90
Outstanding deferred remuneration (all unvested) (3)	151	171	322
Deferred remuneration paid out in the 2022 performance year (3)	75	99	174

(1) Fixed remuneration includes salary, allowances and pension contribution by the Bank. It excludes housing allowance and travel allowances.

(2) Variable pay for Japanese expatriates is paid in June and December each year. As amounts paid in December 2024 are not known yet, an estimated amount has been used based on the June 2024 bonus.

(3) Deferred awards vest and are paid in June of each year. The deferral calculated within this table outline the position following June 2024 vestings and/or payments.

(2), (3) The numbers include 2 sign-on payments / guarantees that were paid to MRTs during the performance year including an MRT that joined in April 2024 but was part of the FY23 bonus pool.

Additional notes to the Consolidated Financial Statements

The overall amount for deferred remuneration to be paid out to MRTs amounts to € 192 with a further amount of € 159 vested but retained for a further 12 months.

There was 1 individual remunerated € 1 ,000 or more during the performance year.

28. Risk management

Risk management approach

The Bank, stemming from its business model, faces various risks inherent in its operations. To mitigate their impact on business performance and to safeguard its reputation, the Bank is actively engaged in the identification and management of risks and evaluation of its risk management approach. The comprehensive approach ensures that risk management is not just a standalone process but is deeply embedded throughout the bank's entire operation.

Furthermore, the Bank's risk management practices are not static; they are dynamic and evolve in tandem with changing market conditions and regulatory requirements. By fostering a culture where risk management is prioritised and ingrained in daily operations, the Bank ensures maximum effectiveness in its efforts to manage risks.

Moreover, beyond just mitigating risks, the bank views risk management as an opportunity for growth and innovation. By embracing risk management as a driver for continuous improvement, the Bank capitalises on new insights and opportunities, further strengthening its competitive position in the market.

Risk profile

The Bank targets a healthy and well diversified capital and liquidity position that supports the business strategy and long-term rating ambition of its parent MUFG. The Bank strives to limit its risks to the level defined in the Risk Appetite Statement. The Bank is mainly exposed to credit, market, liquidity, operational and compliance risks.

As a wholesale bank within the wider MUFG Group offering wholesale products to corporate clients, the Bank's credit portfolio consists of global clients that are predominantly based throughout the European Union. Approximately sixty percent of the Bank's client exposure has a credit risk equivalent to investment grade rating. Due to the nature of the business, the bank recognises some concentrations in the credit portfolio which are actively managed within defined risk appetite levels. Defined provisions are adequate for any credit losses the bank reasonably expects, while the capital position allows the bank to absorb unexpected losses.

The majority of the Bank's income consists of net interest income, which is affected by interest rate levels and credit spreads in the market. The Bank manages interest rate risk within limits set according to risk appetite, but noting that changes in the interest rate environment can impact Bank's profitability.

The main source of the Bank's funding is linked to its Parent bank and to a smaller extent to the deposits received from the Bank's corporate clients. The cost of funding is therefore driven by the credit rating of MUFG Bank and its ability to obtain funding in the market. The Bank applies liquidity risk management to ensure adequate funding is available at all times.

In running its day-to-day business activities, the Bank runs a number of operational risks that could harm its clients, the bank or its reputation. The Bank is continuously identifying these risks and assessing if risk controls are sufficient.

Risk appetite

Risk appetite refers to the type and total amount of risk that the Bank is willing to accept within its Risk Capacity in order to fulfil its Business Strategies and Financial Objectives. In that context, the Bank defines Risk Capacity as an aggregated view of the maximum level of risk the Bank can assume given its current level of resources.

Additional notes to the Consolidated Financial Statements

It is determined by the level of available financial resources both at a point in time and projected forwards, by operational capacity and by the Bank's willingness to incur non-financial risk.

At least on an annual basis the MB of the Bank sets the level of risk it is prepared to accept. This is called the Bank Risk Appetite Statement (RAS). The RAS is further specified to the main risk types as defined in the Bank's Risk Taxonomy to form an integral part of the RAS. The Risk Appetite Statement defined by the MB is then translated into a set of risk appetite indicators to further detail the RAS and make it measurable. The RAS and indicators are, where possible, aligned with parent policies and regulatory expectations. Also, indicators are tested against historical observed values, business plans and results of stress testing. The MB is responsible for managing the risk appetite cycle, supported by the Risk Management Division; while SB approval is required for RAS under the Bank's governance. RAS is evaluated and re-aligned with the Strategy and Business Plan of the Bank at least annually.

In the reporting period, the Bank operated under the following overall Risk Appetite Statement:

"The Bank's risk appetite is driven by its Client-centric strategy, long-term rating ambition of MUFG Group and risk management objective to protect the Bank from unexpected financial losses and/or reputational impact.

The Bank has receptive risk appetite for credit risk, and is actively taking credit risk to generate revenue income in line with objectives defined in the business strategy; for all other risk types the Bank either has some appetite, but no intention to actively pursue risk, or the risk is accepted but cannot be avoided in pursuing its business strategy."

At no point in time does the Bank intend to carry a level of risk that would bring the Bank even close to Risk Capacity levels; doing so, would result in triggering the Recovery Plan.

Every month risk appetite indicator actuals are reported to the monthly Risk Management Committee Meeting for evaluation. The table below presents how the Bank's risk profile compared to the RAS at 31 March 2024:

Risk Type	Risk Appetite	Risk Materiality	Assessment
Strategic Risk	Conservative	Moderate	Within defined risk appetite.
Credit Risk			
Credit portfolio	Receptive	Moderate	Within defined risk appetite.
Concentration Risk	Conservative	High	Within defined risk appetite.
Market Risk			
FX Risk	Conservative	Low to Moderate	Within defined risk appetite.
IRRBB	Conservative	High	Within defined risk appetite.
Liquidity Risk	Averse	Low	Within defined risk appetite.
Operational Risk			
Organisation & Process	Conservative	Low to Moderate	Outside of risk appetite, mitigating actions are executed to mitigate organisation & process risk to a level within Risk Appetite
Data Risk	Averse	Low	Within defined risk appetite.
Technology Risk	Conservative	Low to Moderate	Within defined risk appetite.
Fraud Risk	Avoid	Low	Within defined risk appetite.
People Risk	Conservative	Low to Moderate	Within defined risk appetite.
Outsourcing Risk	Conservative	Low to Moderate	Outside of risk appetite, a remediation program in place to mitigate the outsourcing risk to a level within Risk Appetite.
Compliance Risk	Averse	Low	Within defined risk appetite.
Reputational Risk	Averse	Low	Within defined risk appetite.
Model Risk	Averse	Low	Within defined risk appetite.

Additional notes to the Consolidated Financial Statements

Capital management

The objective of the Bank's capital management is to maintain healthy capital ratios aligned to business strategy and risk appetite and observing regulatory requirements in order to support its business expansion and contribute to shareholder's value. The minimum capital requirements under the European Capital Requirements Directive, based on the Basel Capital Accords framework and implemented in local laws for Financial Supervision ("Wft") (CRD IV/CRR) are based on three pillars:

- Pillar 1 capital calculated based on Standardised Approach (SA), Marked to Market (MtM) and Basic Indicator Approach (BIA) as specified in banking regulations to cover unexpected losses arising from credit, market and operational risk.
- Pillar 2 capital needed according to the Bank's internal view, also including capital buffers to cover unexpected losses that may arise from risks not included in Pillar 1 calculations.
- Pillar 3 regards disclosure requirements promoting transparency to stakeholders and market discipline.

Current capital requirements compare total capital and Common Equity Tier 1 (CET-1) capital with the total *risk exposure* amount (TREA, previously referred to as RWA: risk-weighted assets), including the off-balance sheet credit risk exposure arising from commitments and undrawn credit facilities. The minimum Pillar I legal requirement for the total capital ratio is 8% of risk-weighted assets. The CRR also introduced a *non-risk based* capital ratio in 2013, the leverage ratio, to be further refined, calibrated and publicly disclosed as of 2016, before becoming a binding measure as of 2018. The minimum legal requirement for the leverage ratio is 3%.

The Bank 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, the Bank may adjust the amount of dividend payment to the shareholder, return capital to the shareholder or issue capital securities. No changes have been made in the objectives, policies and processes from the previous years.

Capital available

The Bank's capital consists of only Common Equity Tier 1 (CET-1) capital (also referred to as 'going concern' capital). After adjustment in order to calculate the capital ratio according to banking regulations the breakdown is as follows:

Capital requirements in thousands of €s	2024	2023
Common equity Tier 1		
Issued capital	100,003	100,003
Share premium	1,334,304	1,334,304
Retained earnings	412,845	312,821
Accumulated OCI	(8,521)	(6,999)
Result for the year	191,552	-
Interim profit not-eligible	(90,581)	-
Regulatory adjustments		
Other intangible assets	(3,676)	(15,813)
Prudential filter	(426)	(538)
Prudential backstop	(777)	(125)
Non controlling interest	-	446
Common equity Tier 1	1,934,722	1,724,099

Additional notes to the Consolidated Financial Statements

Capital requirements in thousands of €s	2024	2023
Eligible Tier 2 Capital instruments		
Subordinated debt	-	298,686
Tier 2 capital	-	298,686
Dividend proposed	-	-
Total own funds	1,934,722	2,022,786
Risk weighted assets	10,024,168	10,904,594

Risk weighted assets per category in thousands of €s	2024	2023
Credit risk	9,681,361	10,569,864
Operational risk	342,735	266,963
Other	73	67,768
Total	10,024,168	10,904,594

The Bank has complied with the regulatory capital requirements throughout the reporting period and maintained capital ratios above the regulatory minimum CET-1 and total capital ratio.

Solvency ratios	2024	2023
Common equity Tier 1 ratio	19.3%	15.8%
Tier 1 ratio	19.3%	15.8%
Total capital ratio	19.3%	18.5%

As at 31 March 2024 the Bank's total capital own funds amounted to € 1,934,722 (2023: € 2,022,786). The total capital ratio has remained at 19.3% at 31 March 2024 (2023: 18.5%). The leverage ratio (Tier 1 capital / exposure) has increased to 11.2% at 31 March 2024 (2023: 7.2%). The common equity Tier 1 ratio (CET 1 ratio) has increased to 19.3% at 31 March 2024 (2023: 15.8%).

The interim profits up until 30 September 2023 have been reviewed and hence are eligible for inclusion in the CET-1 capital.

Strategic risk

The Bank defines strategic risk as the risk which is associated with strategic decisions and with changes in the entity's general conditions, which both have an important impact on its business model in both the mid and long term. The entity's business model is a key factor for strategic risk. The business model should be feasible and sustainable, deliver acceptable results each year and for at least the next three years. The Bank further defines three types of strategic risk, which may lead to missed opportunities and/or higher costs than anticipated leading to losses:

- Business Model Risk: the risk associated with the entity's business model. This includes the risk of the business model being obsolescent, of it being irrelevant, and/or losing value, and so not being able to deliver the expected results. This risk is caused both by external factors (macroeconomic, regulatory, social and political factors, changes in the banking industry, etc.) and also internal ones (strength and stability of the income statement, distribution model/channels, revenue and expenses structure, operational efficiency, adequacy of human resources and systems, etc.).
- Strategy Design Risk: the risk associated with the strategy set out in the entity's three-year strategic plan. Specifically, it includes the risk that the strategic plan may not be adequate per se, or due to its assumptions,

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and thus the Bank will not be able to deliver on its expected results. It is also important to consider the opportunity cost of designing another more adequate strategy or the lack of action resulting from not designing it.
- Strategy Execution Risk: the risk associated with the process of implementing three-year strategic plans. As the strategy is implemented in the mid and long term, it often has execution risk due to the complexity and many variables involved in it. Other risk areas to be borne in mind are possibly inadequate resources, change management, and, lastly, lack of capacity to cope with changes in the business environment.

Strategic risk is managed by close coordination with the Bank's Parent, alignment with the Medium Term Business Plan strategy, and by having adequate information to respond to changes in internal and external factors, aiming for successful business outcomes.

As part of the MTBP for FY21-FY23, the Bank initiated a new strategic plan to build a viable business model. This strategy involved improving the Bank's operations through centralisation and reducing complexity in the organisation. Moreover, it further involved the transfer of more profitable financial assets to the Bank from within the MUFG group and terminating relationships with less profitable clients. The corresponding financial forecasts projected initial financial losses to turn into profits by FY22. This has now materialised. The Bank has surpassed MTBP financial targets for all years in the period FY21-FY23.

To assess the risk for the Bank of not achieving its strategic objectives, Risk Management performs a periodic Strategic Risk Assessment (SRA). In this strategic risk assessment business model risk, strategic design risk and execution risk are assessed. The output of the SRA is used to challenge the adequacy of the Bank's business plan and strategic planning. It is also input to systematically monitor the strategy risks as part of Risk Appetite Statement.

The Bank's residual risk for Strategic Risk is assessed to be within the Bank's risk appetite. In the current circumstances, changes to the external environment, where interest rates are now higher across the spectrum, positively impacted the Bank with higher revenues more than compensating for increase in costs. In addition, the Bank adopted measures to manage execution risk by identifying and addressing the key risk drivers, and carefully monitoring the level of residual risk to achieve the objectives of the MTBP.

The Bank is defining a new plan for FY24-26 to enhance its business model, operating models, and long-term strategy, while also enhancing its strategic risk management processes. Strategic Risk is expected to decrease further under the new strategic plan because of measures implemented to improve the Bank's risk controls and as the Bank further matures in this area.

Credit risk
The Bank defines credit risk as the potential that a borrower in a loan contract or a counterparty in a derivative contract will fail to meet its obligations in accordance with agreed terms, resulting in a financial loss for the Bank. This includes risks arising from counterparty, country, transaction structure, and concentration risks.

The business model of the Bank is focused on offering corporate banking and structured finance products and services to Japanese companies (subsidiary banking), global corporates (including European based multinational corporations, subsidiaries of non-European based multinational corporations known as inbound business and referral business) and financial institutions.

Credit risk derived from above mentioned business activities relates to wholesale exposure for various types of loans, commitments, guarantees, trade finance, structured products and derivatives contracts. The Bank manages its credit risk within the boundaries set by its own policies, external regulations and (where relevant) internal policies from MUFG Bank Ltd. The Bank has an internal framework in place to assess credit quality, grant

Additional notes to the Consolidated Financial Statements

credit limits, monitor credit risk, manage the credit exposures and achieve earnings commensurate with the risks undertaken by the Bank.

To assess the credit risk for each borrower or counterparty the Bank uses the internal credit rating system of the parent bank, applied by MUFG Bank group-wide, where each credit rating corresponds to a probability that a counterparty will not meet its contractual obligations (i.e. probability of default - PD). In the credit assessment process the Bank uses the Group's global standards, but has in place its own independent credit approval authority (i.e. individual Delegated Credit Authority, Credit Committee) to ensure that the borrower or counterparty credit profile meets the Bank's risk appetite criteria.

Where deemed necessary the credit risk is further mitigated by obtaining various types of collateral, primarily in the form of:

- Guarantees from parent companies for credit limits to their subsidiaries
- Bank guarantees, mainly from MUFG Bank
- Pledged cash deposits
- High quality bonds
- Credit insurance and ECA guarantees
- Variety of tangible collateral types such as pledges on moveable assets or immoveable assets

The Bank uses active credit management and ensures residual risk remains within risk appetite and limits.

The quality of collateral impacts asset recovery in case of default, which translates to estimated loss in case of counterparty default (i.e. loss given default - LGD). It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

All obligors have individual credit limits based on their creditworthiness. The Bank applies credit conversion factors using product types, limits and exposure values to estimate potential credit exposures in case of counterparty default (i.e. exposure at default - EAD).

These credit risk drivers (i.e. PD, LGD and EAD) are used in quantitative measurement of credit risk for internal risk management purpose and portfolio steering, loan pricing and assessment of provisions. For calculation of Pillar 1 capital for credit risk, the Bank uses the standardised approach defined according to the Capital Requirements Regulation.

Country risk (or sovereign, including transfer risk) is managed within the Risk Management Framework and centrally managed limits of the MUFG Bank Ltd. The Bank's country risk is concentrated in countries located in the European Union. Credit exposures in higher risk countries are managed within defined risk appetite. Where necessary, country risk is mitigated by using high quality collateral (e.g. cash, bonds), or by transferring risk by means of sovereign (e.g. ECA), corporate (e.g. credit insurance) or bank (in particular by MUFG Bank Ltd) guarantees.

Due to the nature of the business model, the Bank recognises some concentrations in the credit portfolio. These are actively managed within defined risk appetite levels. Where material, concentrations in the credit portfolio are capitalised under Pillar 2 capital as part of annual ICAAP. For further information on credit risk concentrations, please refer to the sub-chapter below.

On a quarterly basis the Bank performs internal credit stress testing to provide insight on credit risk in the portfolio in case of idiosyncratic events or macroeconomic deterioration. Like other banks, the Bank is sensitive to fluctuations in macroeconomic environment. However, due to the strong capital position, conservative capitalisation of credit risk and nature of the credit portfolio, the Bank has proven capable to withstand stress scenarios.

Counterparty credit risk in derivative financial instruments
Counterparty credit risk is a default risk of a counterparty before the final settlement date of an OTC derivative instrument. The Bank determines the exposure value for derivative financial instruments (forward foreign exchange contracts, foreign exchange swaps and interest rate swaps) using the Standardized approach as defined in CRR articles 274-280. Under this approach the exposure value is calculated as product of regulatory factor *Alpha* multiplied by the sum of replacement cost and potential future exposure.

Credit-related commitment risks
The Bank makes guarantees available to its customers that may require the Bank to make payments and enter into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commits the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks as to on-balance sheet loans and are mitigated by the same credit risk control processes and policies.

Commitments and guarantees
To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though derecognition rules of IFRS 9 apply to these obligations, they do include credit risk and are therefore part of the overall risk of the Bank and they are in scope of ECL measurement.

Please see note Financial Guarantees and Commitments for detailed information on the balance of contingent liabilities and commitments. The table in the note shows the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability on the balance sheet.

Risk concentrations
The Bank defines concentration risk as any single (direct and/or indirect) exposure or group of exposures with the potential to produce losses, impacting the Bank's capital, liquidity and/or earnings, that may threaten the Bank's health, ability to maintain core operations or materially change the Bank's risk profile. Large losses can be either a consequence of correlation between various assets in a portfolio or caused by an idiosyncratic event related to a single large customer exposure. With respect to credit risk, concentration risk arises from large (possibly connected) individual exposures and significant exposures to groups of counterparts whose likelihood of default is driven by common underlying factors, such as economic sector, geographic locations, mitigation measure or product.

The Bank assesses how it is exposed to credit risk concentrations by means of qualitative and quantitative analysis. On at least an annual basis credit risk concentrations are assessed for inherent and residual risk. The outcome of the assessment is used in setting risk tolerances and appetite levels per credit risk concentration type, and included in the Bank's Risk Appetite Statement. The level of concentration risk is measured and compared against risk appetite levels by using relevant risk metrics.

Credit concentrations are managed by business units that are responsible for the credit risk. They must also ensure adequate risk controls are in place at all times to remain within set appetite levels. On a periodic basis 2nd LoD assesses that risk limits and controls are adequate to remain within risk appetite levels.

Additional notes to the Consolidated Financial Statements

The Bank is actively managing risk deriving from credit risk concentrations. Main risk mitigations are obtaining high quality collateral, acceptable 3rd party guarantee or lowering exposure to reduce the concentration risk. The Bank monitors the market value of collateral and when relevant, requests additional collateral in accordance with the underlying credit agreements.

The Bank also makes use of master pooling agreements with counterparties with whom a significant volume of transactions is undertaken. Such an agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master pooling agreements do not result in an offset of balance-sheet assets and liabilities. Although master pooling agreements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are released
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement

The following tables show the maximum exposure to credit risk for the components of the balance sheet, including derivatives, by industry and by geographical region before the effect of mitigation through the use of master pooling and collateral agreements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and risk appetite defined in the Risk Appetite Statement (RAS).

Additional notes to the Consolidated Financial Statements

Risk concentration: by industry sector

in millions of €s

2024 Financial assets	Banks and FI	Auto-motive	Utilities	Oil & Gas	T	T & L	CP	Other	Total
Balances with central banks	2,622	-	-	-	-	-	-	-	2,622
Cash and balances with central banks	2,622	-	-	-	-	-	-	-	2,622
Placements with banks - on demand	81	-	-	-	-	-	-	1	82
Placements with banks - term deposits	982	-	-	-	-	-	-	6	988
Loans and advances	360	-	-	-	-	-	-	172	532
Loans and advances to banks	1,423	-	-	-	-	-	-	178	1,602
Corporate current accounts	-	28	-	-	-	-	52	164	244
Corporate term loans	469	506	864	318	721	470	48	2,668	6,064
Bills of exchange	5	117	-	-	321	1	16	655	1,115
Finance lease receivables	-	-	-	-	-	-	-	-	-
Participation loans	-	-	-	-	-	-	-	46	46
Loans and advances to customers	474	651	864	318	1,042	471	116	3,534	7,470
Derivative financial instruments	52	5	1	-	-	-	1	24	84
Financial investments	-	-	-	-	-	-	-	259	259
Other assets	25	1	-	-	1	-	-	3	31
	-	-	-	-	-	-	-	-	-
Total	4,597	657	865	318	1,043	471	118	3,999	12,068

(1) FI - Financial intermediaries, T - Telecoms, T&L- Transport & Logistics and CP - Consumer products

(2) Other includes exposures to the following major industries: Media, Agriculture and Fishing, Real Estate and Food and Beverages, which are not presented separately as the exposure is not considered to be material.

Notes to the Consolidated Financial Statements

Additional notes to the Consolidated Financial Statements

Risk concentration: by industry sector

in millions of €s

2023 Financial assets	Banks and FI	Auto-motive	Utilities	Oil & Gas	T	T & L	CP	Other	Total
Balances with central banks	3,093	-	-	-	-	-	-	-	3,093
Cash and balances with central banks	**3,093**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,093**
Placements with banks - on demand	157	-	-	-	-	-	-	6	163
Placements with banks - term deposits	-	-	-	-	-	-	-	612	612
Loans and advances		-	-	-	-	-	233	341	574
Loans and advances to banks	**157**	**-**	**-**	**-**	**-**	**-**	**233**	**959**	**1,349**
Corporate current accounts	-	10	-	-	-	-	80	168	259
Corporate term loans	375	690	703	328	406	591	172	2,829	6,093
Bills of exchange	50	173	44	-	182	-	31	967	1,447
Finance lease receivables	-	-	-	-	-	-	-	1	1
Participation loans	-	83	-	-	-	-	-	-	83
Loans and advances to customers	**425**	**956**	**747**	**328**	**587**	**591**	**284**	**3,965**	**7,883**
Derivative financial instruments	71	1	1	4	-	2	2	35	116
Financial investments	-	-	-	-	-	-	-	308	308
Other assets	13	-	1	-	1	-	-	-	15
Total	3,759	957	749	333	588	592	519	5,267	12,764

Additional notes to the Consolidated Financial Statements

Risk concentration: by geographical area

in millions of €s

2024 Financial assets	Netherlands	Germany	Spain	Belgium	Switzerland	United Kingdom	Others countries	Total
Balances with central banks	2,577	46	-	-	-	-	-	2,622
Cash and balances with central banks	2,577	46	-	-	-	-	-	2,622
Placements with banks - on demand	-	-	2	-	6	33	41	82
Placements with banks - term deposits	-	-	-	-	-	805	182	988
Loans and advances	-	473	10	1	-	-	48	532
Loans and advances to banks	-	473	12	1	6	839	271	1,602
Corporate current accounts	71	139	7	-	-	-	27	244
Corporate term loans	1,409	709	776	656	237	66	2,211	6,064
Bills of exchange	4	1,059	-	26	-	-	26	1,115
Finance lease receivables	-	-	-	-	-	-	-	-
Participation loans	-	-	46	-	-	-	-	46
Loans and advances to customers	1,483	1,907	829	682	238	66	2,265	7,470
Derivative financial instruments	16	16	1	-	-	49	2	84
Financial instruments	11	14	-	-	70	36	129	259
Other assets	7	7	5	2	-	1	9	31
Total	4,093	2,462	848	685	314	991	2,676	12,068

Additional notes to the Consolidated Financial Statements

Risk concentration: by geographical area

in millions of €s

2023 Financial assets	Netherlands	Germany	Spain	Belgium	Austria	United Kingdom	Other countries	Total
Balances with central banks	2,849	244	-	-	-	-	-	3,093
Cash and balances with central banks	**2,849**	**244**	**-**	**-**	**-**	**-**	**-**	**3,093**
Placements with banks - on demand	-	6	10	2	-	29	115	163
Placements with banks - term deposits	-	-	-	-	-	567	45	612
Loans and advances	-	548	8	-	-	-	19	574
Loans and advances to banks	**-**	**554**	**18**	**2**	**-**	**596**	**179**	**1,349**
Corporate current accounts	71	144	11	-	-	-	33	259
Corporate term loans	1,302	980	892	493	22	122	2,282	6,093
Bills of exchange	31	1,158	37	176	-	-	45	1,447
Finance lease receivables	-	1	-	-	-	-	-	1
Participation loans	-	-	-	-	-	-	83	83
Loans and advances to customers	**1,404**	**2,282**	**940**	**669**	**22**	**122**	**2,443**	**7,883**
Derivative financial instruments	29	10	5	1	1	67	4	116
Financial instruments	-	25	-	-	-	23	260	308
Other assets	-	8	3	4	-	1	-	16
Total	**4,283**	**3,123**	**965**	**676**	**23**	**809**	**2,886**	**12,765**

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Credit quality by class of financial assets
The credit quality of financial assets is managed by the Bank using a 15-grade, internal credit rating system of the parent bank, which is applied MUFG Bank group-wide.

The primary data utilized in the assessment of borrowers include the borrower's financial statements and notes thereto as well as other public disclosure made by the borrower. In addition, when appropriate and possible, we obtain non-public financial and operating information from borrowers, such as the borrower's business plan, borrower's self-evaluation of its operating assets and other borrower information about its business and products.

Based on the borrower and industry information, we assign borrower ratings mainly by applying financial scoring models—either developed internally or by third-party vendors, depending on the borrower's attributes, whether the borrower is domestic or foreign, whether the borrower is a large corporation or a small and medium-sized corporation, and whether the borrower is a corporate entity or another type of legal entity (such as a school, hospital or fund).

The financial score obtained through the models is reviewed and, when necessary, adjusted to reflect our qualitative assessment of the borrower's financial strength and other factors that could affect the borrower's ability to service the debt. When adjusting the results of primary financial scoring assigned to borrowers with losses, we consider the severity of losses and the possibility of improving operating results. We analyse and assess whether the loss is temporary, the trend in operating results is improving, or the loss is expected to continue for an extended period. When adjusting the results of primary financial scoring assigned to borrowers with losses or borrowers with negative net worth, we also analyse whether the borrower can return to a positive net worth, and the time period needed to achieve such recovery (one to two years, three to five years, or five years or more).

In addition, adjustments based on industry risk are based on future prospects, applicable laws and regulations, and other factors surrounding the industry. Adjustments for management risk reflect our assessment of management's track record, the composition of the management team including the board of directors, any management succession plan as well as the risk management and compliance framework of the borrower. Adjustments for legal risk are made when the borrower is facing a lawsuit and when there is a possibility of a significant claim payment related to product liability, intellectual property, environmental problems, building standard law, and other legal issues.

When assessing the probability of receiving support from parent companies, various factors are examined, such as the parent company's credit standings, whether key management personnel are sent by the parent, whether the borrower is consolidated by the parent, and the proportion of the borrower in consolidated sales and profits of the parent.

Lastly, we consider external ratings, and our internal borrower ratings may be adjusted when deemed appropriate.

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. Grades 8-3, 9, and 10 are considered to be individually impaired. The amounts presented are gross of impairment allowances.

Additional notes to the Consolidated Financial Statements

<table>
<tr><th>Credit Quality Step (*) (CQS)</th><th>Meaning of the rating category</th><th>The Bank's ratings</th><th colspan="2">Status</th><th>S&P Credit Rating equivalent</th></tr>
<tr><td>1</td><td>The rated entity has extremely/very strong capacity to meet its financial commitments and is subject to minimal/very low credit risk.</td><td>1</td><td colspan="2" rowspan="9">Normal</td><td>AAA - / AA-</td></tr>
<tr><td>2</td><td>The rated entity has strong capacity to meet its financial commitments and is subject to low credit risk but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than rated entities in CQS 1.</td><td>2</td><td>A+ / A-</td></tr>
<tr><td>3</td><td>The rated entity has adequate capacity to meet its financial commitments and is subject to moderate credit risk. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the rated entity to meet its financial commitments.</td><td>3</td><td>BBB+ / BBB-</td></tr>
<tr><td rowspan="3">4</td><td rowspan="3">The rated entity has the capacity to meet its financial commitments but is subject to substantial credit risk. It faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the rated entity's inadequate capacity to meet its financial commitments.</td><td>4</td><td>BB+</td></tr>
<tr><td>5-1</td><td>BB</td></tr>
<tr><td>5-2</td><td>BB-</td></tr>
<tr><td rowspan="3">5</td><td rowspan="3">The rated entity has the capacity to meet its financial commitments but is subject to high credit risk. Adverse business, financial, or economic conditions will likely impair the rated entity's capacity or willingness to meet its financial commitments.</td><td>6-1</td><td>B+</td></tr>
<tr><td>6-2</td><td>B</td></tr>
<tr><td>7</td><td>B-</td></tr>
<tr><td rowspan="6">6</td><td rowspan="6">The rated entity is currently vulnerable or highly vulnerable and is subject to very high credit risk, including in or very near to default. It is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.</td><td>8-1</td><td colspan="2" rowspan="2">Close Watch</td><td>CCC</td></tr>
<tr><td>8-2</td><td>CC / C</td></tr>
<tr><td>8-3</td><td rowspan="2">Likely to become bankrupt</td><td rowspan="4">Non Performing Exposure (NPE)</td><td rowspan="4">D</td></tr>
<tr><td>9</td></tr>
<tr><td>10-1</td><td>Considered to be virtually bankrupt</td></tr>
<tr><td>10-2</td><td>Legally bankrupt</td></tr>
</table>

Additional notes to the Consolidated Financial Statements

in millions of €	Credit quality							
2024 Financial assets	Gross carrying amounts	Normal	Close watch	Likely to become bankrupt	Bankrupt or virtually bankrupt	Bankrupt	Total	ECL
Cash and balances with central banks	-	-	-	-	-	-	-	-
Loans and advances to banks	1,602	1,601	-	-	-	-	1,602	-
Loans and advances to customers	7,470	7,250	69	103	48	-	7,470	43
	-	-	-	-	-	-	-	-
Financial instruments	249	249	-	-	-	-	249	-
Other assets	31	31	-	-	-	-	31	-
Total	9,351	9,131	70	103	48	-	9,351	44

in millions of €	Credit quality							
2023 Financial assets	Gross carrying amounts	Normal	Close watch	Likely to become bankrupt	Bankrupt or virtually bankrupt	Bankrupt	Total	ECL
Cash and balances with central banks	3,093	3,093	-	-	-	-	3,093	-
Loans and advances to banks	1,349	1,348	-	-	-	-	1,349	-
Loans and advances to customers	7,883	7,631	108	144	-	-	7,883	53
	12,325	12,072	108	144	-	-	12,325	53
Financial instruments	308	308	-	-	-	-	308	-
Other assets	25	25	-	-	-	-	25	-
Total	12,658	12,406	108	144	-	-	12,658	53

Additional notes to the Consolidated Financial Statements

Credit risk exposure for each internal credit risk rating

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are derived in accordance with MUFG rating policy and procedures. The following table provides detailed information on the credit risk for each internal credit risk rating.

Balance sheet items

in millions of €s	2024			2023		
Balance sheet items	Gross carrying amounts	Net carrying amounts	ECL	Gross carrying amounts	Net carrying amounts	ECL
Normal						
1	2,834	2,834	-	1,346	1,346	-
2	2,347	2,347	-	1,472	1,472	-
3	2,685	2,685	0.1	5,742	5,742	0.3
4	1,544	1,544	0.2	2,117	2,117	0.3
5-1	1,226	1,226	0.2	946	945	0.3
5-2	546	545	0.2	484	484	0.2
6-1	208	208	0.2	202	202	0.1
6-2	135	135	0.1	72	72	-
7	227	227	0.1	177	177	0.1
Total 1-7	**11,752**	**11,750**	**1.1**	**12,557**	**12,556**	**1.3**
Close watch						
8-1	2	2	-	33	33	0.1
8-2	67	67	-	76	76	-
Total 8	**70**	**70**	**-**	**108**	**108**	**0.1**
Likely to become bankrupt						
8-3	99	57	42.3	117	68	48.9
9	4	4	0.1	27	27	-
Total 9	**103**	**61**	**42.4**	**144**	**95**	**48.9**
Bankrupt or virtually bankrupt						
10-1	-	-	-	-	-	-
10-2	-	-	-	-	-	-
Total 10	**-**	**-**	**-**	**-**	**-**	**-**
Total ECL overlay	**-**	**-**	**1.2**			**1.6**
Total outstanding balance by risk class	**11,923**	**11,881**	**44.7**	**12,808**	**12,759**	**51.9**

Additional notes to the Consolidated Financial Statements

Off-balance facilities

in millions of €s	2024			2023		
Off-balance facilities	Gross carrying amounts	Net carrying amounts	ECL	Gross carrying amounts	Net carrying amounts	ECL
Normal						
1	633	633	0.0	965	965	-
2	1,455	1,455	0.0	2,483	2,483	0.1
3	3,811	3,811	0.2	6,623	6,623	0.4
4	1,172	1,172	0.1	2,082	2,082	0.2
5-1	796	795	0.2	1,212	1,212	0.4
5-2	354	354	0.2	587	587	0.3
6-1	119	119	0.0	169	169	-
6-2	82	81	0.0	73	73	-
7	108	108	0.5	146	145	0.5
Total 1-7	8,530	8,529	1.3	14,340	14,338	1.8
Close watch						
8-1	1	1	0.0	6	6	-
8-2	3	3	0.0	35	34	0.2
Total 8	4	4	0.1	41	41	0.2
Likely to become bankrupt						
8-3	-	-	-	-	-	0.1
9	2	2	0.1	-	-	0.1
Total 9	2	2	0.1	-	-	0.2
Bankrupt or virtually bankrupt						
10-1	-	-	-	-	-	-
10-2	-	-	-	-	-	-
Total 10	-	-	-	-	-	-
Total ECL overlay	-	-	1.2			1.5
Total outstanding balance by risk class	8,537	8,535	2.7	14,380	14,378	3.7

Credit risk exposure by internal risk class expressed in S&P rating equivalents
Please see Note Loans and advances to customers for more detailed information with respect to the allowance for expected credit losses on loans and advances to customers.

Collateral repossessed
During the 12 month period, the Bank took no possession of any collateral at balance sheet date nor in the previous year.

Impairment assessment
The Bank aims to maintain a sufficient level of reserves to cover its incurred losses. For accounting purposes, the Bank recognises a loss allowance for expected credit losses on financial assets and loans measured at either amortised cost or FVOCI based on IFRS 9.

In Note Accounting Policies the expected credit loss approach is further elaborated. As of 31 March 2024, the breakdown of individually and collectively assessed expected credit losses for loans, cash and non-cash loans is as follows:

Additional notes to the Consolidated Financial Statements

Expected credit loss	2024			
in thousands of €s	Stage 1	Stage 2	Stage 3	Total
Loan and advances to banks				
Opening balance	2	-	-	2
Net movement	18	-	-	18
Closing balance	20	-	-	20
Loans and advances to customers				
Opening balance	1,153	188	48,939	50,280
Addition	1,595	104	-	1,699
Releases	(1,556)	(183)	(6,595)	(8,334)
Write-off	-	-	-	-
Transfer	(288)	128	-	(160)
Closing balance excluding overlay	904	237	42,344	43,485
Overlay	1,386	(145)	-	1,241
Closing balance including overlay	2,290	92	42,344	44,726
Off-balance facilities				
Opening balance	1,391	721	108	2,220
Transfer	-	-	-	-
Net movement	(605)	(182)	(5)	(793)
Closing balance excluding overlay	786	539	103	1,427
Overlay	451	778	-	1,229
Closing balance including overlay	1,237	1,316	103	2,657
Total ECL as at 31 March 2024	3,547	1,409	42,447	47,402

Additional notes to the Consolidated Financial Statements

Expected credit loss	2023			
in thousands of €s	Stage 1	Stage 2	Stage 3	Total
Loan and advances to banks				
Opening balance	26	-	-	26
Net movement	(24)	-	-	(24)
Closing balance	**2**	**-**	**-**	**2**
Loans and advances to customers				
Opening balance	462	249	52,943	53,654
Additions	691	-	-	691
Releases	-	(61)	(2,221)	(2,282)
Write offs	-	-	-	-
Transfer	-	-	(1,783)	(1,783)
Closing balance excluding overlay	**1,153**	**188**	**48,939**	**50,280**
Overlay	1,385	190	-	1,576
Closing balance including overlay	**2,538**	**378**	**48,939**	**51,856**
Off-balance facilities				
Opening balance	1,229	447	109	1,785
Transfer	-	-	-	-
Net movement	162	274	(1)	435
Closing balance excluding overlay	**1,391**	**721**	**108**	**2,220**
Overlay	1,581	(114)	-	1,467
Closing balance including overlay	**2,971**	**607**	**108**	**3,687**
Total ECL as at 31 March 2023	**5,512**	**987**	**49,047**	**55,545**

The following table shows the notional value of financial instruments and the expected credit losses based on relative stages:

Additional notes to the Consolidated Financial Statements

in thousands of €s	2024								
	Stage 1			Stage 2			Stage 3		
	Gross carrying amount	ECL	Net	Gross carrying amount	ECL	Net	Gross carrying amount	ECL	Net
On-balance sheet facilities									
Placements with banks - on demand	163,100	-	163,100	-	-	-	-		-
Placement with banks - term deposits	611,604	-	611,604	-	-	-	-		-
Loans and advances	574,154	19	574,135	-	-	-	-		-
Corporate term loans	5,985,091	792	5,984,300	62,766	235	62,531	44,930	-	44,930
Corporate current accounts	259,153	26	259,126	-	-	-	-		-
Bills of exchange	1,269,284	67	1,269,218	78,645	2	78,643	99,100	42,344	56,756
Participation loans	46,331	240	46,091	-	-	-	-	-	-
Total on-balance	8,908,717	1,144	8,907,573	141,411	237	141,174	144,030	42,344	101,687
Off-balance sheet facilities									
Letters of credit and guarantees	1,870,521	254	1,870,267	32,435	435	32,000	1,918	103	1,815
Undrawn commitments to lend	6,547,988	532	6,547,456	21,426	104	21,322	-	-	-
Total off-balance	8,418,509	786	8,417,723	53,861	539	53,322	1,918	103	1,815

in thousands of €s	2023								
	Stage 1			Stage 2			Stage 3		
	Gross carrying amount	ECL	Net	Gross carrying amount	ECL	Net	Gross carrying amount	ECL	Net
On-balance sheet facilities									
Placements with banks - on demand	162,677	1	162,676	422	-	422	-	-	-
Placement with banks - term deposits	611,829	4	611,825	-	-	-	-	-	-
Loans and advances	573,895	32	573,863	-	-	-	-	-	-
Corporate term loans	6,014,169	1,053	6,013,115	33,682	164	33,517	44,938	-	44,938
Corporate current accounts	259,153	42	259,111	-	-	-	-	-	-
Bills of exchange	1,273,759	24	1,273,735	74,170	24	74,146	99,100	48,939	50,161
Finance lease receivables	933	-	933	-	-	-	-	-	-
Participation loans	82,910	-	82,910	-	-	-	-	-	-
Total on-balance	8,979,325	1,156	8,978,169	108,274	188	108,086	144,038	48,939	95,099
Off-balance sheet facilities									
Letters of credit and guarantees	1,813,852	324	1,813,527	8,137	573	7,564	233	107	126
Undrawn commitments to lend	8,311,683	1,065	8,310,618	0	148	- 148	-	-	-
Total off-balance	10,125,535	1,390	10,124,145	8,137	721	7,416	233	107	126

The following table shows the collateral and other credit enhancements such as financial guarantees and pledged deposits and available bonds:

Additional notes to the Consolidated Financial Statements

Collateral and credit enhancements in thousands of €s	2024	2023
Bonds	2,550,920	2,391,201
Pledged deposits	2,047,139	1,273,225
Financial guarantees	5,965,657	5,963,343
Total credit enhancements	10,563,717	9,627,770

ECL calculations

The Bank uses internal risk models to calculate the monthly ECL amount for all exposures in scope of provisioning. For IFRS 9 purpose, the Bank considers the credit portfolio to be homogeneous and uses the one factor (i.e. EU GDP) PD model to estimate borrower or counterparty credit risk and the Expected Credit Loss (ECL). The PD model is a "point in time" model, which means it gives an estimate of the current weighted PD based on the current expectation of the economic state for the upcoming 3 year period, using three scenarios (base, up and down).

A base-scenario, an up-scenario and a down-scenario are determined to reflect an unbiased and probability-weighted ECL amount. The probability factors at 31 March 2024 are: Up: 15%, Base: 50%, Down: 35% (2023: Up: 15%, Base: 50%, Down: 35%) the downside scenario represents an even more pronounced near-term global downturn than expected in the baseline scenario. ECL for stage 3 clients is determined individually on financial instrument level.

ECL determined for financial instruments in Stage 1 and Stage 2 are estimated using the ECL model. In the table below the unweighted outcomes are presented if instead of the applicable weighting the full up, base or downturn scenario would be applied to estimated the ECL.

Sensitivity analysis	2024		
in millions of €s	Stage 1	Stage 2	Total
Weighted	1.65	1.15	2.80
Unweighted	Stage 1	Stage 2	Total
Up	1.55	1.11	2.66
Base	1.61	1.14	2.75
Down	1.74	1.18	2.93

	As of 31 March 2024					
Assumptions		2023	2024	2025	2026	2027
Scenario	Model %	GDP	GDP	GDP	GDP	GDP
Up	15%	0.5%	0.5%	1.4%	1.3%	1.3%
Base	50%	0.5%	-2.6%	-0.7%	0.0%	0.4%
Down	35%	0.5%	2.0%	3.1%	2.9%	2.5%

	As of 31 March 2023					
Assumptions		2022	2023	2024	2025	2026
Scenario	Model %	GDP	GDP	GDP	GDP	GDP
Up	15%	3.3%	1.9%	3.2%	2.6%	2.4%
Base	50%	3.3%	-0.2%	1.3%	1.9%	1.7%
Down	35%	3.3%	-3.2%	-0.9%	0.6%	0.8%

Macroeconomic forecasts are prepared and updated semi-annually by an independent economic team within MUFG Bank, and approved by the Risk Management Committee. LGD and EAD models are static due to the nature of most of our collateral received and not sensitive to macroeconomic factors.

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The approach determines the impact on provisions by considering the impact of a change in the expected macroeconomic environment to the provision calculation by considering how PDs are adjusted for those macro-economic predictions. The impact is allocated towards three stages. In Stage 1 credit exposures are recognised with no significant deterioration in credit quality since initial recognition. Provisions are calculated based on a 12 month expected loss, using PD, LGD and EAD values specific to each transaction. In Stage 2 performing credit exposures are recognised where significant deterioration in credit quality since initial recognition has been identified. Provisions are calculated based on a lifetime expected loss, using PD, LGD and EAD values specific to each transaction. In Stage 3 non-performing credit exposures are recognised. Individual provision for each non-performing transaction is calculated based on the weighted discounted cash flow of the estimated recovery amount under different scenarios.

Assets can be transferred from one stage to another stage during its lifetime according to the change in credit quality (whether there is evidence of a significant increase in credit risk) since initial recognition. Definitions of the three stages and what the Bank considers a significant increase of credit risk and what is considered as default are disclosed in section Accounting Policies.

Assessment of past due payments
A critical element of the process of impairment provisioning includes the assessment of past due payments of principal or interest or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. Loans that are past due are monitored closely and a financial asset is, among others, considered to have a SICR if 30 days have passed since its repayment date (i.e. past due starts on the 31st day) or to be defaulted if 90 days have passed since its repayment date (i.e. past due starts on the 91st day).

Overlay
At 31 March 2024, the Bank has decided on a management overlay of € 2,470 (2023: € 3,043) to reflect more appropriately the potential expected credit losses in the portfolio in the current economic environment.

The overlay has been determined based on analysis of the probability of default. In the original ECL model the staging is determined based on borrower rating. Borrower rating reviews take place periodically and might not always capture the current changes in economic circumstances. Hence an assessment has been made of what the staging (and connected ECL) would be if this is based on changes in the lifetime PD since origination of the loan or facility. This assessment reveals a higher number of clients in stage 2 for which a lifetime expected credit loss is determined, which is higher than the twelve month expected loss.

Furthermore, the original PD model does not distinguish the chance of a default between Japanese and Non-Japanese clients. To more appropriately capture the default risk pertaining to these clients, the Bank has applied scaling on the calculated ECL by the model for Japanese and non-Japanese clients on an instrument level. The scaling is based on historical observed default rates. The results of this assessment show that the ECL for Japanese clients should be lower whereas the ECL for non-Japanese clients should be higher than initially determined by the original model.

Evaluating the potential effects of the aforementioned observations, the Bank believes that the ECL including the overlay more appropriately reflects the risks in the current economic environment.

Liquidity risk
Liquidity risk is defined as the risk that the Bank will be unable to efficiently meet expected and unexpected liability requirements as they fall due without affecting daily operations or at significant expense to the organization.

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Liquidity risk is evaluated by the ALCO and is managed in compliance with the MUFG Bank's Liquidity Risk Management Policy, liquidity risk procedures and control framework. Daily and monthly monitoring of positions and/or limits and execution of periodical stress tests are performed by Treasury and the Risk Management Division.

Buffer assets

The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.

Funding

Additional funding is available from one of MUFG Bank's global centres where treasury activities are regionally centralised. Furthermore, the Bank's bond portfolio represents high quality collateral, which could be used to secure additional funding if required. The Bank's liquidity position is managed by the Treasury Division, which is mindful of expected future cash flows and liquidity, and is independently monitored/reported on a daily basis by the Treasury Back Office and the Risk Management Division. Funding concentration risk is closely monitored and monthly reported to the Asset and Liability Committee ("ALCO").

	As of 31 March 2024		As of 31 March 2023	
Funding source	Amount in millions of €s	%	Amount in millions of €s	%
Current accounts	3,365	34%	4,024	39%
Time deposits banks inter-group	4,312	44%	4,892	47%
Time deposits corporates	2,057	21%	1,484	14%
Time deposits banks	80	1%	16	0%
Total	9,813	100%	10,416	100%

Contingency funding and liquidity

Funding liquidity risk is centrally managed by MUFG Bank with a hub and spoke funding structure. Main hubs and Risk Management Divisions are located in Tokyo, New York, Hong Kong, Singapore and London, the latter being responsible for the EMEA region. MUFG Bank has set 3 main liquidity stages: Normal, Concern and Crisis with according actions to which the Bank must adhere. The Normal stage is further subdivided into 3 sub-stages: ordinary, pre-caution and caution.

MUFG Bank, providing unlimited liquidity support, is the Bank's main source for contingency funding.

As local funding contingency the Bank maintains sufficient liquidity and funding buffers, which allows the Bank to report the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) well above the regulatory required minimum.

Liquidity ratio's	As of 31 March 2024	As of 31 March 2023
Liquidity Coverage Ratio (LCR)	178.8%	139.8%
Net Stable Funding Ratio (NSFR)	117.3%	109.0%

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 items) resulting from changes of risk factors like interest rates, exchange rates, equity prices, commodity prices and others.

1. Foreign exchange risk (or currency risk): the risk of loss resulting from an adverse movement in foreign exchange rates resulting from open positions in FX contracts. From the Bank's FX sales services to our

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customer open positions arise. These are normally hedged. However, frictional positions from an operational efficiency point of view may remain with the Bank.

2. Market liquidity risk: the risk that a position cannot be easily unwound or offset at short notice without significantly influencing the market price because of inadequate market depth or market disruption. Additionally, it is the risk that funding of new client business may not be achievable in the market.
3. Interest rate risk: the risk arising from changes in the market-driven interest rates used to value fixed income securities held in the Bank's portfolio. Interest rate risk includes risks arising from the change in the absolute level of interest rates, a change in the spread between two rates, a change in the shape of the yield curve, or a change in any other interest rate relationship that will affect the value of the security. Interest rate risk under the Market Risk Policy is intended to cover interest rate risk in the (potential) trading book; interest rate risk in the banking book (IRRBB) is covered under EBA guidelines.
4. Asset and/or credit risk: the market value of counterparty credit spread risk arising from positions measured at fair value. This risk arises from movements in credit spreads of the contracting parties, compounded by changes to the value or variability in the value of the underlying derivative transaction. It is the risk of incurring losses from the default of issuers of tradable debt or equity instruments (such as bonds or shares); the default risk is the potential loss arising from a financial transaction should the business partner not fulfil their contractual obligations either due to specific, economic, or political reasons.

Pursuant to the Bank's strategy, the policy is to minimise market risks. Therefore, the Bank does not have trading activity and minimises foreign exchange positions. Market transactions are limited to money market balance sheet funding operations, customer-driven foreign exchange cover transactions and bond investments, all deriving from and managed within the banking book. Consequently, no trading book is kept by the Bank and therefore, the Bank is not exposed to material price risk.

The Bank's bond investment portfolio can be composed of bonds and bills issued by sovereigns and supranationals, typically with high credit ratings and shorter duration. The composition of the portfolio makes it eligible to be pledged to secure any borrowings under credit facility agreements with the Dutch central bank. Pursuant to the Bank's investment policy, the Bank is not active in any other securities investments.

Most of the Bank's non-FX derivative transactions (i.e. interest rate swaps) relate to legacy transaction with customers which are normally offset by transactions with other (market) counterparties.

The risks are mitigated by strict quantitative limits, which are reviewed annually, and effective segregation between 1st line and 2nd LoD responsibilities; the risks are tracked and controlled on an ongoing basis to ensure they are within predefined limits.

The end of day foreign currency and interest rate position reports are prepared by the Treasury Division, the Back Office and Risk Management Division and are reported to management. Monthly position reports are submitted to the ALCO for review.

Foreign exchange (or currency) risk

Foreign exchange (FX) (or currency) risk may arise from adverse movements in currency exchange rates. The Bank monitors foreign exchange using FX (Value-at-Risk) VaR and FX Term P/L risk appetite indicators. These two risk appetite indicators provide an industry standard for monitoring market risk whilst also providing a stronger link between the risk appetite indicators and profit. The Bank is a so-called "Non-Limit-Granted Unit" which means that the bank keeps foreign exchange positions within relatively narrow limits. The Bank has in place a FX VaR limit of USD $500 thousand. As a result, the bank is not exposed to any material foreign currency risk. Limits frameworks are in place to facilitate daily management of currency positions and forward transactions and currency time options. In accordance with the Bank's policy, positions are monitored on a daily basis by 1st LoD and 2nd LoD and reported to the ALCO for review; hedging strategies are used to ensure positions are maintained within established limits.

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FC position

FC position in millions of €s	2024			2023		
Currency	Total assets	Total liabilities	Position	Total assets	Total liabilities	Position
EUR	9,725	(7,709)	2,016	10,360	(8,545)	1,815
CZK	36	(35)	(1)	28	(29)	(1)
PLN	48	(46)	-	120	(120)	0
USD	1,493	(1,495)	(1)	1,489	(1,485)	4
GBP	170	(171)	(1)	156	(157)	(1)
JPY	327	(325)	(2)	430	(432)	(2)
Other	312	(300)	11	274	(248)	26
Total	12,110	(10,080)	2,022	12,858	(11,016)	1,841

Currency sensitivity

Currency sensitivity in thousands of $s	2024	2023
FX VaR	184	298

(Traded) Interest rate risk

The Bank does not maintain a trading book that can expose it to (traded) interest rate risk. The only material interest rate risk resides in the banking book, which is described earlier in this section.

Interest rate risk in the banking book (IRRBB)

Interest rate risk is the current or prospective risk to earnings and capital arising from adverse movements in interest rates from positions booked in the banking book. The SB has set up risk appetite for the IRRBB which is expressed through five metrics: outlier criterion (Supervisory outlier test), present value of a basis point, Delta Economic Value of Equity, Delta Net Interest Income and Net Interest Income Outlier Criterion. In addition, the Bank reports a separate metric to Tokyo's headquarters which is a repricing gap that is scaled down to a 3-month equivalent, multiplied by correlation factors.

In accordance with the Bank's policy, IRRBB positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established appetite.

On a monthly basis, the Bank reports the following four risk appetite indicators for IRRBB which are aligned with EBA guidelines on the management of interest rate risk arising from non-trading activities.

Risk appetite indicator	Description
Outlier Criterion (Supervisory Stress Test)	Impact on EVE of a sudden parallel +/- 200 point shift in the yield curve.
Delta Net Interest Income (NII)	Measurement of the change of the net interest income over a two-year time horizon resulting from a sudden or gradual interest rate movement.
Net Interest Income (NII) Outlier Criterion	Impact on NII of a sudden parallel +/- 200 point shift in the yield curve over a one-year time horizon.
Delta Economic Value of Equity (EVE)	Calculation of the impact on EVE of interest rate shocks prescribed by EBA.

The Bank's sensitivity to changes in interest rates is a measure of the sensitivities of its asset and liability mismatches to interest rate changes. The sensitivities include assumptions for product such as current accounts.

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The Bank calculates these measures as the change in the present value of its asset and liability portfolios resulting from immediate and sustained interest rate shocks. The following table provides a sensitivity analysis of interest rate risk in relation to equity by currency for those currencies where the bank has material exposure. The calculation of the Economic Value of Equity (EVE) analysis at 31 March 2024 shows that, in total, an increase of 200 bp leads to an increase in € 16,957 of economic value of equity (2023: € 23,334 increase) and a decrease of 200 bp leads to decrease of € 36,946 of economic value of equity (2023: € 49,845 decrease).

	2024		2023	
Interest rate sensitivity in thousands of €s	Increase / (Decrease) in basis points	Sensitivity of equity	Increase / (Decrease) in basis points	Sensitivity of equity
The Bank (EVE)	200 / (200)	16,957 / (36,946)	200 / (200)	23,334 / (49,845)
Currency				
EUR	200 / (200)	11,986 / (26,139)	200 / (200)	18,755 / (39,858)
USD	200 / (200)	3,263 / (7,093)	200 / (200)	3,082 / (6,768)
GBP	200 / (200)	1,210 / (2,659)	200 / (200)	680 / (1,493)
PLN	200 / (200)	21 / (45)	200 / (200)	13 / (28)
CZK	200 / (200)	118 / (254)	200 / (200)	66 / (140)
JPY	200 / (200)	213 / (454)	200 / (200)	607 / (1,267)
Other	200 / (200)	92 / (204)	200 / (200)	105 / (231)

Analysis of financial assets & liabilities by remaining contractual maturity

The tables below summarises the maturity profile of the Bank's financial assets and liabilities as at 31 March 2024. Trading derivatives, if any, are shown at fair value in a separate column. All derivatives used for hedging purposes are shown by maturity, based on their contractual undiscounted repayment obligations. Gross settled, non-trading derivatives are shown separately, by contractual maturity at the foot of the note.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Furthermore, the undiscounted future coupon interest on financial liabilities payable is included in a separate line and in the relevant maturity bucket.

Additional notes to the Consolidated Financial Statements

Financial assets and liabilities by remaining contractual maturity						
in millions of €s	2024					
Maturity analysis	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Financial assets						
Balances with central banks	2,622	-	-	-	-	2,622
Loans and advances to banks						
Placements with banks - on demand	82	-	-	-	-	82
Placement with banks - term deposits	914	74	-	-	-	988
Loans and advances	-	60	79	394	-	532
Loans and advances to customers						
Corporate term loans	352	1,290	329	2,992	1,101	6,064
Corporate current accounts	244	-	-	-	-	244
Bills of exchange	203	603	35	274	-	1,115
Participation loans	-	-	-	46	-	46
Financial investments						
Investments resulting from supply chain finance transactions	(2)	178	72	-	-	249
Loans FVTPL	-	-	-	11	-	11
Derivatives	1	23	25	31	4	84
Total assets	4,417	2,228	540	3,747	1,106	12,038
Liabilities						
Due to banks						
Nostro accounts	7	-	-	-	-	7
Term deposits	19	649	808	2,916	6	4,398
Due to customers						
Term deposits	201	1,577	250	38	-	2,065
Current accounts	3,365	-	-	-	-	3,365
Derivatives	1	22	24	31	4	83
Total liabilities	3,593	2,249	1,082	2,984	10	9,918
Net	824	(20)	(542)	763	1,096	2,120

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Financial assets and liabilities by remaining contractual maturity						
in millions of €s	2023					
Maturity analysis	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Financial assets						
Balances with central banks	393	2,700	-	-	-	3,093
Loans and advances to banks						
Placements with banks - on demand	163	-	-	-	-	163
Placement with banks - term deposits	6	606	-	-	-	612
Loans and advances	-	22	59	260	233	574
Loans and advances to customers						
Corporate term loans	-	1,314	665	2,827	1,287	6,093
Corporate current accounts	259	-	-	-	-	259
Bills of exchange	-	1,223	47	178	-	1,447
Lease receivables	1	-	-	-	-	1
Participation loans	-	65	18	-	-	83
Financial investments						
Government bonds	-	-	-	-	-	-
Derivatives	-	46	35	29	5	116
Investments resulting from supply chain finance transactions	-	-	-	-	-	-
Loans FVTPL	-	-	-	-	-	
Total assets	822	5,976	824	3,294	1,525	12,440
Liabilities						
Due to banks						
Nostro accounts	37	-	-	-	-	37
Term deposits	-	627	1,624	2,583	73	4,908
Due to customers						
Term deposits	2	1,297	147	52	-	1,498
Current accounts	4,011	-	-	-	-	4,011
Subordinated loan	-	-	-	300	-	300
Derivatives	-	45	33	29	5	113
Lease liabilities	9	-	-	-	-	9
Total liabilities	4,059	1,968	1,805	2,965	79	10,876
Net	(3,238)	4,008	(981)	329	1,446	1,564

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

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For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Contingent liabilities & commitments by contractual maturity:

Contingent liabilities & commitments by contractual maturity	2024					
in millions of €s	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Letters of credit and guarantees	42	158	678	693	404	1,974
Undrawn commitments to lend	(33)	15	453	6,004	123	6,562
Total guarantees & commitments	9	173	1,132	6,697	527	8,537

Contingent liabilities & commitments by contractual maturity	2023					
in millions of €s	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Letters of credit and guarantees	6,069	-	-	-	-	6,069
Undrawn commitments to lend	8,312	-	-	-	-	8,312
Total guarantees & commitments	14,381	-	-	-	-	14,381

Regarding the Bank's ability to cope with unexpected utilisation of these contingent liabilities or commitments, the Bank has historical peak drawdown assumptions incorporated in its liquidity stress test scenarios.

Operational risk

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

The Bank defines ten operational risk types, which constitute the Operational Risk Taxonomy: 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 Taxonomy may change as emerging or new risks are recognised.

Out of the 10 operational Risk types, 5 are deemed material and significant given current context:

- Technology Risk: The risk of loss (and related risks) arising from destruction, disruption, malfunction, misuse of IT, or unauthorized alteration/leakage of electronic data which is caused by lack of (or inability to perform) proper system planning, development and operation, threats and vulnerabilities to IT security (including cybersecurity), or external factors (e.g. disasters). Technology risk includes IT application risk, IT infrastructure risk, cybersecurity risk and business continuity risk.
- Operations Risk: The risk of loss (and related risks) arising from operational processing not being properly executed.

Additional notes to the Consolidated Financial Statements

- Vendor/Outsourcing Risk: The risk of loss (and related risks) or reputational damage arising from improper onboarding, management, or regulatory compliance of (intragroup or external) outsourcing/vendor arrangements; and/or due to mishandling of incidents caused by external/intragroup providers.
- People Risk: The risk of loss (and related risks) or reputational damage arising from inadequate organisational structure or employment of staff, including lack of competency or poor performance.
- Data Risk: The risk of loss in value or reputation arising from issues or limitations in the Bank's ability to create, store, transform, move, and use its data assets.

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

Operational risk is managed by written workflows, business process manuals and internal control measures. Different tools and systems are used to ensure proper management of events and incidents, risk and control self-assessments, and issues and actions.

The objective of operational risk management is not to remove operational risk entirely, but to keep it within Risk Appetite, and to ensure that the control environment is adequate to prevent any high value losses that have the potential to damage the bank.

Compliance risk

The Bank has established Compliance risk management framework to protect the Bank from unexpected financial and/or reputational losses related to compliance risks. We defined Compliance risk as the risk of damage to the Bank by failing to comply with financial services regulations, rules, guidelines, and industry codes of conduct. Based on this definition, the Bank has defined two main sub-categories of Compliance risk:

1. Financial crime risk is the risk of financial loss or reputational damage to the bank arising from misuse of its products and/or services for money laundering and terrorist financing, sanctions violations, and bribery and corruption.
2. Conduct Risk comprises of a wide variety of activities and includes the following areas:

- Client Conduct Integrity Risk: The risk of financial losses or reputational damage stemming from Bank's business activities resulting from business relationship with its clients.
- Personal Conduct Integrity Risk: The risk of financial losses or reputational damage stemming from (improper) behaviour of Bank's employees and/or conflict of interest between the Bank, employees, clients, and third parties.
- Market Conduct Integrity Risk: The risk of financial losses or reputational damage stemming from Bank's failure to comply with market conduct laws and regulations which may undermine our reputation, lead to investigations fines and/or other penalties for the company and/or individuals employed by the Bank.
- Financial Conduct Integrity Risk: The risk of financial losses or reputational damage stemming from the Bank's (lack of) compliance with prudential regulations.

Due to comprehensiveness of the subject, the framework for managing compliance risks has led to implementation of (interconnected) policies, procedures, guidelines and processes within the Bank, as well as the governance structure. The risk management practices defined as part of the framework are being regularly reviewed as a result of changes in the internal and external environment, legal and regulatory requirements, changes of MUFG requirements and other circumstances having impact on the Bank's compliance risk profile.

Additional notes to the Consolidated Financial Statements

Climate and environmental risk management

Climate change presents both risks and opportunities for the Bank across its customers, business operations and wider stakeholders. The Bank recognises climate change risk covers both physical risks (i.e. the impact of acute weather events and chronic changes to the climate) and transitional risks (i.e. the impact of shifts to a low-carbon economy).

The Group established the Carbon Neutrality Project which included a dedicated workstream on climate change risk management to address the increasing requirements from MUFG stakeholders, global regulators and ensure MUFG develops a framework proportionate to the size, nature and complexity of its business. The project is using the EMEA risk framework as a foundation for the global approach. MUFG is also developing its approach for the broader strategic direction to support sustainability and management of the Reputational Risk arising from Environmental, Social and Governance (ESG) risks. More broadly, MUFG endorses the Taskforce on Nature-related Financial Disclosures (TNFD) and has published its first TNFD-aligned report in 2024. Further embedding and ongoing enhancements will be necessary for managing risks arising from climate change in 2024 and beyond, particularly as a MUFG Group wide approach will evolve in maturity. EMEA representatives continue to be active leads in the global project which provides a platform for EMEA based frameworks to be embedded globally.

Restrictive Measures

The Group has in place the Environmental and Social (ES) Policy Framework which includes prohibitive and restrictive measures globally. This includes the prohibition of new coal-fired power generation projects or expansion of existing facilities and the restriction of certain oil and gas transactions and forestry activity including palm oil plantation. The EMEA Reputational Risk Committee, a sub-committee of the EMEA Risk Management Committee, considers deals against the ES Policy for increased reputational risk to MUFG and all transactions are required to consider climate related financial risk and Reputational Risk related to the ES Policy. The Bank has in place a Reputational Risk Policy to manage the Reputational Risk, which is aligned to the ES Policy Framework.

Risk Measurement and Management

Overview

Climate change, covering both physical and transitional risk, is captured in the Bank's Risk Management Framework as a transverse/overarching risk driver that permeates a number of strands of existing risks. In FY23 the Bank performed its first comprehensive climate-related & environmental risk (C&E) materiality assessment for all risk types in taxonomy. Following the completion of the C&E risk materiality assessments, the Bank started implementing C&E consideration in the risk framework. In terms of governance, the Bank's RMC's scope now includes C&E considerations, while C&E aspects were included in the Risk Management Framework, Risk Appetite Statement, Credit Policy and Strategic Risk Policy. Moreover, a new dedicated risk manager focused on C&E risk responsibilities was hired.

C&E change impact management and integration into the control framework will continue beyond FY23. As a think forward strategy of the Bank, and to meet regulators' expectations, the Bank aims to identify measure, monitor, manage and report on the impact of environment and climate change. It is the Bank's ambition to fully embed the impact of environment and climate change into governance and risk management, to manage and mitigate the (financial) risks of environment and climate change, in line with the evolution of ESG in MUFG. All relevant risk documentation shall be updated under consideration of the environment and climate change impact.

Climate & Environmental risk Materiality Assessment

During FY23 the Bank performed a Materiality Assessment of Climate and Environmental (C&E) Risk across all risk types. Following the completion of the materiality assessment, focus has shifted to the implementation of C&E risk into the Bank's control framework and strategic planning process. Specifically, priorities for FY24 and beyond are:

Additional notes to the Consolidated Financial Statements

- Update risk inventory with risk drivers
- Review and update policy documents (including RACI) and related strategies
- Update Risk Appetite
- Enhance stress testing by qualitative and quantitative impact analysis including Bank's response to the risks, and based on the C&E risks identified as material alongside the foregoing capabilities
- Determine approach for incorporation of C&E into strategic planning process

For the completion of the aforementioned Materiality Assessments, the Bank undertook a project with the support of an external consultant and from MUFG EMEA offices across the region, yet focused on the Bank and included expert interviews and specific workshops based on the different risk types. Participants mostly included experts from Planning, Finance and Risk Management in the Bank, MUS(EU) and MUFG Bank Ltd. The Strategic risk workshops were also attended by delegated employees from the Front Office. The first round focused on interviews with the relevant risk teams in the region, in the second round the vulnerability assessments were discussed, and finally the third round of workshops focused on materiality scores under two NGFS scenarios ("high transition risk scenario" & "hot house scenario") according to the following time horizons (short, medium, and long term).

Based on all the materiality assessments' final scores, the Bank was able to draw conclusions on materiality, across all the risk categories, including a summary herein below:

- Based on the assessment performed, the outcomes are in line with expectations considering the Bank's business model. The materiality score is assessed as low or slightly higher (but immaterial) in the short and medium term for the hothouse scenario (high physical) across all risk categories.
- Divergent Net Zero (high transition risk) scenario results are of overall higher materiality due to higher costs from the transition and quicker phase out of fossil fuels.

Risks are assessed as material in the long term for Operational, Strategic & Reputational risk. Biodiversity risk (media scrutiny) is moderately higher from a reputational risk perspective and material over all time horizons for Credit Risk. C&E (beyond Biodiversity) risk, specifically Market, Policy & Legal changes are seen as material in the medium term and long-term for Credit risk.

Climate change risk as a driver for credit risk

MUFG EMEA Climate Change framework is incorporated into the Bank's Credit Life Cycle.

Within the onboarding phase this is done, via:

- The Risk Appetite Statement (with no appetite for new "brown" exposures)
- The Standard Risk Acceptance Criteria (RAC) (including the environmental and social considerations as per MUFG Environmental and Social Policy)
- The completion of a Climate Change Assessment questionnaire for the Bank's clients (both as part of onboarding and the annual review)

The aforementioned questionnaire is performed based on the following key principles:

- Stewardship over divestment
- Product agnostic
- Practical
- Global

In this way a standardised approach to considering climate risk should be applied to all clients in scope whilst allowing for enhancement in higher risk sectors and/ or countries.

Additional notes to the Consolidated Financial Statements

Within the Control/Monitoring phase this is done, via a Client Climate heatmap (a static scoring for industry & country based on climate related factors (including transition & physical risk) combined with tenor at counterparty level).

Scoring

Climate score	
0	No vulnerability.
1	Low vulnerability, some indirect impacts.
2	Moderate vulnerability, some direct impacts.
3	High vulnerability but on transition pathway.
4	High vulnerability.

Climate Risk Heatmap

Climate Change Risk Assessment Trend by Exposure (%)					
Reporting Period/ Entity Climate Score	0	1	2	3	4
Mar-21	0%	55%	21%	23%	1%
Sep-21	0%	51%	38%	10%	1%
Mar-22	1%	58%	30%	11%	0%
Sep-22	0%	61%	27%	12%	0%
Dec-22	0%	63%	26%	11%	0%
Mar-23	0%	64%	26%	10%	0%
Jun-23	2%	53%	17%	19%	9%
Sep-23	2%	57%	15%	18%	8%
Dec-23	1%	53%	23%	19%	4%
Mar-24	2%	51%	23%	19%	5%

Credit Risk Appetite

A KRI related to ESG-Climate Change is incorporated as a Tier 2 Metric in the Risk Appetite Statement, "Green to Brown Ratio" defined as Green Assets (total net exposures to corporates (ex. MUFG and Central Banks) with heatmap transition risk score (0,1)) to Brown Assets (total net exposures to corporates (ex. MUFG and Central Banks) with heatmap transition risk score (2,3,4)).

Additional notes to the Consolidated Financial Statements

29. Country by country reporting (CbCr)

In this paragraph an overview is provided on certain tax, financial and statistical data for each country in which the Bank operates. Details of the subsidiaries and branches that are included in the consolidated statements of the Bank are as follows:

Country	Entity	Nature of activities
Netherlands	MUFG Bank (Europe) N.V.	Financial services
Spain	Branch	Financial services
Austria	Branch	Financial services
Belgium	Branch	Financial services
Germany	Branch	Financial services
Germany	MUFG Europe Lease (Deutschland) GmbH i.L.	Financial services
United Kingdom	MUFG Funding (UK) Ltd	Financial services

	2024				
Country	Total operating income	Average number of FTE's	Profit/(loss) before tax	Corporation tax (paid)/received	Public subsidies received
Netherlands	248,007	361	140,010	33,704	-
Germany	145,818	218	117,556	38,574	-
Spain	15,265	32	8,188	2,239	-
Austria	2,726	12	169	36	-
Belgium	2,887	14	(6)	-	-
United Kingdom	345	-	252	63	-
Total	415,047	637	266,169	74,617	-

30. Proposed profit appropriation

The statutory provision regarding the profit appropriation reads as follows:

The profit appearing from the Financial Statements shall be at the disposal of the General meeting of the shareholder. The profit for the current year amounts to € 191,552 (2023: € 100,043). The proposal to the General shareholder meeting to appropriate the profit is as follows:

Appropriation of profit (loss)	2024	2023
Transfer to reserves	191,552	100,043
Profit (loss) for the year	191,552	100,043

There is no proposed dividend payment for FY23.

31. Subsequent events

There are no reportable events subsequent to 31 March 2024.

Additional notes to the Consolidated Financial Statements

Authorisation of Consolidated Financial Statements
Amsterdam, 18 July 2024

The Supervisory Board

W. Reehoorn, Chairperson	H. Yamamura, Vice-Chairperson
K.W. Peacock	G. Van Vollenhoven-Eikelenboom

The Management Board

H.D.L. Bots	H. Okamoto
M.A.B. Selles	R.M. Elkenbracht-Huizing

Parent Company Financial Statements
As at 31 March 2024

Parent Company Statement of Financial Position

As at 31 March

in thousands of €s	Notes	2024	2023
ASSETS			
Cash and balances with central banks	1	2,622,278	3,093,030
Loans and advances to banks	2	1,595,109	1,342,511
Loans and advances to customers	3	7,424,523	7,828,504
Derivatives	4	84,454	116,022
Financial investments	5	259,065	308,294
Investments in subsidiaries	8	7,325	14,826
Property and equipment	6	9,319	12,297
Intangible assets	7	9,295	10,519
Current tax assets	23	30,455	52,894
Deferred tax assets	23	34,326	55,001
Retirement benefit assets		4,253	5,134
Other assets	9	30,489	25,475
Total assets		12,110,890	12,864,507
LIABILITIES			
Due to banks	10	4,405,232	4,944,904
Due to customers	11	5,435,481	5,521,822
Derivatives	4	82,868	113,048
Current tax liabilities	23	54,231	6,456
Subordinated debt	12	-	300,369
Provisions	13	21,558	22,566
Other liabilities	14	81,335	115,172
Total liabilities		10,080,706	11,024,336
EQUITY			
Issued capital	15	100,003	100,003
Share premium	15	1,334,304	1,334,304
Retained earnings	15	595,103	402,345
Legal reserves	15	775	3,520
Shareholder's equity		2,030,184	1,840,171
Total equity		2,030,184	1,840,171
Total liabilities and equity		12,110,890	12,864,507

Parent Company Statement of Profit or Loss

For the year ended 31 March

in thousands of €s	Notes	2024	2023
Interest income		568,118	262,359
Interest expense		247,466	101,505
Net interest income	17	320,652	160,854
Fee and commission income		84,663	73,223
Fee and commission expense		24,127	21,741
Net fee and commission income	18	60,536	51,482
Result on financial transactions	19	32,872	44,702
Other operating income	20	492	815
Total operating income		414,552	257,853
Personnel expenses	21	92,304	93,876
Depreciation of property and equipment	6	4,061	4,427
Amortisation of intangible assets	7	4,316	5,156
Other operating expenses	22	55,986	60,419
Total operating expenses		156,666	163,878
Credit loss expenses (recovery)	2, 3	(8,165)	130
Profit (loss) before tax		266,050	93,845
Income tax expense/(benefit)	23	74,275	1,579
Net result continued operations		191,775	92,268
Result of group companies after taxation		223	7,777
Net result		191,552	100,044

Notes to Parent Company Financial Statements

Basis of preparation of the Parent company Financial Statements

The parent company financial statements of the Bank are prepared in accordance with the financial reporting requirements included in Part 9 of Book 2, of the Dutch Civil Code. The accounting policies applicable to presentation and disclosures are in accordance with the financial reporting requirements included in Part 9 of Book 2, of the Dutch Civil Code. In accordance with section 8 of article 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these parent company Financial Statements are the same as those applied in the consolidated Financial Statements, reference is made to Note Accounting Policies. Investments in group companies are accounted for using the equity method of accounting in the parent company Financial Statements in accordance with article 389, section 2 of Book 2, of the Dutch Civil Code.

Changes in balance sheet values due to changes in the revaluation reserve of subsidiaries are reflected in the parent company's revaluation reserve, which forms part of shareholder's equity. Changes in balance sheet values due to the results of these subsidiaries, accounted for in accordance with IFRS-EU, are included in the statement of profit or loss. For information regarding the risk management policies, related party transactions and additional notes reference is made to the consolidated Financial Statements.

Unless stated otherwise amounts in thousands of €s.

Notes to Parent Company Financial Statements

Basis of preparation of the Parent company Financial Statements

Assets

1. Cash and balances with central banks

Cash and balances with central banks	2024	2023
Balances with central banks	2,622,278	3,093,030
Cash and balances with central banks	2,622,278	3,093,030

Balances with central banks include mandatory reserve deposits amounting to € 112,110 at 31 March 2024 (2023: € 313,061), which are not immediately available for the Bank's day-to-day operations.

2. Loans and advances to banks

Loans and advances to banks	2024	2023
Placement with banks - term deposits	-	-
Loans and advances	393,803	492,500
Non-current loans and advances to banks	393,803	492,500
Placements with banks - on demand	81,137	162,443
Placement with banks - term deposits	981,958	606,141
Loans and advances	138,238	81,429
Allowance for expected credit losses	(27)	(2)
Current loans and advances to banks	1,201,306	850,011
Loan and advances to banks	1,595,109	1,342,511

The amount receivable from MUFG Bank London branch is € 1,000,981 at 31 March 2024 (2023: € 566,849). The Bank entered into a financial collateral agreement with MUFG Bank London branch, whereby eligible government bonds are pledged by MUFG Bank to the Bank.

3. Loans and advances to customers

Loans and advances to customers	2024	2023
Corporate term loans	4,093,082	4,079,064
Bills of exchange	320,600	177,707
Non-current loans and advances to customers	4,413,682	4,256,771
Corporate term loans	1,971,391	2,013,673
Corporate current accounts	244,129	259,153
Bills of exchange	794,497	1,269,321
Participation loans	46,331	82,910
Current loans and advances to customers	3,056,348	3,625,057
Allowance for expected credit losses	(45,507)	(53,324)
Loans and advances to customers	7,424,523	7,828,504

Allowance expected credit losses for loans and advances to customers

The movements in the allowances can be specified as follows:

Expected credit loss allowance for loans and advances to customers	2024	2023
Opening balance	(53,324)	(53,655)
Expected credit loss (expenses) recovery	7,817	331
Write off expenses	-	-
Recovery amounts previously written off	-	-
Closing balance	(45,507)	(53,324)

Assets

For further details on expected credit losses we refer to Note Risk Management.

4. Derivatives

The table below shows the fair values of derivatives, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross is the amount of a derivatives underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are not indicative of either market or credit risk.

in thousands of €s	2024			
Derivatives	Assets	Liabilities	Notional amounts (assets)	Notional amounts (liabilities)
Interest rate swaps	17	44	1,172	3,001
Derivatives used as fair value hedge	17	44	1,172	3,001
Forward foreign exchange contract	59,674	57,796	4,773,397	4,623,226
Loan commitment derivatives	24,763	25,028	59,675	2,224,813
Derivatives other	84,436	82,824	4,833,073	6,848,039
Derivative financial instruments	84,454	82,868	4,834,245	6,851,040

in thousands of €s	2023			
Derivatives	Assets	Liabilities	Notional amounts (assets)	Notional amounts (liabilities)
Interest rate swaps	327	82	20,051	5,028
Derivatives used as fair value hedge	327	82	20,051	5,028
Forward foreign exchange contract	97,815	95,086	4,893,143	4,756,578
Loan commitment derivatives	17,880	17,880	2,184,860	2,184,860
Derivatives other	115,695	112,966	7,078,003	6,941,438
Derivative financial instruments	116,022	113,048	7,098,054	6,946,466

5. Financial investments

Financial investments	2024	2023
Investments resulting from supply chain finance transactions	248,553	308,294
Loans FVPL	10,512	-
Financial investments	259,065	308,294

The financial investments consist of investments resulting from supply chain financing (reverse factoring) transactions.

Notes to Parent Company Financial Statements

Assets

6. Property and equipment

Property and equipment	2024					
	Owned			Right-of-use assets		
	Operations equipment	Leasehold improvements	Total	Operations equipment	Buildings	Total
Opening balance	2,586	1,883	4,469	-	7,828	7,828
Additions	522	15	537	-	441	441
Disposals	(31)	-	(31)	-	(163)	(163)
Depreciation	(781)	(390)	(1,171)	-	(2,890)	(2,890)
Other changes	68	(76)	(8)	-	307	307
Closing balance	2,364	1,432	3,796	-	5,523	5,523
Accumulated cost	12,010	7,967	19,977	186	20,152	20,338
Accumulated depreciation	(9,646)	(6,535)	(16,181)	(186)	(14,629)	(14,815)
Property and equipment	2,364	1,432	3,796	-	5,523	5,523

Property and equipment	2023					
	Owned			Right-of-use assets		
	Operations equipment	Leasehold improvements	Total	Operations equipment	Buildings	Total
Opening balance	3,048	2,197	5,245	48	9,660	9,708
Additions	547	197	744	-	965	965
Disposals	(28)	(19)	(47)	-	(149)	(149)
Depreciation	(982)	(416)	(1,398)	(49)	(2,980)	(3,029)
Other changes	1	(76)	(75)	1	332	333
Closing balance	2,586	1,883	4,469	-	7,828	7,828
Accumulated cost	11,595	8,092	19,687	186	19,584	19,770
Accumulated depreciation	(9,009)	(6,209)	(15,218)	(186)	(11,756)	(11,942)
Property and equipment	2,586	1,883	4,469	-	7,828	7,828

The property and equipment relates to small office equipment and improvements to the office (leasehold improvements). The depreciation period varies between 2-16 years.

7. Intangible assets

Intangible assets	2024	2023
Opening balance	10,519	12,761
Additions	154	221
Disposals	(965)	(50)
Amortisation	(4,316)	(5,155)
Under development	2,988	1,860
Impairment (loss)	(183)	-
Other changes	1,099	882
Closing balance	9,295	10,519
Accumulated cost	43,004	40,281
Accumulated amortisation and impairment (loss)	(33,709)	(29,762)
Closing balance	9,295	10,519

8. Investments in subsidiaries

The Bank has the following subsidiaries:

Assets

Investments in subsidiaries			2024		2023	
Name of the subsidiary	Country of incorporation	Place	Interest held %	Balance Sheet Value	Interest held %	Balance Sheet Value
MUFG Europe Lease (Deutschland) GmbH i.L.	Germany	Dusseldorf	95	604	95	8,477
MUFG Funding (UK) Limited	United Kingdom	London	100	6,720	100	6,349
Investments in subsidiaries				7,325		14,826

The preparation for the liquidation of MUFG Europe Lease (Deutschland) GmbH i.L. is in progress and expected to be finalized in calendar year 2024. The main dependency for the liquidation and connected timelines pertains to the expiry and closure of current existing leasing contracts.

The shares of the subsidiaries are not listed on any stock exchange. The movements are as follows:

Movements: investments in subsidiaries	2024	2023
Opening balance	14,826	7,295
Net profit/(loss) for the period	223	7,777
Dividend payment	(404)	-
Translation differences	-	(246)
Derecognition due to liquidation	(7,320)	-
Closing balance	7,325	14,826

9. Other assets

Other assets	2024	2023
Accounts receivable	299	369
Prepayments	2,934	3,408
Collateral posted	7,042	2,573
Other	20,213	19,124
Other assets	30,489	25,475

For more details on the movements, we refer to the Section Other assets in the notes of the Consolidated Financial Statements.

Liabilities

10. Due to banks

This item comprises debts to credit institutions and central banks.

Due to banks	2024	2023
Term deposits	2,921,608	2,656,515
Non-current due to banks	2,921,608	2,656,515
Nostro accounts	7,215	37,143
Term deposits	1,476,409	2,251,246
Current due to banks	1,483,624	2,288,389
Due to banks	4,405,232	4,944,904

Liabilities

11. Due to customers

Due to customers	2024	2023
Term deposits	37,650	52,194
Non-current due to customers	37,650	52,194
Current accounts	3,369,000	4,023,901
Term deposits	2,028,831	1,445,727
Current due to customers	5,397,831	5,469,628
Due to customers	5,435,481	5,521,822

12. Subordinated debt

Subordinated debt	2024	2023
Subordinated debt	-	300,369

For more details on the subordinated debt, we refer to the Section Subordinated debt in the notes of the Consolidated Financial Statements.

13. Provisions

Provisions	Notes	2024	2023
Expected credit losses on off-balance facilities	28	1,849	2,220
Pension liability	12.1, 12.2	9,204	10,358
Restructuring provision	12.3	5,072	4,791
Provision for holiday allowance		2,858	3,713
Other provisions		2,576	1,484
Provisions		21,558	22,566

For the post employment benefit plans and early retirement liability please refer to Note 12 to the Consolidated Financial Statements. The pension plans as disclosed in the consolidated Financial Statements entirely relate to the parent company.

14. Other liabilities

Other liabilities	2024	2023
Accrued expenses	39,750	50,715
Accounts payable	12,352	11,240
Lease liabilities	5,991	9,161
Collateral received	-	793
Other	23,242	43,262
Other liabilities	81,335	115,172

For more details on the movements, we refer to the Section Other liabilities in the notes of the Consolidated Financial Statements.

Equity

15. Issued capital and other reserves

The authorised capital amounts to € 136,200 as at 31 March 2024 (2023: € 136,200) and consists of 300,000 ordinary shares of € 454 each (unit: one €). Issued and fully-paid capital amounts to € 100,003 as at 31 March 2024 (2023: € 100,003). All shares issued are held by MUFG Bank, a wholly-owned subsidiary of MUFG Inc.

The Bank has no share option schemes under which options to subscribe for the Bank's shares have been granted to executives and senior employees. The revaluation reserve is a legal reserve under Dutch law.

Equity

in thousands of €s	Issued capital	Share premium	Retained earnings	Legal reserves				Total equity
				Fair value	Foreign currency translation	Intangible assets	Actuarial revaluation	
At 31 March 2022	100,003	1,334,304	289,522	156	383	23,298	(12,417)	1,735,249
Reclassification	-	-	10,537	-	-	(10,537)	-	-
Profit for the year	-	-	100,044	-	-	-	-	100,044
Other comprehensve income	-	-	-	14	(246)	-	5,111	4,879
Self developed software	-	-	2,242	-	-	(2,242)	-	-
At 31 March 2023	100,003	1,334,304	402,345	170	137	10,519	(7,306)	1,840,171
Profit for the year	-	-	191,534	-	-	-	-	191,534
Other comprehensve income	-	-	-	(27)	180	-	(1,674)	(1,521)
Self developed software	-	-	1,224	-	-	(1,224)	-	-
At 31 March 2024	100,003	1,334,304	595,103	143	316	9,295	(8,980)	2,030,184

The Bank has reclassed amounts recorded in FY21 and FY22 from the legal reserves held for intangible assets to retained earnings to account for amortisation and write-off of previously recorded intangible assets. This is only a reclassification within equity and not impacting the overall equity balances.

Contingent liabilities

16. Contingent liabilities and commitments

Contingent liabilities and commitments	2024	2023
Letters of credit and financial guarantees	1,974,414	1,822,222
Undrawn commitments to lend	6,562,414	8,311,683
Other uncommitted facilities	6,147,585	4,246,636
Contingent liabilities and commitments	14,684,412	14,380,541

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers that fail to perform under the terms of the contract, generally related to the export or import of goods. Guarantees carry the same credit risk as loans. Other uncommitted facilities include loan commitments to our clients that are revocable.

Notes to Parent Company Statement of Profit or Loss

17. Net interest income

Net interest income	2024	2023
Interest income from cash and balances with central banks	120,017	28,559
Interest income from loan and advances to banks	23,950	12,777
Interest income from loans and advances to customers	423,409	218,513
Interest income from interest rate swaps	251	1,136
Interest income from others	492	261
Interest income from liabilities	-	1,113
Interest income	568,118	262,359
Interest expense from due to banks	174,546	76,252
Interest expense from due to customers	72,460	23,685
Interest expense from interest rate swaps	251	1,136
Interest expense from others	210	181
Interest expense from assets	-	250
Interest expense	247,466	101,505
Net interest income	320,652	160,854

18. Net fee and commission income

Net fee and commission income	2024	2023
Commission on funds transfer and letters of credit	11,123	11,282
Commission on guarantees	9,024	9,204
Commission on corporate term loans	30,590	14,206
Commitment fees on loans	19,079	20,363
Other fee and commission income	14,847	18,168
Fee and commission income	84,663	73,223
Commission on (credit replacing) guarantees	10,284	8,023
Commission on funds transfer and letters of credit	937	1,210
Other fee commission expenses	12,905	12,507
Fee and commission expense	24,127	21,741
Net fee and commission income	60,536	51,482

19. Result on financial transactions

Result on financial transactions	2024	2023
Result on foreign currency transactions	38,389	42,683
Result on transactions measured at FVPL	(5,201)	2,019
Result on other transactions	(318)	-
Result on financial transactions	32,872	44,702

For more details on the personnel expenses, we refer to Section Result on financial transactions in the Consolidated Financial Statements.

20. Other operating income

Other operating income	2024	2023
Other operating income	492	815

Notes to Parent Company Statement of Profit or Loss

21. Personnel expenses

Personnel expenses	2024	2023
Wages and salaries	67,506	69,041
Social securities costs	7,761	7,302
Pension costs	9,438	8,258
Restructuring expenses	(39)	(479)
Other staff costs	7,638	9,754
Personnel expenses	92,304	93,876

For more details on the personnel expenses, we refer to Section Personnel expenses in the Consolidated Financial Statements.

22. Other operating expenses

Other operating expenses	2024	2023
Occupancy expenses	4,838	5,845
Office expenses	17,215	13,447
Professional fees	7,043	7,764
Business promotion expenses	5,473	4,969
VAT and sundry taxes	13,140	14,553
Regulatory expenses	7,158	10,900
Other	1,119	2,940
Other operating expenses	55,986	60,419

Office expenses relate to IT services, regulatory supervision expenses and other office expenses.

Please refer to Note 20 in the Consolidated Financial Statements for disclosures on audit fees paid.

23. Income tax

The components of income tax expense for FY23 and FY22.

Income tax position	2024	2023
Current tax assets	30,455	52,894
Deferred tax assets	34,326	55,033
Tax assets	64,781	107,927
Current tax liability	54,231	6,456
Deferred tax liability	-	-
Tax liabilities	54,231	6,456
Net tax position	10,549	101,471

Notes to Parent Company Financial Statements

Notes to Parent Company Statement of Profit or Loss

Income tax (expense)	2024	2023
Current income tax	55,221	12,509
Tax adjustments previous years	(109)	(22)
Current tax	**55,112**	**12,487**
Utilisation of assessed loss	21,964	14,997
Recognition of Dutch deferred tax assets	-	(28,796)
True-up of German tax loss carry forward balance	(3,592)	
Restructuring and pension provisions	(943)	4,409
Allowance for expected credit losses	2,212	1,289
Amortized fees	(741)	(265)
Other	263	(2,542)
Deferred tax	**19,163**	**(10,908)**
Income tax expense/(benefit)	**74,275**	**1,579**

For more details on the tax movements, we refer to the Section Income tax in the additional notes of the Consolidated Financial Statements.

24. Maturity analysis of assets and liabilities

Maturity analysis of financial assets and financial liabilities						
in millions of €s	2024					
Maturity analysis	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	2,622	-	-	-	-	2,622
Loans and advances to banks	989	134	78	239	155	1,595
Loans and advances to customers	780	1,913	364	3,312	1,101	7,470
Financial investments	32	144	72	11	-	259
Total assets	4,423	2,190	515	3,562	1,256	11,947
Liabilities						
Due to banks	26	649	808	2,916	6	4,405
Due to customers	3,571	1,577	250	38	-	5,435
Subordinated debt	-	-	-	-	-	-
Total liabilities	3,597	2,226	1,058	2,954	6	9,841

Notes to Parent Company Statement of Profit or Loss

in millions of €s	2023					
Maturity analysis	On demand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	393	2,700	-	-	-	3,093
Loans and advances to banks	162	628	59	260	233	1,343
Loans and advances to customers	244	2,616	730	3,004	1,287	7,881
Financial investments	-	150	161	-	-	311
Total assets	**799**	**6,094**	**951**	**3,264**	**1,519**	**12,628**
Liabilities						
Due to banks	37	627	1,624	2,583	73	4,945
Due to customers	4,026	1,297	147	52	-	5,522
Subordinated debt	-	-	-	300	-	300
Total liabilities	**4,063**	**1,923**	**1,772**	**2,936**	**73**	**10,767**
Net	(3,264)	4,171	(821)	329	1,446	1,861

25. Proposed profit appropriation

Result from group companies and participating interest

The statutory provision regarding the profit appropriation reads as follows:

The profit appearing from the confirmed Financial Statements shall be at the disposal of the General meeting of the shareholder. The profit for the current year amounts to €191,552 (2023: € 100,044). The proposal to the General shareholder meeting to appropriate the profit is as follows:

Appropriation of profit (loss)	2024	2023
Transfer to reserves	191,552	100,044
Profit (loss) for the year	191,552	100,044

26. Subsequent events

There are no reportable events subsequent to 31 March 2024.

Authorisation Parent Company Financial Statements

Amsterdam, 18 July 2024

Notes to Parent Company Statement of Profit or Loss

The Supervisory Board

W. Reehoorn, Chairperson

H. Yamamura, Vice-Chairperson

K.W. Peacock

G. Van Vollenhoven-Eikelenboom

The Management Board

H.D.L. Bots

H. Okamoto

M.A.B. Selles

R.M. Elkenbracht-Huizing

Articles of Association – Appropriation of results

The result is appropriated pursuant to Article 16 of the Deed of Amendment Articles of Association of the Bank.

16.1 The profit, which is apparent from the confirmed annual accounts, is at the disposal of the General Meeting of Shareholders.

16.2 The company can only pay dividends to shareholders and other entitled to the distributable profits, in as far as its paid-up and called-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 by law or under the articles of association.

16.3 The General Meeting of Shareholders can decide in the course of a financial year to pay out an interim dividend if the legal requirements set forth in article 16.2 of this article are fulfilled.

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INDEPENDENT AUDITOR'S REPORT

To: The shareholder and the supervisory board of MUFG Bank (Europe) N.V.

Report on the audit of the financial statements for the year ended 31 March 2024 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2024 of MUFG Bank (Europe) N.V., based in Amsterdam. The financial statements comprise the consolidated financial statements and the parent company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of MUFG Bank (Europe) N.V. as at 31 March 2024, and of its result and its cash flows for the year ended 31 March 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying parent company financial statements give a true and fair view of the financial position of MUFG Bank (Europe) N.V. as at 31 March 2024, and of its result for the year ended 31 March 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 March 2024.

2. The following statements for the year ended 31 March 2024: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

3. The notes comprising material accounting policy information and other explanatory information.

The parent company financial statements comprise:

1. The parent company statement of financial position as at 31 March 2024.

2. The parent company statement of profit or loss for the year ended 31 March 2024.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

We are independent of MUFG Bank (Europe) N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 11,000,000. The materiality is based on 0.6% of Shareholders equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 550,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

MUFG Bank (Europe) N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of MUFG Bank (Europe) N.V.

Our group audit mainly focused on significant group components being MUFG Bank (Europe) N.V. and the German Branch.

We have:

- Performed audit procedures ourselves at group level on audit areas such as the allowance for expected credit losses, consolidation, disclosure requirements and regulatory compliance.
- Used the work of other auditors when auditing MUFG Bank (Europe) N.V. Germany branch.
- Performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to chapter 'Building a future proof bank' for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the risk of management override of controls as a fraud risk. Our procedures to address this risk included the following:

(i) We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

(ii) We considered available information and made enquiries of relevant executives , directors (including internal audit, legal, compliance) and the supervisory board.

(iii) We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

(iv) We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

(v) We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note Significant accounting judgements, estimates and assumptions in the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

(vi) For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

We furthermore identified the risk of inappropriate accounting of loan-related fees (revenue recognition) as a fraud risk. Our procedures to address this risk included the following:

(i) We tested the design and implementation of relevant controls in the process for accounting for loan-related fees

(ii) We performed test of details to test the occurrence, accuracy and cut-off of fees recorded.

(iii) We scrutinized the nature of the fees and independently reassessed the appropriate accounting treatment.

(iv) We performed test of details to mitigate the risk that loan-related fees were not recorded or recorded in the incorrect financial year due to fraud or error.

The procedures performed did not let to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with the management board, internal audit, compliance, and the supervisory board, reading minutes and reports of internal audit.

We involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the entity is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the Audit, Compliance and Risk Management Committee (“ACRMC”) supervisory board, the management board, the compliance function and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities and taking notice of the policies, activities, internal controls and procedures the company has in place to comply with such laws and regulations to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the management board and the supervisory board, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we evaluated management's assessment of the Company's ability to continue as a going concern for the next 12 months and considered key regulatory ratios. We refer to chapter ‘Basis of preparation’ of the Notes to the Consolidated Financial Statements for the disclosure on going concern assumption.

Our procedures included the following:

- Considering whether the management board’s going concern assessment includes all relevant information of which we are aware of as a result of our audit.
- Inquiring with the management board about its knowledge of going concern risks after the period of the continuity assessment performed by the management board and considering the impact of financial, operational, and other conditions;
- Analysing MUFG Bank (Europe) N.V.’s financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- Inspecting documentation of stress testing of the economic and regulatory capital position performed during the year by management;
- Assessing the duration gap between financial assets and liabilities and reported liquidity ratios to the Dutch Central Bank. In addition, we inspected the most recent internal liquidity adequacy assessment (“ILAAP”) prepared by management;
- Assessing the solvency position of MUFG Bank (Europe) N.V. by inspecting the reported capital ratios as imposed by the Capital Requirements Regulation. In addition, we inspected the most recent internal capital adequacy assessment (“ICAAP”) prepared by management;
- Inspecting regulatory correspondence to obtain an understanding of MUFG Bank (Europe) N.V. ’s capital and liquidity position, that underpins management’s assessment of the going concern assumption for financial reporting; and
- Obtaining an understanding of economic hedge policy and the overall risk framework of the bank.

Based on our procedures performed, we did not identify significant doubts on the Company’s ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Allowance for expected credit losses	
Description of key audit matter	**How our audit addressed the key audit matter**
Description MUFG Bank (Europe) N.V. provides credit to corporate clients, with a focus on European corporates and subsidiaries of Japanese corporates. Because of the inherent uncertainty, subjectivity and complexity when estimating the allowance for expected credit losses ("ECL") for the loan portfolio, this allowance is a key area of judgment and estimate by management. As a result of the significance of the ECL allowance and its dependence on assumptions and management judgement, we consider this area as a key audit matter for the 31 March 2024 audit. The total allowance for expected credit losses as of 31 March 2024 amounts to €47.4 million. Reference is made to note 28 (Risk management - Credit risk) in the financial statements.	**How the key audit matter was addressed in the audit** As part of our planning and risk assessment we have held corroborative enquiries with MBE's representatives in the Credit division and the Middle Office Division to perform walkthroughs of the credit origination, credit rating and credit monitoring processes. We have performed corroborative enquiries with Finance and Risk management representatives to discuss governance over the ECL process. We have tested the design, implementation and operating effectiveness of certain relevant manual, IT application, and IT general controls in this process. We have engaged credit risk modeling experts, who assessed model scripts to estimate Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") variables of the provision. We furthermore engaged our specialist to validate and challenge the post model adjustment ("PMA"). We have reviewed key judgments and estimates made by management, including the need for additional PMAs. We have performed tests of details on data that have been used as input for the PD, EAD and LGD assumptions. We (supported by our specialists) have tested and challenged the macroeconomic scenarios and forecasts that have been applied in the model. We have performed audit procedures to determine that the stage allocation of exposures has been performed in accordance with the Bank's policy and qualifies as a Significant Increase in Credit Risk ("SICR") event. We have adopted a substantive testing approach for impaired loans (stage 3). We have performed tests of details on the discounted cashflow calculations. We have traced and agreed the input for these calculations to underlying source information. We have challenged management's assumptions applied in the discounted cashflow calculations. Finally, we have assessed the adequacy of the disclosure notes in the consolidated financial statements in accordance with IFRS 7 (as adopted by the EU). **Our observation** The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. We consider management's estimate to be reasonable and the disclosures adequate and appropriate.

Reliability and continuity of the automated systems	
Description of key audit matter	**How our audit addressed the key audit matter**
Description An adequate infrastructure ensures the reliability and continuity of MUFG Bank (Europe) N.V.'s business processes and financial reporting. In addition, the continuity of the operations is highly dependent on the IT-infrastructure as also explained in the risk management paragraph of the annual report. Therefore, reliability and continuity of the automated systems has been a key audit matter during our audit.	**How the key audit matter was addressed in the audit** We have tested the reliability of the automated systems relevant for our audit of the financial statements. For this purpose, we have made use of IT auditors within our audit team. These procedures included testing the design, implementation and operating effectiveness of the relevant general IT and application controls. Our audit approach relies on automated controls and therefore on the effectiveness of controls over IT systems. For the access management area, we identified and reported that for certain applications within MUFG Bank (Europe) N.V. further improvements could be made. We note that MUFG Bank (Europe) N.V. is implementing new technology to resolve these observations and improve access management controls in general. Furthermore, we were able to identify and test mitigating (business) controls or to perform sufficient additional mitigating procedures in order to address the risks related to these observations. **Our observation** For the purposes of our audit of the financial statements we consider the reliability and continuity of the automated systems of MUFG Bank (Europe) N.V. at a sufficient level.

Report on the other information included in the annual report

the annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Profile.
- Three years at a glance.
- Financial performance.
- Report of the Management Board.
- Report of the Supervisory Board.
- Other Information.
- Corporate data.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of MUFG Bank (Europe) N.V. on July 19, 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 18 July 2024

Deloitte Accountants B.V.

Signed on the original: A. Den Hertog

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MUFG Inc. Corporate Data

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